

Chandrawat  
& Partners



# DOING BUSINESS IN THAILAND

[www.chandrawatpartners.com](http://www.chandrawatpartners.com)

# TABLE OF CONTENTS

## Contents

## Page No.

Overview	02
Economic overview	03
Foreign direct investment policy	04
Key sectors	05
Types of business entities	06
Minimum eligibility criteria for setting up business in Thailand	08 09
How to set up a business?	10
Taxation	11
Accounting standards	12
Employment policies and labour laws	13
How we can help?	15



# Overview

Thailand is a country located in Southeastern Asia bordering the Andaman Sea and the Gulf of Thailand. Neighboring countries include Burma, Cambodia, Laos, and Malaysia. The geography consists of a mountain range in the west and a southern isthmus that joins the landmass with Malaysia. The government system is a constitutional monarchy; the chief of state is the king, and the head of government is the prime minister.

Thailand has a diverse economy with a mix of agriculture, manufacturing, and services. It is one of the largest exporters of rice, rubber, and seafood in the world. The tourism industry also plays a significant role in the country's economy.

Thailand has a mixed economic system in which there is a variety of private freedom, combined with centralized economic planning and government regulation. Thailand is a member of the Asia-Pacific Economic Cooperation ("APEC") and the Association of Southeast Asian Nations ("ASEAN"). Thailand has a population of over 69 million people, making it the 20th most populous country in the world. The majority of the population is of Thai ethnicity, with significant minorities of Chinese, Malay, and other ethnic groups.

# Economic overview

Located in the center of mainland Southeast Asia, Thailand is a middle power in global affair. Being a founding member of Association of Southeast Asian Nations ("ASEAN"), Thailand has performed phenomenally year by year in multiple areas. Its economy is heavily dependent on its tourist industry and visitors from across the world to enjoy the country's idyllic beaches and experience its culture. Thailand has always been one of the most attractive spots for business not only among the ASEAN countries but also for the entire Asia continent.

Thai society, particularly its business community, is very favorable to foreign investment and companies wishing to establish their offices in the country. Organizations doing business in Thailand will find the infrastructure and systems ready for them to begin operating successfully. Foreign investment, both financial and in the local workforce, is strongly encouraged by Thai authorities whereby the government's policies have made more inviting environment for foreign businesses and organizations.

As per Thailand's Board of Investment, literacy rates reach 95.5% for men and 92.8% for women, so the foreign investors will find an intelligent workforce with the potential for further development. In addition to being flexible and educated, the Thai workforce is also among the most cost-efficient in the region in terms of pay with the average daily wage for Bangkok being 203 Thai Baht.



# Foreign direct policy

Thailand's economy is projected to grow by 2.7 and 2.9 percent in 2024 and 2025, respectively. Inflation remains low but is expected to increase gradually, and to return to the authorities' target range (1 to 3 percent) by end 2024.

The Foreign Direct Investment ("FDI") policy in Thailand is governed by the Foreign Business Act ("FBA") and the Investment Promotion Act ("IPA"). These laws aim to regulate and promote foreign investment in the country. However, Under the FBA, certain business activities are restricted or reserved for Thai nationals. Foreign investors must comply with the FBA's regulations and obtain appropriate permits or licenses for these activities.

On the other hand, the IPA provides incentives and benefits for foreign investors who meet certain criteria. The Board of Investment ("BOI"), which operates under the IPA, offers investment promotion packages to encourage foreign investment in priority industries or activities, including tax incentives, work permits, and other facilities. Thailand's remarkable economic development trajectory over the past 60 years and foreign direct investment ("FDI") has been pivotal in this success. A pioneer in building its development strategy around FDI and integration in global value chains, Thailand is now a net outward investor, with rapidly growing presence in neighboring countries. Its success in investment attraction was enabled by a combination of its early liberalization of inward FDI for the manufacturing sector, on the one hand, and proactive investment promotion and facilitation policies under a strong Board of Investment, on the other.



