

## Thailand Business Registration for Foreigners: What You Need to Know to Stay Compliant?

### 1. Sustainable Investment in Thailand

Investing in Thailand is not merely about achieving short-term profits but also involves careful planning to build long-term sustainability. This encompasses financial stability as well as fostering positive relationships with society and the environment. Explore strategies that allow your business to grow alongside sustainable development, ensuring both stability and long-term success in Thailand.

### 2. How to Legally Register a Limited Company in Thailand ?

Registering a company in Thailand can be complex, especially for those unfamiliar with the legal procedures. Understanding how to fully comply with government regulations—from preparing the necessary documents to obtaining the required permits—ensures that you can confidently and correctly establish your business.

### 3. How to Thrive in Business in Thailand Without Setbacks ?

Achieving business success in Thailand requires more than just having a great product and effective marketing strategies. Focus on building strong partnerships, understanding the local culture, and adapting to market changes to ensure smooth and sustainable growth.

### 4. How to Avoid Falling Victim to Scams When Doing Business in Thailand ?

Protect yourself from scams and business risks in Thailand by being aware of common fraudulent tactics. Learn the essential precautions and methods for verifying the legitimacy of your partners and business associates. This knowledge will help you conduct business safely and confidently

#### • Types of Investments Foreigners Can Undertake Without Needing a Permit in Thailand

(1) Construction of Public Infrastructure: Foreign investors can engage in construction projects that provide essential services to the public, such as utilities or transportation systems. These projects must involve specialized machinery, technology, or construction expertise, with a minimum foreign capital investment of 500 million baht or more.

(2) Brokerage and Agency Services: Foreigners are allowed to act as brokers or agents in the trading of securities, or in providing services related to futures trading, which may involve agricultural products, financial instruments, or securities.

(3) Brokerage or Agency Services for Intra-Group Enterprises: Foreign investors can act as brokers or agents for the purchase, sale, or procurement of goods or services necessary for production or service delivery within their affiliated enterprises.

(4) International Trading and Market Sourcing: Foreigners are allowed to engage in brokerage, purchasing, distribution, or market sourcing (both domestically and internationally) for the sale of goods produced locally or imported from abroad. This type of business is considered international trading and requires a minimum foreign capital investment of 100 million baht or more.

(5) International Auctions: Foreigners can conduct auctions for international trading purposes, except for auctions involving antiques, artworks, handicrafts, or historical artifacts that hold cultural or historical significance to Thailand.

(6) Hotel Management Services: Foreign investors are permitted to provide hotel management services, allowing them to participate in Thailand's thriving hospitality sector.

(7) Retail Business : Foreigners can engage in retailing goods of any kind, provided the total minimum capital investment is 100 million baht or more, or a minimum of 20 million baht per retail outlet.

(8) Wholesale Business: Foreigners are allowed to conduct wholesale activities for any type of goods, with a minimum capital investment of 100 million baht per wholesale outlet.

(9) High-Skilled Investments and Expertise: Foreign investors or individuals with specialized knowledge, high-level skills, or expertise that can significantly benefit the development of the country are allowed to invest or work in Thailand under the regulations set forth by the Royal Decree on the Management of Foreign Workers (2017)

- Yes, foreign investors can invest in a limited company or a Thai entrepreneur's business without having to establish their own company. This is a suitable option for foreign investors who cannot legally register a company with a Thai partner. They can explore investment opportunities through business presentations (pitching) or obtain information from the Thai Chamber of Commerce, such as through the Business Accelerator program or regular trade shows and exhibitions. These events provide opportunities for investors and entrepreneurs to meet and discuss B2B business deals. They are typically held at venues like Impact Muang Thong Thani, the Queen Sirikit National Convention Center, or events organized by Impact Exhibition Management ([www.thailandexhibition.com](http://www.thailandexhibition.com)), The Standard, or e-Biz Expo.

