



The Extension of Schedule for Executing the Land and Building Tax Act B.E.2562 (2019)

Since subordinate legislations pursuant to the Land and Building Tax Act, have not been issued within the prescribed time which is 10 July 2019, the Local Administrative Organization is still working on preparation of list of detailed valuation Land and Building Resulting from the delay, on 11 December 2019, the Ministry of Interior approved the extension of schedule for the execution of the Land and Building Tax Act for the taxation in 2020 as follows:

1. Lists of Land and Buildings shall be completely prepared by the Local Administrative Organization within March 2020;
2. Valuation of land and building, tax rate and other necessary particulars in taxation shall be announced by the Local Administrative Organization prior to 1 June 2020;
3. A notification of tax assessment and tax assessment form shall be sent to taxpayers within June 2020;
4. A tax payment in accordance with the tax assessment form shall be made within August 2020;
5. A tax payment may be made in 3 installments which shall be made within August 2020, September 2020 and October 2020 respectively; and
6. A notification letter of tax arrears shall be sent to a taxpayer within September 2020.

Regulations on Unfair Practices in Franchising Businesses

In December 6, 2019, *Notification of the Trade Competition Commission Re: Guidelines for Consideration of Unfair Trade Practices in Franchise Businesses* (“Notification”) was published in the Royal Thai Government Gazette. The Notification was issued to regulate unfair practices in franchise businesses pursuant to Section 57 of the Trade Competition Act (2017) and will be effective on 4 February 2020.

The Notification stipulates obligations on a franchisor and the criteria for consideration of trade practices which may result in damage on a franchisee.

- 1 Obligation to disclose information in relation to franchise business

A franchisor shall disclose to a franchisee prior to entering into franchise agreement the following information: (i) fees and operational costs of franchise such as franchise fee, royalty fee, marketing costs, training costs, and costs of necessary tools and equipment; (ii) franchise business plan; (iii) intellectual rights; and (iv) extension, amendment, and termination of franchise agreement.

- 2 Obligation to notify and offer the right to a franchisee

If a franchisor wishes to open an additional branch in the nearby area of a franchisee, the franchisor shall notify in advance and offer the right to open the branch to the nearest franchisee.

- 3 Criteria for consideration of trade practices which may result in damage on a franchisee

A franchisor is prohibited to perform the following trade practices which may result in damage on a franchisee: (i) specifying conditions in a franchise agreement which restrict the right of a franchisee

without reasonable cause; (ii) specifying additional conditions in writing for a franchisee after a franchise agreement has been executed; (iii) prohibiting a franchisee from purchasing goods or services from other suppliers without reasonable cause; (iv) prohibiting a franchisee from discounting perishable goods or goods close to expiration without reasonable cause; (v) specifying different conditions between franchisees without reasonable cause resulting in discrimination; and (vi) specifying inappropriate conditions for any purpose other than to maintain reputation, quality, and standard of a franchisor in accordance with a franchise agreement.

New royal decree and ministerial regulations regarding Land and Building tax was approved by the Cabinet.

On 3 December 2019, the cabinet approved a draft of royal decree and two drafts of ministerial regulations in relation to Land and Building Tax Act, B.E. 2562 (A.D 2019). The significant points of each draft are set forth below:

1. Draft of Royal Decree on land and building tax deduction:

Under this draft, 50% tax deduction will be granted to the following:

- Inherited land and buildings were used for residence and owned by individual and such an individual's name appears in the household registration.
- Land where a power plant is located

90% tax deduction will be granted to the following:

- Financial institutions' land and buildings awaiting for sale.
- Land and Buildings under development for housing estate, condominium, industrial estate.

- Land and buildings used for private school, private university, zoo, and theme park.
- Sky train's car park.

2. Draft of Ministerial Regulations issued under Land and Building Tax Act, B.E. 2562 regarding exemption or reduction of fines:

- This draft prescribes regulation on requesting for exemption or reduction of fines of the arrears' land or buildings that are seized or attached by law.

3. Draft of Ministerial Regulations issued under Land and Building Tax Act, B.E. 2562 regarding rules, procedures, and conditions for calculating value in case land or building has no appraisal value:

Land

- In case land with a title deed or NorSor. 3 Kor, the official shall calculate the appraisal value by comparing it with the appraisal value of nearby land.
- In case land with other documents showing land ownership or land with no document showing land ownership, the official shall calculate the appraisal value by using land price according to the Treasury Department's schedule of the valuation of land.

Building

- The official shall use building price according the Treasury Department's schedule of the valuation of building.
- In case the building has no appraisal value, the official shall calculate the appraisal value by comparing it with building price according to the Treasury Department's schedule of the comparable price of building.

In case the Building cannot compare with the building price according to the book determines the valuation of building.

- The official shall inform the owner of building to submit documents or evidence showing the value of the building to the local government organization.

Measures on tax adjustment in B.E.2562 (2019)

In 2019, the Revenue Department of Thailand (“RD”) issued several measures in order to approach to a digital transformation and to increase the efficiency and equity of the taxation.

