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CANNABIS

Implications on Thailand's updated cannabis control

On 26 June 2025, the Ministry of Public Health issued the Notification on Controlled Herbs (Cannabis) 2025, reclassifying cannabis inflorescence as a controlled herb and effectively ending Thailand's brief period of liberal cannabis access. Cannabis remains available in the market, but only under strict medical supervision. The new framework introduces two central compliance pillars: mandatory prescriptions issued by recognized practitioners and cultivation under Good Agricultural and Collection Practices (GACP) certification.

For medical professionals, the regulation mandates the use of the official PT 33 prescription form. Only seven categories of practitioners—including doctors, Thai traditional medicine doctors, pharmacists, and dentists—may prescribe cannabis, and only in a clinical or hospital setting. Prescriptions must be paper-based, specify strain, dosage, and duration (maximum 30 days), and are valid for single use only. Dispensaries must retain prescriptions for at least one year, and any deviation—such as failing to verify practitioner details or honoring an online prescription—could expose both prescribers and sellers to penalties of up to one year's imprisonment or a fine of THB 20,000.

Dispensaries are required to transform their operations from retail-focused to compliance-driven. Sales are prohibited without a valid prescription, and budtenders must verify the authenticity of documents, confirm patient identity, and ensure that products originate from certified GACP cultivation sites. Every prescription must be matched with the dispensed product, and records must be made available to inspectors from the Department of Thai Traditional and Alternative Medicine (DTAM) or law enforcement on demand. Non-compliance could result in license suspension or revocation, significantly raising the compliance burden for cannabis retailers.

Growers face perhaps the most fundamental shift, as cannabis flowers must come exclusively from GACP-certified fields. Certification requires rigorous audits of soil, water, pesticide use, worker hygiene, and postharvest handling, and is valid for one to three years with annual surveillance. Farmers must maintain detailed seed-to-sale logs, including seed provenance, fertilizer and pest control records, harvest dates, and quality-control results. Without GACP certification, dispensaries and exporters sourcing from such growers risk suspension of their licenses. These requirements will likely advantage larger, well-capitalized operators, while small-scale cultivators must either adapt to the quality-management system or risk exclusion from the lawful cannabis supply chain.

CIVIL LAW

Act Amending the Civil Procedural Code Reducing Civil Enforcement Officer Fee

On 6 September 2025, the latest Act amending the Civil Procedural Code (the "Act") was enacted and came into effect. This Act revises Table 5 of the Civil Procedural Code, resulting in a significant reduction of enforcement officer fees compared to the previous version in effect since 2005.

Key changes in updated Table 5 of Civil Proce compared to previous version:

- Sale by public auction or disposal of seized or attached property by other methods: Fee reduced from **3% to 2%** of sale proceeds
- Payment of seized or attached money to the creditor**:** Fee reduced from **2% to 1%** of the amount seized or attached
- Private auction by agreement between the parties**:** Fee reduced from **2% to 1%** of agreed auction price
- Removed enforcement officer fee on
  - *Seize of property other than money in the case where there is no sale or disposal (previously charged at 2% of value of seize property)*
  - *Seize of money or attach of property in the case where there is no sale or disposal previously charged at 1% of seized money or value of attached property*

The reason for the enactment of this Act is that Table 5, Enforcement Officer Fees, at the end of the Civil Procedure Code currently prescribes enforcement officer fees that are no longer consistent with present economic and social conditions. It is therefore appropriate to repeal or reduce such fees in order to relieve the burden on the public in pursuing legal proceedings, and to promote and encourage greater negotiation and mediation between creditors and debtors, thereby helping to reduce the number of enforcement actions. It is thus deemed appropriate to revise and adjust the enforcement officer fees to be more suitable, and therefore it is necessary to enact this Act.

CONSTITUTION & POLITICAL LAW

Pheu Thai Proposes Constitutional Amendment to Ease Rewrite Process

Bangkok, 15 September 2025 – The Pheu Thai Party has established a special committee to explore amending Chapter 15 of Thailand's constitution. The proposed change aims to enable either a constitution drafting assembly or a parliamentary committee to oversee the amendment process, following a recent Constitutional Court ruling on the procedure.

The court ruled that any drafting of a new constitution must undergo three referendums, with the first two possibly held simultaneously—effectively blocking the option of directly electing a constitutional assembly. Pheu Thai respects this decision and plans to propose a roadmap that "best reflects the people's will," .