- Permission for Foreign Nationals to Operate Businesses in Thailand

- The Department of Business Development has authorized foreign nationals to invest and operate businesses in Thailand under the Foreign Business Act (B.E. 2542). In total, 667 foreign investments were approved, including 228 licenses for foreign businesses and 439 business operation certificates (through channels such as the Investment Promotion Act, Industrial Estate Authority of Thailand, or international agreements). The total investment amounted to 127,532 million baht, creating 6,845 jobs for Thai nationals.

- The top 5 foreign investors in Thailand in 2023 were: Japan 137 businesses (20.5% of foreign businesses in Thailand) with an investment of 32,148 million baht.

The types of businesses authorized for foreign nationals include:

- Services related to private sector contracts : such as offshore petroleum drilling and gas pipeline system design and maintenance.
- Engineering and technical services.
- Contract manufacturing for domestic wholesale trade.
- Life and non-life insurance brokerage.
- Hotel businesses.
- Electronic money services.
- Platform development services.
- Retail businesses for supplements, pharmaceuticals, and sports equipment.
- Software and application development services.
- Consultancy services in business management, coordination, and organizational management.
- Construction services, including gas pipeline installation and maintenance.
- Petroleum well maintenance services.
- E-commerce businesses offering platforms for product sales.
- Electric vehicle maintenance and repair services.
- Business loans for registered corporate distributors in Thailand.
- Online flight ticket booking services.

Source: Ministry of Commerce.

## Business Operation Structure

### Differences in Rights and Duties Between an Individual and a Limited Company

Foreign nationals can operate businesses in Thailand either as an individual or by registering a limited company as a legal entity. Both forms are subject to the regulations of the Foreign Business Act B.E. 254, as well as the restrictions on land ownership as outlined in the Land Code.

Operating a business as an individual and establishing a limited company have different rights and duties. Therefore, for clarity, the Department of Special Investigation presents the following comparison:

Rights and Duties	Individual	Limited Company
Unlimited Liability (Full Liability)	🤪	
Limited Liability to Registered Capital		🤪
Land Ownership		🤪
Land Possession through Lease	🤪	🤪
Business Operations According to the Foreign Business Act B.E. 2542	🤪	🤪
Tax Payment Calculated Based on Progressive Tax Rates	🤪	
Tax Payment Calculated Based on Fixed Tax Rates as Defined by Law		🤪
Deductions for Tax Calculation at a Fixed Rate	🤪	
Deductions for Expenses in Tax Calculation at a Fixed Rate	🤪	
Deductions for Actual Expenses in Tax Calculation as Specified by the Revenue Code		🤪
Payment of Local Taxes	🤪	🤪
Trademark and Service Mark Registration	🤪	🤪
Preparation of Financial Statements as Required by Law		🤪
Employer Rights and Duties under the Labor Protection Act B.E. 2541	🤪	🤪
<b>Hiring Foreign Nationals:</b> Foreign employees must have a work permit.	🤪	🤪

However, representatives of foreign legal entities authorized to operate businesses under the Foreign Business Act B.E. 2542 are not subject to the provisions of the Alien Employment Act B.E. 2560 when applying for a work permit.

- Criteria for Registering a Limited Company in Thailand

"Any person, two or more, may initiate and establish a limited company.

- Thai Limited Company

Example: Foreigners cannot hold shares in the registered capital of a limited company at a rate of 50% or more ( $\geq 50\%$ ); there must be Thai shareholders (individuals or legal entities) holding more than 50%. For example, in the case of Landing of Universe Co., Ltd., a real estate business, the shareholders are as follows: Mr. Oliver Paoyloy, a Brazilian national, holds 30% of the shares, and Mr. Nikoiyy Pascal, a French national, holds 19%, while Mr. Luksamong Wongkhonta, a Thai national, holds 51%.

This company is considered a Thai limited company and may have directors or representatives who are either Thai or foreign nationals. Landing of Universe Co., Ltd. can operate its business without being subject to the provisions of the Foreign Business Act B.E. 2542.