# Key sectors

There are several advantages of doing business in Thailand. Here are some key points:

1. **Strategic location:** Thailand is strategically located in the heart of Southeast Asia, making it a gateway to other countries in the region. Its proximity to major markets like China, India, and ASEAN countries offers excellent trade and investment opportunities.

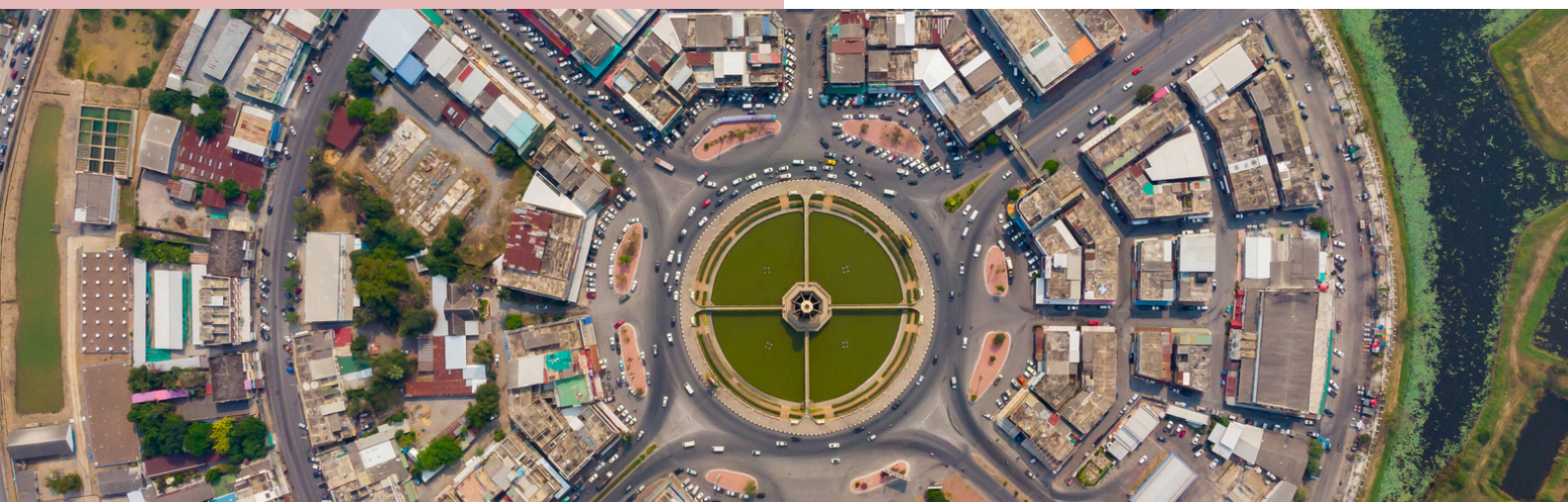
2. **Robust economy:** Thailand has a strong and resilient economy. It is the second-largest economy in Southeast Asia, offering a stable business environment with a growing middle class and increasing consumer purchasing power. The tourist inflow contributes to a vibrant consumer market and provides diverse business prospects.

3. **Well-developed infrastructure:** Thailand has well-developed infrastructure, including modern transportation systems, ports, airports, and industrial estates. The country's connectivity facilitates efficient logistics and distribution networks, making it easier to do business and access markets.

4. **Government support and incentives:** The Thai government provides various incentives and support for foreign businesses. These include tax incentives, investment promotion privileges, streamlined registration processes, and simplified visa regulations for expatriate workers.

5. **Strong tourism industry:** Thailand's thriving tourism industry brings millions of visitors each year, creating opportunities for businesses in sectors such as hospitality, retail, and services. The tourist inflow contributes to a vibrant consumer market and provides diverse business prospects.

6. **Well-established industrial sectors:** Thailand has well-established industrial sectors such as automotive, electronics, textiles, and agribusiness. These industries benefit from a supportive ecosystem of suppliers, manufacturers, and skilled labor, offering opportunities for collaboration and synergy.