Senate Rejects Casino-Entertainment Complex Bill, Citing Social and Economic Risks

In a decisive move, the Thai Senate has rejected the government's draft bill proposing the creation of integrated entertainment complexes that include casinos. The committee's report warned of severe long-term risks, including heightened vulnerability to money laundering, constitutional concerns, and a potential erosion of public trust in governance.

The Senate emphasized that any future attempt to legalize casinos must involve public participation through a national referendum. While some senators acknowledged the possibility of alternative models, such as entertainment complexes without casinos, limited-access gaming zones with strict controls, or regulated online gambling, the overall consensus was that the bill in its current form posed grave economic and social consequences. International examples, including Sydney's restricted-access casino system for tourists, were cited as possible frameworks if the matter were to be revisited.

The committee's rejection reflects a broader caution against casino legalization in Thailand, noting that projected economic gains from casino operations may be overstated. The report concluded that revenue from such complexes often represents a transfer of wealth rather than the creation of new economic value, while infrastructure costs and social burdens could outweigh potential benefits. For policymakers, the Senate's decision underscores the need for public consultation, transparent debate, and careful regulatory design should the issue of casino legalization re-emerge in future administrations.

CORPORATE

Bangchak Corporation – Business Restructuring Plan

Bangchak Corporation Public Company Limited ("Bangchak"), a SET-listed company, has announced a five-point restructuring plan effective from 1 January 2026, aiming to enhance earnings and align with global energy trends that continue to rely on fossil fuels while acknowledging the growing but competitive renewable energy sector. The plan includes (i) investment in infrastructure for power plants, which will require compliance with Thai energy licensing and environmental regulations, (ii) expansion into upstream petroleum through its 45.5% stake in Norway-based Okea ASA, triggering cross-border investment and disclosure obligations under Thai securities law, as well as compliance with Norwegian petroleum rules, (iii) scaling up refining and biofuel production, including ethanol, biodiesel, and sustainable aviation fuel (SAF), which necessitates adherence to environmental impact assessments, product quality standards, and aviation regulations, and (iv) development of hydrocarbon trading and related new businesses, subject to Thai trade, energy, and competition law oversight. These initiatives raise regulatory considerations across multiple jurisdictions and sectors, particularly in securing environmental and energy approvals, managing foreign investment compliance, and ensuring transparency to protect shareholders under SEC and SET rules. Overall, provided that Bangchak obtains the necessary approvals and maintains robust governance and disclosure practices, the restructuring appears legally feasible and strategically aligned with its growth objectives.

Thai Firms Tap AI-Driven Data Centre Boom and Food Industry Expansion

Thailand is seeing strong investment momentum in industries linked to artificial intelligence (AI), data centres, and food processing, with energy and real estate firms positioning themselves for long-term growth.

Super Energy Corporation is in talks with data centre operators to supply renewable electricity and water, both crucial for cooling systems in facilities that run 24/7 on AI and cloud technology. Traditionally focused on solar farms, the company has expanded into the water business to meet growing industrial demand.

Electricity Generating Plc (Egco) is also targeting this market through the development of the Egco Rayong Industrial Estate, a 621-rai project in Map Ta Phut. Designed as a green, smart industrial zone, it will support technology investors under the Eastern Economic Corridor programme and is expected to be completed in a few years.

Meanwhile, Singha Estate is focusing on the food sector by selling 75 rai of land in its S Angthong Industrial Estate to Dali Foods (Thailand), a subsidiary of China's Dali Foods Group. The new plant aims to make Ang Thong a hub for food and agricultural processing, supported by abundant local raw materials and proximity to Bangkok.

Despite global economic challenges, Thailand's food exports remain robust, with the country ranked as the world's 12th largest food exporter and export values projected to grow further in 2025.

ESG

ESG as a Risk Management Tool in WHA Corporation Plc

WHA Corporation Plc ("WHA"), a major operator in Thailand's industrial estates, logistics, utilities and power, and digital services sectors, has integrated Environmental, Social, and Governance (ESG) principles into the core of its corporate strategy. This approach is not simply a commitment to sustainability but also a deliberate mechanism for managing legal, financial, operational, and possible risks. By embedding ESG into its long-term vision, WHA has positioned itself as both a market leader and a model for corporate resilience.

