



Legal News

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Amendment of the Royal Enactment on Special Purpose Juristic Persons for Securitization

The Act amending the Royal Enactment on Special Purpose Juristic Persons for Securitization B.E. 2540 B.E. 2558 (“Act”) has become effective. Under this Act, setting up of a Special Purpose Juristic Person in the form of mutual fund was repealed by Special Purpose Juristic Person in the form of a trust according to the law of trust for transactions in the capital market. In addition, there were some provisions revised to be more flexible

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in regards to securitization type of operations. For example, the operation of Special Purpose Juristic Person that is conducting finance or credit foncier business is not



required to obtain permission, transfer of the right of claim is doable without requiring a notice to debtor, transfer and amendment of registration relating to assets or security of an approved project will be exempted from the government fee, etc.

The Cluster Investment Promotion Policy in Special Economic Development Zones



The Board of Investment Promotion (BOI) has issued an Announcement No. 10/2558 regarding “Cluster Investment Promotion Incentives and Privileges in the Special Economic Development Zones”. The Announcement designated that all areas in every province shall be investment promotion zones and incentives and privileges in the Special Economic Development Zones in a form of “Cluster” are as follows:

1. **Super Clusters**, which are clusters for activities using advanced technology and future industries, include Automotive and Parts Cluster; Electrical Appliances, Electronics and Telecommunication Equipment Cluster; Petrochemical and Eco-Friendly Chemical Product Cluster; and Digital Cluster.
2. **Target Clusters** includes Agro-processing Cluster; and Textile and Garment Cluster
3. **Activities Supporting Cluster Development** includes Business Activities 7.1, 7.3, 7.4, 7.11, 7.12, 7.13, 7.14, 7.15 and 7.19.

Examples of key incentives and privileges are as follows:

- Corporate income tax (CIT) exemption for 3 to 8 years with an exemption cap in accordance with the condition prescribed for the activity in BOI Announcement No. 2/2557 dated December 3, 2014;
- 50% reduction of the CIT on the net profit deriving from the promoted activity from the normal rate for a period of 5 years starting from the expiration date of the CIT exemption;
- Other incentives and privileges in accordance with the criteria prescribed in BOI Announcement No. 2/2557 dated December 3, 2014.

The promoted project must cooperate with academic institutions, research institutes or Center of Excellence in the Special Economic Development Zones in the form of clusters for cooperation under the Talent Mobility, Work-Integrated Learning Project or Cooperative or Dual Systems, or Human Resource or Technological Development Cooperation as approved by the BOI.

Projects seeking to obtain an investment promotion under this policy must be located in the provinces specified for each cluster as determined by the Announcement, must submit the application for investment promotion within 30 December 2016 and must generate revenue from production or services within 31 December 2017.

Ministry of Commerce Rulings on Business Operations of Foreign Companies in Thailand



Supporting distributor without service fee

A foreign company (“Company”) conducting the wholesale business, provides support to a distributor, free of charge, by providing a logistic vehicle, product showcase or shelf, sign and equipment showing the product’s price for facilitating the product placement for sale including repair and maintenance of showcase or shelf. In the case that the distributor will no longer sell the Company’s products, then the distributor must return the showcase or shelf to the Company. The ruling indicated that the Company providing support services is considered a sales promotion and part of product sale by the Company, therefore is not considered as a service business under the list 3 (21) of the Foreign Business Act B.E. 2542. The Company can operate such activity without having to request permission from the Thailand Ministry of Commerce under the Foreign Business Act B.E. 2542.

Dispatching employees to improve and exchange their knowledge, skills and experience between the employees of the Company and an affiliated company

A foreign company (“Company”) dispatches employees to work with an affiliated company and allows employees of the affiliated company to work or train with the Company temporarily without a related service charge. The Company does obtain a reimbursement from the affiliated company for expenses incurred in both activities. The Company records the reimbursement from the affiliate as revenue and all expenses incurred as an expense. The ruling indicated that the employee related activity provided by the Company is considered as a service business under the list 3 (21) under the Foreign Business Act B.E. 2542.

Providing service in relation to goods quality control, collecting information, supply sourcing, and any supporting services related to procurement of raw material to an affiliated company

A foreign company (“Company”) provides services in relation to goods quality control, collecting information, supply sourcing and any supporting services related to procurement of raw material from Thailand to an affiliated company based in Thailand. The ruling provided that this activity is considered as service business under the list 3 (21) of the Foreign Business Act B.E. 2542, regardless as to whether the Company will or will not charge a service fee to the affiliated company.

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