- Registering a Limited Company as a Foreign Entity and Operating Legally

Example: In cases where foreigners collectively hold 50% or more of the registered capital, with Thai shareholders (individuals or legal entities) holding 50% or less ( $\leq 50\%$ ), for example, in the case of Land for Life (Thailand) Co., Ltd., which operates as a real estate brokerage agent, the shareholders are as follows: Mr. Oliver Paoyloy, a Brazilian national, holds 20%, Mr. Nikoiyy Pascal, a French national, holds 20%, and ömür boyu lond Limited, a Turkish company, holds 20%, while Mr. Kritthammhirun Rupjob, a Thai national, holds 40%.

In this case, the company is considered a "foreign entity" under the definition of the Foreign Business Act B.E. 2542 and may have directors or representatives who are either Thai or foreign nationals.

Therefore, Land for Life (Thailand) Co., Ltd. must apply for business permission from the Department of Business Development before starting operations. A point to note is that starting any activity aligned with the company's objectives could be considered as beginning business operations. To avoid legal risks, the company should seek approval from the Department of Business Development before undertaking any activities.

- **Registering a Limited Company as a Foreign Entity Without Legal Compliance**

Example A: ZNNNNZ Co., Ltd. registered as a limited company with a registered capital of 10 million baht, with the objectives to engage in food sales, operate a restaurant, provide hotel services, act as a real estate broker, undertake construction work, and trade land and other real estate.

The company's shareholder structure is as follows:

- Mr. Eldermire Quinstarandmoon (foreign national) holds 30%
- Mr. Vondrake Miravelws (foreign national) holds 15%
- Mr. Tharakul Sila Rewiworncharoenlong (Thai national) holds 15%
- Mr. Warin Theowech Siwakhokpong (Thai national) holds 40%

However, it was found that Mr. Tharakul Sila did not pay for his shares in reality but intended to hold shares on behalf of Mr. Eldermire Quinstarandmoon. As a result, the company structure effectively makes the company a "foreign entity" under the law.

Furthermore, ZNNNZ Co., Ltd. did not apply for business permission as required by the Foreign Business Act B.E. 2542, making the company's operations in violation of the law. This could result in both civil and criminal penalties as stipulated by the law.

Example B: BAAAAB Co., Ltd. registered as a limited company with a registered capital of 10 million baht, with the objectives to engage in food sales, operate a restaurant, provide hotel services, act as a real estate broker, undertake construction work, and trade land and other real estate.

The company's shareholder structure is as follows:

- Mr. Eldermire Quinstarandmoon (foreign national) holds 30%
- Mr. Vondrake Miravelws (foreign national) holds 15%
- Mr. Tharakul Sila Rewiworncharoenlong (Thai national) holds 5%
- Mr. Warin Theowech Siwakhokpong (Thai national) holds 40%
- ZNNNZ Co., Ltd. (a Thai national entity but legally non-compliant as per Example A) holds 10%

It was found that Mr. Tharakul Sila did not pay for his shares in reality but intended to hold shares on behalf of Mr. Eldermire Quinstarandmoon. This resulted in a shareholder structure that hides the foreign ownership rights.

BAAAAB Co., Ltd. did not apply for business permission as required by the Foreign Business Act B.E. 2542. Therefore, the company's operations are in violation of the law, which could lead to both civil and criminal penalties as stipulated by the law.

## Types of Businesses Controlled by Law:

### • **Businesses Strictly Not Permissible to Foreigners by Special Reason:**

1. The Press, radio broadcasting stations, or radio and television station businesses.
2. Rice farming, plantation, or crop growing.
3. Livestock farming.
4. Forestry and timber processing from a natural forest.
5. Fishery, only regarding the catchment of aquatic animals in Thai waters and specific economic zones of Thailand.
6. Extraction of Thai medicinal herbs.
7. Trading and auction sale of antique objects of Thailand or objects of historical value to the country.
8. Making or casting Buddha images and monk alms-bowls.
9. Land trading.