On the environmental front, WHA has actively pursued initiatives aimed at reducing carbon dioxide emissions and transitioning to renewable energy. Through its Mobilix platform, the company has introduced electric vehicle rental and charging services, with a target fleet of 20,000 EVs by 2029 that is expected to reduce emissions by 280,000 tons of CO_2e per year. Its renewable energy projects, implemented through power purchase agreements under WHA Utilities and Power Plc, aim to increase total capacity to 1,200 megawatts by 2029, which would cut 683,000 tons of CO_2e annually and generate more than 5.6 billion baht in revenue. In addition, WHA has expanded into waste-to-energy initiatives, such as the Chonburi Clean Energy project, and recycling schemes under its WeCYCLE program, which reduce landfill waste and repurpose materials into useful products. These measures reflect compliance with Thailand's environmental regulatory framework while also addressing risks linked to climate change and tightening emission standards.

From a governance and financial perspective, WHA has leveraged ESG as a value driver to secure access to capital and reduce exposure to investment risks. With increasing global emphasis on green financing and climate disclosure, the company's proactive adoption of sustainable projects enhances its attractiveness to lenders and investors. Its investment plan of 29 billion baht between 2025 and 2029 into renewable energy and clean technology is an example of how ESG can strengthen financial resilience and align with regulatory and market expectations. WHA's transparent and responsible governance approach is consistent with the Thai Securities and Exchange Commission's Corporate Governance Principles for Listed Companies, which prioritize accountability, fairness, and sustainable growth.

On the social dimension, WHA has recognized the role of human capital in sustaining business continuity and minimizing operational risks. It has implemented employee welfare programs such as WHA Care and WHAppy Friday, alongside occupational health and stress management initiatives. By offering benefits that exceed statutory minimums under the Labor Protection Act, the company not only enhances employee satisfaction but also reduces turnover risk, mitigates the likelihood of labor disputes, and builds a reputation as a responsible employer. These practices are essential to strengthening the social pillar of ESG and ensuring long-term workforce stability.

Overall, WHA's adoption of ESG principles demonstrates how sustainability initiatives can function as a comprehensive risk management framework. Its environmental projects reduce exposure to climate and compliance risks, its governance policies strengthen financial security and investor confidence, and its social programs reinforce labor relations and employee retention. By aligning business operations with ESG, WHA illustrates how Thai companies can balance profitability with resilience, ensuring sustainable growth while meeting both legal obligations and market demands.

ENERGY & ENVIRONMENT

Thailand Set to Launch First Direct Power Purchase Agreements for Renewable Energy by Year-End

Thailand is preparing to implement its first direct power purchase agreement (PPA) by the end of 2025, marking a significant milestone in the country's clean energy transition. According to the Energy Regulatory Commission (ERC), the pilot project will allow renewable power producers to sell electricity directly to large corporate consumers—most notably data centre operators—under a framework designed to increase access to green energy and attract foreign investment.

A direct PPA enables private entities to contract directly with renewable power generators, bypassing the traditional model in which the state utility acts as the sole buyer. To facilitate this, authorities are finalising rules under the Third Party Access (TPA) Code, which would permit the use of the state transmission grid subject to a wheeling charge. The National Energy Policy Council (NEPC) approved the scheme in 2024, initially capping transactions at 2 gigawatts of renewable energy, with potential expansion in a second phase to meet growing demand. Eligible renewable sources include solar, wind, hydropower, and biogas.

The initiative has been welcomed by clean energy developers such as Gunkul Engineering, which see direct PPAs as critical to Thailand's competitiveness in attracting international investment. Foreign investors, particularly in the data centre sector, have consistently sought clarity on direct renewable energy procurement policies as part of their investment decisions. By enabling direct PPAs, Thailand will align more closely with international practices and provide corporations with the tools to meet sustainability commitments.

Looking ahead, policymakers are considering whether to expand capacity beyond the initial 2GW in light of increasing demand. While the Energy Policy and Planning Office projects that overall energy demand will contract by 1.6% in 2025 due to slower economic growth, the appetite for renewable electricity from multinational corporations remains strong. For investors and developers, the launch of Thailand's direct PPA framework represents both a regulatory breakthrough and an opportunity to participate in shaping the country's renewable energy market under a more liberalised model.

FINANCIAL & CAPITAL MARKETS

Digital Lending Expands with Shopee, but Credit Risks Mount

The National Credit Bureau (NCB) reported a sharp rise in nanofinance loans in Q2 2025, reaching 77.7 billion baht, up 52.2% from the previous quarter and 84.2% year-on-year. The surge was driven largely by Shopee, which became an NCB member in May and rebranded its financial arm as Monee. Shopee now provides digital personal loans under SPayLater and nanofinance loans via SEasyCash, offering services such as buy now, pay later (BNPL) even at restaurants like Suki Teenoi.