# Types of business

Thailand has a diverse economy with various types of businesses operating in the country. Here are some common types of businesses you can find in Thailand:

- 1. Sole proprietorship:** This is the simplest form of business ownership where a single individual owns and operates the business. The owner is solely responsible for the business's liabilities and receives all the profits.
- 2. Partnership:** A partnership involves two or more individuals who agree to run a business together and share its profits and losses. There are three main types of partnerships in Thailand: Unregistered Ordinary partnerships, Registered Ordinary partnerships and limited partnerships.
- 3. Limited company:** A limited company, also known as a corporation, is a legal entity separate from its owners. It offers limited liability protection to shareholders, meaning their personal assets are generally not at risk beyond their investment in the company. At least 2 natural persons as promoters (initial shareholders). Two shareholders are required at all times throughout company operation. Minimum registered capitalization of 2 million THB for foreign businesses operating non-restricted and 3 million THB for restricted businesses under the Foreign Business Act. Thai-owned companies, not subject to such requirements (but will need to meet financial requirements to support a work permit for an expat).



**4. Public limited company:** A public limited company (“PLC”) is a type of limited company whose shares are publicly traded on the stock exchange. As soon as the proposed company is established, it shall have at least 3 shareholders. The limited company is managed by a board of directors according to the company’s charter and by-laws. In order to set up a Thai Limited Company, you will need to have at least fifteen (15) promoters and shareholders, and five (5) director to register the company. A minimum capital of Two Million Thai Baht (2,000,000THB) is required per foreigner in order to get them a Non-Immigrant “B” Visa and a Work Permit to work in Thailand.

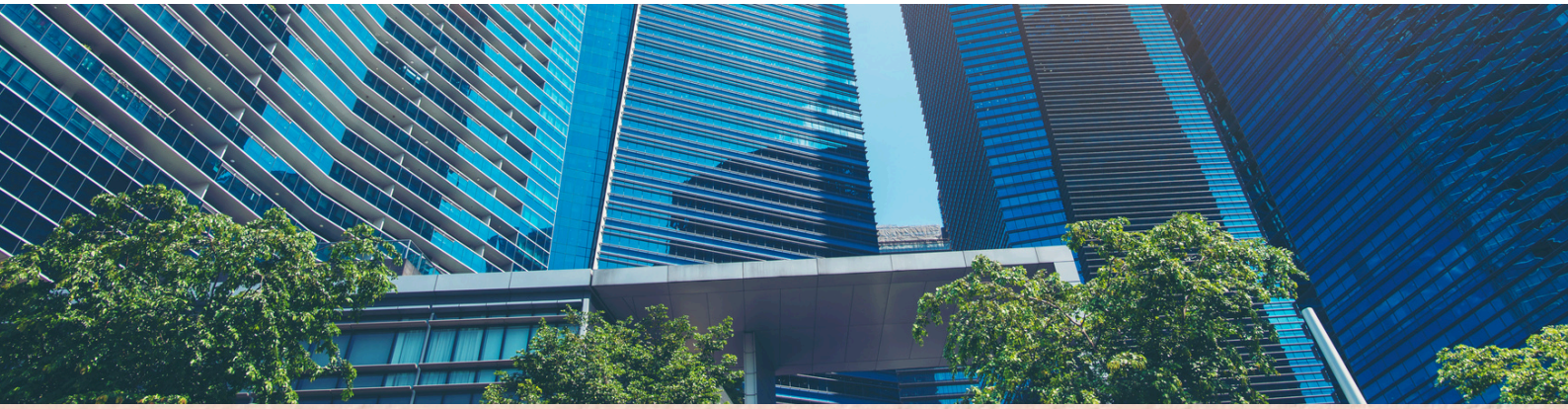
**5. Retail and wholesale businesses:** Thailand has a vibrant retail and wholesale sector, ranging from small independent shops to large shopping malls and supermarkets. These businesses sell a wide range of products, including clothing, electronics, household goods, and food.

**6. Manufacturing and export:** Thailand has a strong manufacturing sector, with industries such as automotive, electronics, textiles, food processing, and more. Many manufacturing companies export their products to international markets.