### • **Businesses Related to National Safety or Security or Having Impacts on Arts, Culture, Traditions, Customs, Folklore Handicrafts, Natural Resources, or the Environment:**

#### **Chapter 1: Businesses Related to National Safety or Security**

1. Production, distribution, and maintenance of:
  - Firearms, ammunition, gun powders, and explosives.
  - Components of firearms, ammunition, and explosives.
  - Armaments, ships, aircraft, or vehicles for military use.
  - Equipment or components of all types of war materials.
2. Domestic transportation by land, water, or air, including domestic aviation.

#### **Chapter 2: Businesses Having Impacts on Arts, Culture, Traditions, Customs, and Folklore Handicrafts**

1. Trading of antiques or artistic objects that are artistic works or handicrafts of Thailand.
2. Production of wood carvings.
3. Silkworm raising, production of Thai silk yarn, weaving of Thai silk, or printing of Thai silk patterns.
4. Production of Thai musical instruments.
5. Production of goldware, silverware, nielloware, bronzeware, or lacquerware.
6. Production of crockery or porcelain representing Thai arts and culture.

### Chapter 3: Businesses Having Impacts on Natural Resources or the Environment

1. Production of sugar from sugarcane.
2. Salt farming, including non-sea salt farming.
3. Production of rock salt.
4. Mining, including rock blasting or rock crushing.
5. Timber processing for the production of furniture and utensils.

#### • **Businesses in Respect of Which Thai Nationals Are Not Ready to Compete with Foreigners:**

1. Rice milling and production of flour from rice and economic plants.
2. Fishery, only in respect of the hatching and raising of aquatic animals.
3. Forestry from a grown forest.
4. Production of plywood, veneer wood, chipboards, or hardboards.
5. Production of lime.
6. Provision of accounting services.
7. Provision of legal services.
8. Provision of architectural services.
9. Provision of engineering services.
10. Construction, with exceptions:
  - Construction of structures for delivery of infrastructure public services, requiring special apparatuses, machines, technology, or expertise, with a minimum capital of 500 million Baht or more from foreigners.
  - Construction of other types as prescribed in the Ministerial Regulation.
11. Brokerage or agency businesses, with exceptions:
  - Being a broker or agent in securities-related transactions or agricultural futures trading.
  - Being a broker or agent in goods/services procurement for affiliated enterprises.
  - Being a broker or agent for domestic and international markets, with a minimum capital of 100 million Baht or more from foreigners.
  - Other types of brokerage as prescribed in the Ministerial Regulation.
12. Sale by auction, with exceptions:
  - Auctions involving international bidding of items, excluding antiques or artistic objects of Thai historical value.
  - Other types of auctions as prescribed in the Ministerial Regulation.
13. Internal trade related to traditional agricultural products not prohibited by law.
14. Retail sale of goods, with:
  - Total minimum capital below 100 million Baht.



- Minimum capital of each store below 20 million Baht.
15. Wholesale of goods, with minimum capital for each store below 100 million Baht.
  16. Advertising businesses.
  17. Hotel businesses, except hotel management services.
  18. Guided touring.
  19. Sale of food and beverages.
  20. Cultivation, propagation, or development of plant varieties.
  21. Other service businesses, except as prescribed in the Ministerial Regulation.

### **Steps for Foreigners to Legally and Sustainably Operate a Business in Thailand:**

1. Consider the Business Structure
  - Assess which business model is most suitable for your operations, such as operating as a sole proprietor, registering a company, or acquiring shares in a limited company.
  - Evaluate the types of businesses foreigners are allowed to operate without needing special permits. For businesses with restrictions, consider joint ventures or investment in Thai companies, which could involve increasing capital in ways that comply with the law.
  - Research opportunities for business pitching, where Thai entrepreneurs offer partnerships, potentially aligning with local investors or businesses.
2. Research Labor Laws
  - Familiarize yourself with laws governing foreign workers, such as the \*Foreign Workers Management Act, B.E. 2560\* (2017), and its amendments.
  - Review ministerial regulations regarding occupations that foreigners are prohibited from performing.
  - Pay attention to regulations that concern labor from specific countries like Laos, Cambodia, and Myanmar.
  - Also, consider social security laws and tax obligations for employing foreign workers in Thailand to ensure compliance with national standards.
3. Research Government Investment Promotion Policies
 

Foreign investors looking to do business in Thailand should familiarize themselves with the investment promotion policies set by the Board of Investment (BOI). The BOI offers a variety of incentives to encourage foreign investment, which can help make business operations more viable and sustainable.