Despite rapid growth, nanofinance non-performing loans (NPLs) also increased to 12.8 billion baht, up 17.1% quarter-on-quarter and 44.1% year-on-year.

NCB chief Luxamon Attapich said the bureau is engaging more digital lenders and platforms, including Lazada, as well as auto loan providers, to expand membership and strengthen credit data collection. She noted, however, that participation depends on each operator's readiness.

Meanwhile, Thailand's household debt stood at 13.63 trillion baht in Q2, little changed from the previous quarter but slightly lower year-on-year. Overall NPLs across the system rose to 187 billion baht, an increase of 7.2% quarter-on-quarter and nearly 30% year-on-year.

Legal Perspectives on the Success Factors of Virtual Banking in Thailand

The development of virtual banking in Thailand has attracted significant regulatory and commercial attention. At the Bangkok Post Tech Conference 2023, experts identified several key elements that determine the sustainability and success of virtual banks within the Thai financial system.

A central factor is the use of open data. As emphasized by industry participants, digital lending is expected to be the main revenue source for virtual banks. Effective access to and use of open data will enable these institutions to expand their customer base while maintaining asset quality. Without robust data-sharing mechanisms, the ability of virtual banks to compete with traditional financial institutions would be severely limited.

Another critical issue is capital adequacy and scale. The Bank of Thailand requires each applicant for a virtual banking license to have registered capital of not less than ฿5 billion. This requirement creates a high barrier to entry and has prompted the formation of joint ventures and consortia between financial institutions and technology firms. Such collaborative structures not only meet capital requirements but also integrate technological capabilities with financial expertise.

The issue of cybersecurity and consumer trust is also fundamental. Thailand ranks among the highest globally in mobile banking adoption but is simultaneously exposed to high levels of cybercrime and financial fraud. In this respect, virtual banks must establish secure platforms that integrate modern identity verification tools, including the National Digital ID system and biometric authentication. Failure to do so would compromise public trust and erode market confidence.

Beyond compliance and security, the strategic orientation of virtual banks must align with global best practices. Experts highlighted that successful models internationally share common attributes: they are customer-centric, they monetize data effectively, they operate within broader ecosystems of partners, and they deliver superior user experiences. The use of cloud-based infrastructure supports these objectives by ensuring scalability, operational flexibility, and compliance with evolving regulatory standards.

In summary, the long-term viability of virtual banking in Thailand depends on the effective combination of regulatory compliance and market innovation. Open data, sufficient capital, strong cybersecurity, and customer-focused services must be integrated within a secure technological framework. From a legal and regulatory standpoint, these elements collectively determine whether virtual banks can operate sustainably while contributing to Thailand's broader financial ecosystem.

SEC Acts on Cyber-Attack Allegations in Thailand's Digital Asset Market

On September 7, 2025, the Office of the Securities and Exchange Commission of Thailand (SEC) ordered all licensed digital asset exchanges to publicly clarify allegations circulating online that a major Thai exchange suffered a cyber-attack resulting in losses worth hundreds of millions of baht. The claims, published on the Facebook page The BIG Secret, were based on an anonymous document referencing blockchain transactions allegedly linked to Tornado Cash, a mixing service often associated with money laundering. The document also suggested that THB 500 million in assets had been moved without being reflected in exchanges required Net Capital Reports (NCRs).

In response, the SEC confirmed that it is investigating the rumors and reminded investors to rely exclusively on official information channels. Leading exchanges—including Binance TH, Bitkub, Bitazza Thailand, and Orbix promptly issued statements assuring that their systems remain secure, assets are fully protected, and reserves are intact. Bitkub pointed to its proof of reserves on CoinMarketCap, while Binance TH emphasized its continued stability and adherence to international security standards.

Digital asset operators must maintain adequate reserves, submit daily NCRs, and disclose material risks or incidents. Any unreported or misrepresented movement of funds, if substantiated, would constitute a regulatory violation. Moreover, the alleged Tornado Cash link raises potential exposure with serious civil and criminal consequences.

The SEC's intervention underscores that cybersecurity, transparency, and good governance are not merely operational best practices but legal obligations for digital asset operators. For exchanges, this case highlights the importance of robust incident reporting, investor communication, and proactive compliance with AML/CTF requirements. For investors, it serves as a reminder to treat social media claims with caution and rely on official SEC disclosures. In Thailand's rapidly evolving digital asset sector, regulatory scrutiny is intensifying, and maintaining trust depends on strict adherence to legal standards.