**7. Service industries:** Various service-based businesses operate in Thailand, including financial institutions, insurance companies, real estate agencies, consulting firms, IT services, healthcare providers, and legal services.







# Minimum eligibility criteria for company registration

Registering a company in Thailand necessitates adherence to specific eligibility criteria and fulfilment of certain requirements. The process involves following precise procedures and adhering to prescribed timelines. To register a company in Thailand, the following minimum eligibility criteria must be met:

- **Approved name:** The first step is to choose a unique name for the company and submit it for approval to the Registrar of Companies. The name must not be identical or similar to existing company names.
- **Shareholders:** A minimum of seven shareholder is required for private limited companies, and a minimum of two shareholders for public limited companies. Shareholders can be individuals or corporate entities.
- **Directors:** Private limited companies must have at least one director, while public limited companies must have a minimum of two directors. The director(s) can be individuals or corporate entities.
- **Minimum capital:** There is no minimum capital required for a private company registration in Thailand.
- **Secretary:** Every company must appoint a company secretary, who can be an individual or a corporate entity. The secretary is responsible for ensuring compliance with legal and regulatory requirements.
- **Documentation:** Certain documentation requirements must be met for the incorporation of a company in Thailand, including the Memorandum and Articles of Association.
- **Registered office:** A registered office address in Thailand must be provided for the company. This address will serve as the official contact address for the company.
- **Audit requirements:** Under the International Accounting and Auditing Standards, Thailand businesses must be audited annually by a firm of auditors.



# How to set up business in Thailand?

Setting up business in Thailand involves several steps, from registration procedure to obtaining necessary permit and license, and fulfilling legal and regulatory requirements. The steps on how to set up business' in Thailand along with practical tip and recommendations to streamline the setup process and ensure compliance as follows:

- 1. Pick a type of business:** Before anything else, give a thought about what type of business you would like to set up. It is helpful to note that unless the company is part of a Board of Investment (BOI) program, the majority of shareholders must be Thai, while foreigners can own a maximum of 49% of the company. This minority percentage of ownership may also be exempted if your business receives a Foreign Business License (FBL), which is generally granted to foreign-owned businesses that do not compete with Thai businesses. The license application can be submitted to the Foreign Licensing Department of the Ministry of Commerce, though it may take a few months to gain approval.
- 2. Check out Thailand's foreign business act:** It's also a good idea to check out Thailand's Foreign Business Act 1999 which states activities that foreign companies are prohibited from conducting.
- 3. Learn about incentives and benefits provided by the BOI:** The Thailand Board of Investment (BOI) offers schemes to drive investments in Thailand, so if your business meets the criteria, submit an application to the BOI. Tax incentives include exemption of corporate income tax for up to 8 years (depending on the company's activities and other conditions), a 50 percent reduction in corporate income tax for 5 years (only in special investment promotion zones), and exemption of import duties on raw or essential materials used in research and development purposes, among others.



**4. Apply for visa and work permits :** To work in Thailand, you will need a Non-Immigrant 'B' or Business Visa, which will ensure that you can legally work in the country. Application for this type of visa can be submitted at either a Royal Thai Embassy or consulate in your country of origin. The visa fee is 2,000 Baht for single-entry (with three months' validity) and 5,000 Baht for multiple entries (with a one year validity). However, there is another program - the SMART Visa Program -- which is a new type of visa targeted at investors, skilled people, and startup entrepreneurs wishing to work or invest in certain industries. Smart Visa holders will be granted the permission to stay in the country for a maximum amount of four years, exemption from work permit requirements, and other privileges. To file an application for a SMART visa, your qualifications should match the criteria specified by the office of the Board of Investment. Then, after your qualifications have been verified, you will receive a letter of qualification endorsement which can be further submitted to a Royal Thai Embassy or consulate in your country.