#### Tax Incentives:

- Corporate Income Tax Exemption: Foreign businesses can receive a tax exemption for up to 13 years, depending on the type of business and specific conditions.

- 50% Reduction in Corporate Income Tax: Available for an additional 5 years, but this applies specifically within investment promotion zones.

- Exemption of Import Duties:

- Exemption of import duties on machinery.
- Exemption of import duties on raw materials used for export production.
- Exemption of import duties for goods imported for research and development purposes.

#### Non-Tax Incentives:

- 100% Foreign Ownership: Foreign investors are allowed to hold 100% ownership in certain businesses, unless restricted by the Foreign Business Act or other specific laws.

- Land Ownership: Foreign investors are allowed to own land, which is typically restricted for non-Thai nationals.

- Skilled Labor: Permission is granted for skilled workers or specialists to work in the business, making it easier to bring in expertise from abroad.

#### Recommendation:

For up-to-date and accurate information regarding these incentives, it is essential to contact the BOI\*\* or visit their official website. This ensures that the business is eligible for all possible benefits and is in compliance with the laws and regulations.

**Precautions for conducting business by hiring Thai individuals or Thai legal entities to handle the registration of a limited company or manage financial statements:**

**(1) The Case of Hiring Thai Individuals or Thai Legal Entities to Register a Company**

When foreigners establish a limited company in Thailand to conduct business, they often need to hire Thai individuals or Thai legal entities to handle company registration. Generally, honest representatives can legally perform these tasks for foreigners. However, in some cases, certain accounting or legal firms may arrange Thai shareholders to sign as shareholders to create the appearance of compliance with legal shareholding ratios, while in reality, these Thai shareholders may have no intention of investing or genuinely holding shares, which constitutes a circumvention of the law.

If foreigners operate businesses prohibited by law, they may face civil and criminal penalties, and the limited company may be ordered by the court to dissolve. Therefore,

foreigners should consider co-investing with Thai operators through business pitching or forming a new company with Thais who genuinely intend to co-operate with foreigners, ensuring shareholding proportions comply with the law. This is a transparent and lawful approach.

2) Key Questions Foreigners Should Ask Service Providers When Registering a Company in Thailand:

To protect their rights and ensure the proper legal registration of a limited company, foreigners should have a basic understanding of the registration process. They should also ask the service provider to confirm that all steps are carried out in compliance with the law, preventing any unintentional legal violations. Therefore, foreigners should ask the following questions:

- If I want to register a company in Thailand with Thai shareholders in the legally required proportion, and I want the Thai shareholders to make a real investment rather than just signing documents, how should this be done to comply with legal requirements?

**If the service provider suggests that their employees or unknown Thai individuals hold shares on behalf of the foreigner, with no intention to actually invest or participate in the business, the foreigner should ask whether there is a safer, legally compliant alternative. Using someone else's name to hold shares could be illegal and carries a high risk of both civil and criminal legal action.**

- If the service provider proposes purchasing shares in an already established limited company, merely changing the shareholder records and creating a share purchase agreement, the foreigner should ask the following questions:

- Is the foreigner's shareholding in compliance with the law?
- Who are the individuals holding the shares, and do they have the actual capacity to purchase or hold the shares?
- Are the Thai shareholders genuinely intending to invest, or are they merely holding shares on behalf of others to circumvent the law?
- Does the limited company's business purpose comply with the Foreign Business Act B.E. 2542, or does it violate any regulations?