1. Measures relating to the domestic taxation are as follows:
 - The National E-payment Plan which allows the taxpayer to pay tax by mean of electronic system as prescribed under the Revenue Code Amendment Act (No.48) B.E.2562 (2019);
 - The exemption of penalty, surcharge and criminal liability for the qualified Company or Juristic Partnership as prescribed in the Exemption of Penalty, Surcharge and Criminal Liability to Enhance the Tax Operation under the Revenue Code Act B.E.2562 (2019); and
 - An increase of tax incidence from the direct investment in mutual fund as prescribed under the Revenue Code Amendment Act (No.52) B.E.2562 (2019);
2. Measures relating to the international taxation are as follows:
 - Measures in accordance with an agreement with Organization for

Economic Co-operation and Development (“OECD”) such as reduction and exemption of income tax of the Regional Operating Headquarters (RoHs), International Headquarters (IHQs) and International Trading Company (ITC); and

- Cooperative measures with foreign countries

The rate of zero percent Value Added Tax (“VAT”) shall be applied to the sale or service agreement made with United Nations, Foreign Embassy or Consulate, foreign economic and trade offices established under the agreement between Thai and foreign government.

Next year, the rules and practices in relation to the transfer pricing are expected to be issued by the Revenue Department.

Oil Exporter will not have to submit documents in paper for a tax refund.

There will be good news for the oil exporters as the Director-general of the Excise Department of Thailand reveals that the Excise Department of Thailand is processing a new tax payback system of refunding overpaid taxes via the technology called Blockchain-Based Tax Refunds. However, the oil exporters are still required to pay the amount of tax specified before claiming the overpaid tax after the oil exporters have completely shipped the fuel. If this new law is passed, the oil exporters will be no longer required to submit documents for a tax waiver in paper.

Additionally, the Excise Department of Thailand expects to use blockchain technology to facilitate other projects such as e-bank guarantee and license renewal for selling liquor, tobacco and playing cards.

The above plans are expected to be implemented in 2020.

Increase of Minimum Wage Rate

On 11 December 2019, Cabinet of Thailand approved National Wage Committee's Notification Re: Minimum Wage Rate (no. 10). The significant point of the Notification is that Minimum Wage Rate ranges between 313 and 336 baht per day depending on each province that is a location of the work place. Furthermore, working hours for works, which may be harmful to the health or safety of the employees, shall not exceed 7 hours per day. The working hours of normal works shall not exceed 8 hours per day. Specifically, any employer cannot pay the wage less than that as specified in the Notification. Therefore, the employer should adjust wage of the employees and comply with the rule before the Notification is effective on 1 January 2020.

Three drafts of Ministerial Regulation in relation to section 18/1, 19, and 19/1 of Factory Act B.E.2535 (A.D.1992)

On 11 December 2019, 3 drafts of Ministerial Regulation under Factory Act B.E.2535 (A.D.1992) have been submitted to the Cabinet of Thailand. The three drafts specify the place to file documents. If the factory is located in Bangkok, the licensee shall file documents at Department of Industrial Works. If the factory is located in another province, the licensee shall file documents at provincial industrial office. In addition, the licensee can send a notice and receive a result via computer network of the Department of Industrial Works. However, the differences of each draft are set forth below:

1. Draft of Ministerial Regulation RE: rules, procedure, and conditions to inform in case of exemption from applying for a license of expansion of factory

The licensee shall notice an officer least 30 days before operation and the authorized officer shall review documents within 10 days and the licensor shall review the documents and announce a result within 10 days.

2. Draft of Ministerial Regulation RE: Drafts of Ministerial Regulation RE: to notice on increase or change of machines in relation to reduction or prevention of pollution

The licensee shall notice an officer at least 30 days before operation. In addition, the licensee is subjected to file documents showing the plan of objectives to change machines. Furthermore, if the area or the construction of the factory building shall be changed, the licensee is subjected to file the documents showing an increase of the area of the building.

3. Draft of Ministerial Regulation RE: rules and procedures to increase category or type of the factory's business in relation to the old factory's business

The licensee is required to notify the licensor at least 15 days before operation and an official will review the notice within 7 days and the licensor will review and announce a result within 5 days. In addition, the licensee shall file documents showing relevant documents such as manufacturing processes, materials, products, preventive measure, environment, and security.

New notification of state enterprise policy committee on Joint Investment between the State and the Private Sector Act B.E.2562

On 3 December 2019, the cabinet approved drafts of notification of state enterprise policy committee on Joint Investment between the State and Private Sector Act B.E.2562 ("PPP Act"). The drafts prescribe necessary businesses pursuant to section 7 (1) (2) (4) of PPP Act.

The significant businesses of each draft are set forth below:

1. Drafted notification of state enterprise policy committee regarding the relevant businesses that are necessary for achieve the objectives of processing activities relating to road, highway, expressway businesses and road transportation B.E.:

The business activities under this draft shall include road modification , toll payment system, communication system, traffic control system, passenger terminal, animal or good transport station, garage and car repair services, joint ticket system development.

2. Drafted notification of state enterprise policy committee regarding the relevant businesses that are necessary for achieve the objectives of processing activities relating to train operation, electrical train and rail transportation B.E.:

The business activities under this draft shall include control system, communication system, payment system, electric power distribution system, maintenance hub, car parking, goods distribution hub station, goods storage, joint ticket system development.

3. Drafted notification of state enterprise policy committee regarding the relevant businesses that are necessary for achieving the objectives of processing activities relating to port operation and water transportation B.E.:

The business activities under this draft shall include bonded warehouse, station for inspection and loading goods in container for export, dry port, using tug boat, lifting container by crane, warehouse, shipyard and joint ticket system development.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com