**5. Register your company:** The first step to starting a business in Thailand is reserving a company name, which can be done online by registering an account with the Department of Business Development, searching and reserving the company name, and printing out and signing the Notice of Reservation, which will be valid for 30 days. The second step is the most complicated step-- the preparation of the necessary documents. This depends on the type of your business, which could include the Memorandum of Association, application form and list of shareholders, director forms signed by each director of the company, Declaration of Business Operation form, and the details of the offices and branches of your business, among others.

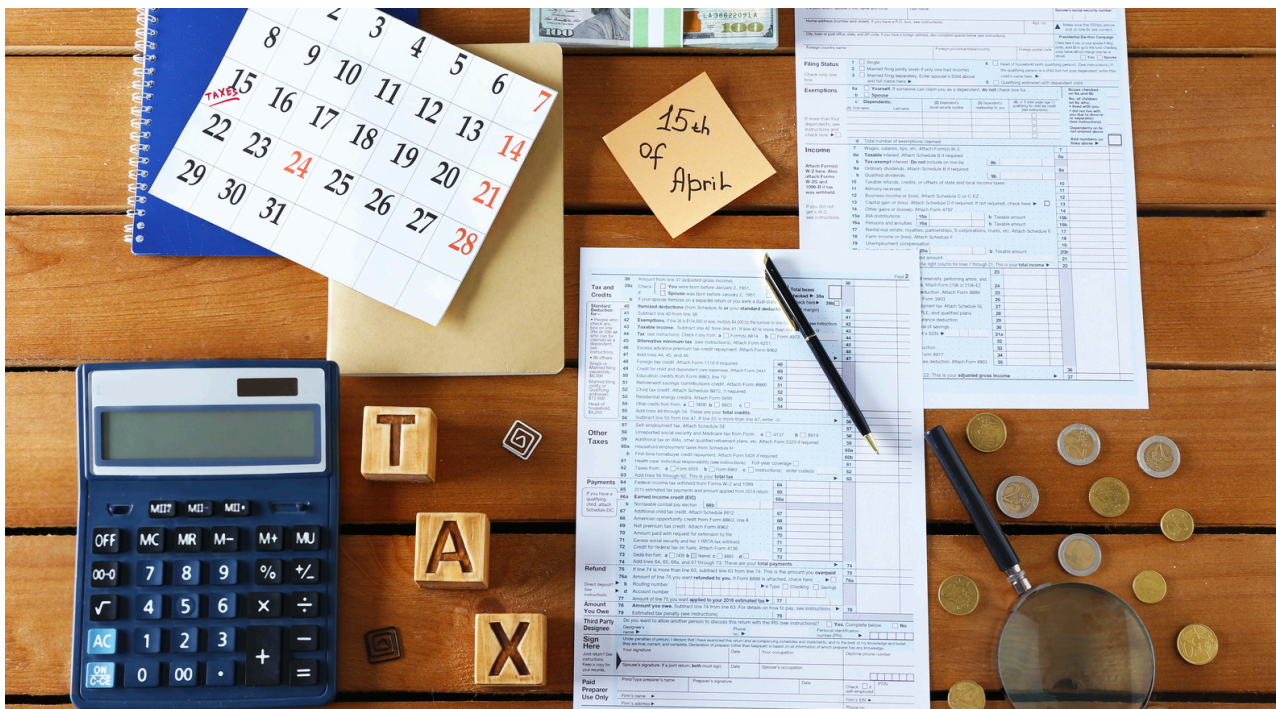
**6. Sort out your paid-up capital and open a bank account:** If you require a permit to legally work in Thailand, the minimum amount of paid-up capital required is 2 million Baht, which will allow your company to have one work permit. Opening a bank account with a commercial bank is simple, however, for foreigners, obtaining loans from Thai banks are difficult so you should have other channels to seek funds for your business.

**7. Once your business is operating, pay taxes:** According to the Revenue Department, companies are required to pay Corporate Income Tax (CIT) and must file their tax returns (Form CIT 50) within 150 days from the closing date of their accounting periods. There are several types of deductible expenses. The CIT in Thailand is 20% on net profit, and may vary depending on the type of taxpayer.

