



Amendment to Interest Rates under Thai Civil and Commercial Code (“CCC”)

The Amendment to CCC B.E.2564 (A.D.2021) became effective on 11 April 2021.

The key amendments are as follows;

➤ Standard interest rate under Section 7 of the CCC

Normally, whenever interest is to be paid and the rate is not fixed by a juristic act or by an express provision of the law, it shall be 7.5% per year. With the amendment to section 7 in order to be in line with the economic circumstance, the rate of interest will be decreased from 7.5% to 3% per year.

➤ Default interest rate under Section 224 of the CCC

Unless there are any legitimacy grounds allowing the creditor to demand a higher rate, if a debtor is in default, a creditor is allowed to charge the default interest rate at the rate stipulated in Section 7 plus 2% per year.

➤ Default interest rate in case of installment payment under Section 224/1 of the CCC

Section 224/1 is a new provision under CCC which provides a new method of calculation on default interest rate for the debt paid in installment. The default interest rate shall only be calculated from the remaining principal amount (default installment).

It should be noted that these amended provisions shall only be applicable to the debt or the installment payment which is due from the effective date of the amendment. In other words, the interest and default interest due prior to the effective date shall not be affected.