



## Legal News

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#### Pico Finance

The Ministry of Finance has granted an approval to operate a finance business, Pico Finance, under the supervision of Fiscal Policy Office of the Ministry of Finance. The details of Pico Finance are as follows: -

- The business operator must be juristic person in the forms of partnership, limited company or public limited company, which has been granted an approval to operate a Pico Finance from the Ministry of Finance;
- The business operator must have paid-up registered capital or investment of not less than 5,000,000 Baht;
- The business operator **must not be** the an operator of business of a personal loan under supervision operator or the nano finance operator;
- The business operator must operate business **only in the location where the head office is located**;
- The interest rate the penalty fee, service fee and other fees, collectively, must not exceed 36% of the loan amount per year (effective rate);
- The customer must be an individual who has a stable financial status or is efficient enough to make a repayment;
- The customer must have domicile or place of residence in the area where the head office of the business operator is located;

- The customer can loan **not more than 50,000 Baht per person** under a term as mutually agreed between the business operator and the customer;
- The customer can loan with or without collateral, subject to the consideration of the business operator.

The business operator can apply for operation of Pico Finance with the Ministry of Finance by submitting the application through the Fiscal Policy Office, Governing Savings Bank or Bank for Agriculture and Agricultural Cooperatives.

## Nano Finance Business

In addition to Pico Finance, the Ministry of Finance has also supported financing to an individual for undertaking business since 19 January 2015. This was done by way of Notification of the Ministry of Finance regarding business that requires a permit according to section 5 of the Declaration of the Revolutionary Council No. 58 regarding Nano Finance Business under supervision ("Notification"). This was amended by the Notification No.2 dated 28 December 2015 and was published in the Government Gazette and came into force on 20 January 2015.

**Nano Finance Business** means lending of money, buying, discounting or rediscounting of bills or any negotiable instruments, hire purchase, leasing to a natural person for a **business undertaking without any asset or property pledged as collateral**.

**Nano Finance Business under supervision** means Nano Finance for a business undertaking, where the credit underwriting process is flexible and consistent with the nature of debtors, e.g. start-up business. The total credit line for each loan must not exceed 100,000 Baht, with a maturity date as agreed between customers and financial institutions.

Details in relation to Nano Finance Business are summarized as follow:-

- Nano Finance Business under supervision is required the permission to operate the business. Request for such permission must be submitted to the Bank of Thailand ("BOT") and will be taken into consideration by a minister for granting approval of the operation accordingly.
- A business operator must be a juristic person categorized as a limited company, or public limited company, which has obtained a permit (in a written form) from a minister, except for a business operator regarded as a financial institution, or a business operator undertaking Nano Finance to consumers for payment of goods, services or others which is its normal business.
- An applicant must have a minimum paid-up registered capital of 50 million Baht and the debt-to-equity ratio must not exceed 7 to 1.
- A business operator may collect interest on debt outstanding or interest on defaulting debt, or service charges, or penalty fee for late payment from the customer, in a collective amount of not exceeding 36% of the loan amount per year (effective rate).
- A warning letter for an overdue payment must be issued to the consumer at least 20 days prior to pursuing legal execution.

## Amendment on the Qualifications, Criteria and Incentives for the Smart Visa Extension of Filing Period of Financial Statements via DBD e-Filing

The Department of Business Development ("DBD") has extended the period for filing the financial statements via DBD e-Filing for a registered partnership, a joint venture as defined under the Revenue Code, juristic person incorporated under foreign law, a limited company and a public

limited company with having the fiscal year ended as of **31 December 2018**. These parties normally would have to file financial statements by **31 May 2019 but with the extension for another 7 days** the due date of the filing period is **7 June 2019**.

However, the DBD has extended only the period for filing of the financial statements via DBD e-filing and person required to prepare the account which due date for filing is 31 May 2019.

If any limited company and public limited company which have to file the financial statements within 1 month from the date of AGM and such due date is not 31 May 2019, it cannot extend the period of filing.

## Ruling of the DBD on Foreign Business Restriction

### Consideration on the number of the retail store for consignment business

The Foreign Business Administration Bureau, Department of Business Development ("DBD"), had issued an official ruling that the consignment of goods which are not manufactured by the foreign company via the sales counter in department stores shall be deemed as sale to the end-user directly. This activity falls under the retail business under list 3 (14) of the Foreign Business Act B.E. 2542.

Consideration on the number of retail store for the consignment business of goods via sales counter of the department stores must be considered from each place where there is a contact with customers. Such as contacting for sale of goods with customers, receiving and returning the goods, issuing the accounting documents to customers, etc. regardless of whether such transactions shall be done by the department store or the foreign company as the consignor. Therefore, if the sales counter in the department store have such characteristics, the sales counter is considered as a retail store for the retail business.

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