# Taxation policy

Taxes in Thailand are governed by the Revenue Code, which follows the concept of a self-assessment system. The Revenue Department of the Ministry of Finance is responsible for administering taxes, which are imposed on regional and national levels.

- **Corporate income tax:** A company incorporated under Thai laws will be considered as a resident company and be subject to the 20 percent corporate income tax ("CIT") rate.
- **Personal income tax:** To be considered a resident taxpayer, the individual must reside in Thailand for 180 days or more in any tax year.
- **Value added tax:** is liable to every person who conducts business in Thailand, which includes manufacturers, importers, and retailers. Businesses that have an annual turnover of over 1,800,000 baht (US\$52,129) must register as VAT operators.
- **Withholding tax:** Tax imposed on dividends paid to another Thai company is subject to a 10 percent tax rate. This can be exempt if certain conditions are satisfied under the promotion law or Revenue Code.
- **Interest paid to non-resident companies** is subject to a 15 percent withholding tax whereas it is only one percent for residents. Royalties are subject to a three percent withholding tax for residents and a 15 percent tax on non-residents.



# Accounting standards

- **Tax year:** The tax year generally is the 12-month period ending on 31 December. However, a company may choose any accounting period that does not exceed 12 months (a shorter year is allowed only in the year of incorporation, when there is a change of accounting method or in the year of dissolution). Once chosen, the accounting period cannot be changed unless written approval is obtained from the Revenue Department.
- **Accounting standards:** Thai Financial Reporting Standards ("TFRS") are required to be applied in the preparation and presentation of financial statements of domestic publicly accountable entities.
- **Accounting regulation body:** Federation of Accounting Professions of Thailand.
- **Accounting reports:** Firms must keep books and follow accounting procedures specified in the Civil and Commercial Code, the Revenue Code and the Accounts Act. Documents may be prepared in any language, provided that a Thai translation is attached. Public limited companies must disclose the following information in their annual reports: company name, location of the head office, type of business, details of shares issued and shares held in subsidiaries (if any), details of directors regarding any conflict of interest in service contracts entered into by the company during each financial year and their shareholdings in the company or in subsidiaries and any changes during the year.
- **Publication requirements:** Each company has to produce a balance sheet and a profit and loss account for each accounting year. A mid-year profit forecast entails advance payment of corporate taxes. On Annual Accounts, any newly-established company or partnership should close accounts within 12 months from the date of its registration. Thereafter, the accounts should be closed every 12 months.



# Employment policies and labour law

Labor laws in Thailand are governed by the Labor Protection Act of 1998, which provides various rights and protections to employees. Here are some key aspects of labor laws in Thailand:

**1. Employment contracts:** A written employment contract is not mandatory, but it is recommended to have one to clarify the terms and conditions of employment.

**2. Working hours:** The standard working hours are 8 hours per day and 48 hours per week. However, the law allows for extended working hours under certain conditions, such as overtime or shift work, with a maximum limit of 36 hours per week.

**3. Overtime:** Overtime work should be voluntary and paid at a rate of at least 1.5 times the regular hourly wage. There are limits on the number of overtime hours per day and per week.

An employee terminated without a valid cause as stipulated by law is entitled to receive the following severance pay:

- 30 days' wages where the employment period is at least 120 days but is less than one year.
- 90 days' wages where the employment period is at least one year but is less than three years.
- 180 days' wages where the employment period is at least three years but is less than six years.

**4. Leave:** Employees are entitled to various types of leave, including annual leave, sick leave, and maternity leave. Annual leave is typically granted after one year of continuous employment and varies from 6 to 15 days per year, depending on the length of service.



Employment policies in Thailand are governed by various laws and regulations to ensure fair treatment of workers and protect their rights. Here are some key aspects of employment policies in Thailand:

**1. Labor protection act:** The Labor Protection Act (LPA) is the primary legislation governing employment in Thailand. It sets out the basic rights and protections for employees, including provisions on minimum wage, working hours, overtime pay, annual leave, sick leave, and termination procedures.