Check the status and credibility of the company being considered for involvement:

- Foreigners should visit the actual business location and get to know the other shareholders to confirm that the business is legitimate and transparent.
- Financial documents and the company's operational status should be carefully reviewed to avoid joining a company that may have legal issues or operate unlawfully.

**The registration of a limited company in Thailand, where a Thai shareholder borrows money from a foreigner to purchase shares and become a shareholder in the company, carries significant risks and may violate the law in several cases, as follows:**

- If the Thai shareholder lacks the ability to pay for the shares genuinely, or has insufficient income to make an investment, and the investment does not genuinely benefit the Thai shareholder, it may be viewed as a way to disguise foreign ownership in support of foreign business operations under the name of a Thai person. This violates the Foreign Business Act B.E. 2542 (1999).

- If the contractor proposes this method with the intention to avoid scrutiny from the relevant authorities, it may constitute illegal activity. Having a Thai shareholder hold shares nominally without actually investing their own money may be considered a disguised attempt to circumvent the law, which requires Thai shareholders to have an actual role and benefit in the company.

- Legal risks and consequences: If authorities discover that the shareholding structure is incorrect, the company could face civil and criminal charges and may be ordered by the court to dissolve the business. Additionally, those involved, including the foreigner and the Thai shareholders, could face legal action and be held responsible under the law.

**The registration of a limited company with the structure of two companies holding cross-shares (cross-shareholding), designed to assist foreigners in conducting business that violates the law, carries high risks and may be illegal for the following reasons:**

- If both companies are established to hold cross-shares, where the Thai shareholders are unable to purchase shares or have no intention of genuinely investing, but do so to disguise foreign ownership, it may be seen as an attempt to circumvent the Foreign Business Act B.E. 2542 (1999), which prohibits foreigners from engaging in certain business activities without a license.

- The contractor assisting in setting up the companies, along with the Thai shareholders who agree to allow their names to be used to hold shares on behalf of foreigners, could face both civil and criminal charges if it is discovered that they are violating the law. The maximum penalty could involve the company being ordered to dissolve, and those involved in such actions could be prosecuted as accomplices.

These questions are crucial to help foreigners protect themselves from becoming involved in illegal activities, minimize the risk of facing legal action in the future, and ensure that the company registration is not aimed at circumventing the law.

### **Precautions and Recommendations:**

- Foreigners should inquire about these methods in detail with the contractors and should not proceed without sufficient knowledge and understanding of the relevant laws.

- To ensure that the company registration is legally compliant, foreigners should consult directly with relevant authorities such as the Department of Business Development and reputable law firms that specialize in this area before making any decisions.

- Transparent and legal investments not only help reduce the risk of legal actions but also build confidence for long-term business operations in Thailand.

For those seeking advice or information on foreign business operations in Thailand, or wishing to verify the legality of their business activities, the relevant authorities can be contacted as follows:

- Bureau of Security Affairs, Department of Special Investigation (DSI)
  - The automated response system is under development.
  - Responds to inquiries about activities that may fall under legal offenses.
- Corporate Governance Division, Department of Business Development
  - Phone: +66 1570
  - Provides consultation on company registration and business governance.
- Foreign Business Administration Division, Department of Business Development
  - Telephone: 0 2547 4425-26
  - Email: [foreign@dbd.go.th](mailto:foreign@dbd.go.th)

Additionally, the Department of Business Development has launched the "e-Foreign Business" system to facilitate business operators and foreign investors in submitting license applications through a fully electronic platform.

- Tourism Authority of Thailand (for businesses related to tourism)
  - Call Center: +66 2401 1111
- Foreign Workers Administration Division, Department of Employment\*\*

- For hiring foreign workers
- Mitmaitree Center: +66 1694
- Hotline: +66 1506 ext. 2

- Thai Chamber of Commerce and the Federation of Thai Industries
  - Phone: +66 2018 6888

- Foreign Service Division, Board of Investment (BOI)\*\*
  - Phone: +66 2209 1161 – 7
  - Line: [Click here](#)