**2. Working hours:** The standard working hours under the LPA are 8 hours per day and 48 hours per week. Any work performed beyond these limits is considered overtime and should be compensated at a higher rate.

**3. Annual leave:** According to the LPA, employees are entitled to annual leave based on their length of service. The minimum annual leave entitlement is 6 working days for employees who have worked for at least 120 days but less than 1 year. The entitlement increases with the length of service.

**4. Maternity leave:** Female employees are entitled to 98 days of maternity leave, with 45 days at full pay and the remaining days at a reduced rate. The employer is required to provide certain benefits during the maternity leave period.





# How we can help?

Entering a new market is a complex procedure and involves a clear understanding of local culture, language, actions, foreign business regulations and compliance. We at Chandrawat deliver market entry advisory services to companies that plan to grow, expand or relocate their business to new markets. For individuals willing to set up business locally and companies that have ambitions beyond their local market, Chandrawat & Partners offers a diverse range of market entry consulting services, Counseling Services, Required process in establishing the business in other country including wide range from implementing impactful market entry strategies all the way to setting up complete business, and industrial operations. To ensure a successful transition, we provide the following services:

**1. Market research and analysis:** We conduct thorough research to evaluate the target market's potential, including market size, competition, consumer behavior, and regulatory framework. This information helps businesses make informed decisions about market entry strategies.

**3. Business entity setup:** We guide businesses through the process of selecting the appropriate legal structure for the new entity, such as a subsidiary, branch office, joint venture, or representative office. They help with company registration, drafting legal documents, and fulfilling local incorporation requirements.

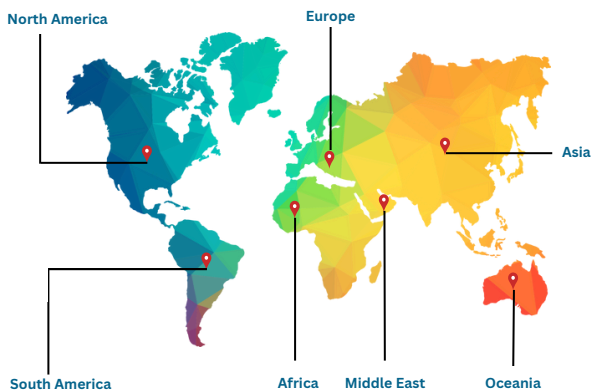
**3. Tax and Financial planning:** We help businesses understand the local tax system and devise tax-efficient structures. Consultancy firms assist with financial planning, including budgeting, forecasting, and ensuring compliance with accounting standards and reporting requirements.

**4. Cross-cultural and language support:** Our firms provide cultural intelligence and language support to bridge communication gaps and facilitate successful interactions with local stakeholders. This may include language training, cultural orientation, and negotiation assistance.

**5. Ongoing support:** Our firms often offer ongoing support even after the business is set up. This includes assistance with ongoing compliance, regulatory changes, expansion strategies, and general business advisory services.



## SERVING CLIENTS WORLDWIDE



The information contained herein is of a general nature. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. The information is not offered as an advice on any matter, and no one should act or fail to act based on such information without appropriate legal advice after a thorough examination of the particular situation. The information does not make us responsible or liable for any errors and/or omissions, whether it is now or in the future. We do not assume any responsibility and/or liability for any consequences.

## Key Contact



**Surendra Singh Chandrawat**  
Managing Partner

✉ [surendra@chandrawatpartners.com](mailto:surendra@chandrawatpartners.com)

Connect Surendra on



Chandrawat & Partners is a leading and rapidly growing full-service firm providing high quality professional and corporate services to foreign and local clients, representing companies and individuals in a wide range of sectors through separate entities established in various countries worldwide.

Copyright © 2025 | All rights reserved | Chandrawat & Partners | Email: [enquiries@chandrawatpartners.com](mailto:enquiries@chandrawatpartners.com) | Website: [www.chandrawatpartners.com](http://www.chandrawatpartners.com)

Follow us on: 

 **twitter**

 **facebook**

 **Instagram**