SEC issued notification Criteria for Participation in the Pilot Program for Digital Asset Trading Using Thai Baht for Payment of Goods and Services for Foreign Tourist

On 16 September 2025, the Office of the Securities Exchange Commission (SEC) has announced a notification establishing pilot program allowing licensed digital asset businesses to provide services enabling foreign tourists to pay for goods and services in Thailand using Thai baht converted from digital assets.

The program aims to ensure standardized services with appropriate regulatory oversight, generate revenue for Thai businesses, and promote the tourism industry, benefiting the national economy.

Digital asset businesses seeking to participate in the pilot program for digital asset trading with Thai baht payments for goods and services must fully comply with the SEC notification and obtain a prior approval.

<u>Eligible participants</u>

Eligible participants for this pilot program include (a) cryptocurrency exchanges, (b) digital token exchanges, (c) cryptocurrency brokers, (d) digital token broker, (e) cryptocurrency traders and (f) digital token broker.

<u>General Approval Criteria</u>

- Provide services specifically for foreign tourists to pay in baht.
- Have agreements with electronic money service providers for the program.
- Not be under SEC-imposed system improvement orders.
- Maintain reporting and service continuity plans, including exit strategies from the pilot.

<u>Application Process</u>

Eligible business must submit requests and supporting documents as specified in the SEC's public guide. The SEC will consider applications within 60 days of receipt of complete submissions.

<u>Program Duration</u>

- Maximum 18 months from SEC approval, with possible extensions upon SEC notification.
- Businesses must notify the SEC at least 30 days before the end of the program if they wish to continue.

<u>Operation Requirements</u>

Operational requirements under the program include collecting and evaluating tourist information according to SEC standards, allowing advertising without investment risk warnings, and observing a monthly transaction limit of 500,000 baht per tourist Participating businesses are required to report pilot program outcomes and service progress to the SEC on a regular basis.

The SEC may terminate a business's participation in the pilot program at the end of the program, or earlier if the business fails to comply with program requirements. Businesses must follow their exit plans and provide at least 30 days' notice to the SEC if ceasing services before the program's scheduled conclusion. This SEC notification will be effective on 24 September 2025

SEC Seeks Greater Oversight of Audit Firms and Eases Margin Loan Rules

The Office of the Securities and Exchange Commission of Thailand (SEC) has proposed significant reforms aimed at strengthening market integrity and investor protection. Central to the proposals is the expansion of the SEC's supervisory powers over audit firms, addressing a long-standing regulatory gap. At present, the SEC can discipline individual auditors but lacks authority to impose sanctions directly on audit firms, even in cases where firms were implicated in misconduct or fraudulent practices.

According to Ms. Pornanong Budsaratragoon, SEC Secretary-General, proposed amendments to the Securities and Exchange Act have been submitted to the Ministry of Finance, with the goal of extending accountability to audit firms. The proposed amendments would require firms to obtain SEC authorisation, empowering the regulator to impose penalties on firms engaged in misconduct. Auditors of listed companies would also need to be affiliated with authorised firms that comply with the SEC's standards. If enacted, these changes would raise Thailand's regulatory framework closer to international benchmarks, ensuring that audit firms bear direct responsibility for financial reporting quality and corporate governance. The draft proposed Amendments are currently under review by the Council of State and could be expedited via an emergency decree.

In parallel, the SEC is seeking to modernise rules on margin loans. A public hearing has been launched on a proposal to allow securities companies to extend margin lending using shares from large initial public offerings (IPOs)—defined as those exceeding THB 10 billion—as collateral. Under current regulations, IPO shares are excluded due to their volatility and lack of trading history. The new framework would permit their use under strict exposure limits and haircut requirements, balancing investor flexibility with prudent risk management.

Together, these initiatives reflect the SEC's commitment to reinforcing market integrity, investor confidence, and competitiveness in Thailand's capital markets. By holding audit firms accountable and easing margin loan restrictions under a risk-based approach, the SEC seeks to align domestic regulations with global standards while promoting deeper and more resilient capital markets.

SET Upgrades Trading Systems with Nasdaq to Boost Global Competitiveness

The Stock Exchange of Thailand (SET) has upgraded its trading systems and regulatory framework through an expanded collaboration with Nasdaq, aiming to align with leading global markets and bolster investor confidence. The partnership focuses on modernising infrastructure, enhancing oversight and risk management, and exploring the use of AI-powered trading solutions.

SET senior executive vice-president Soraphol Tulayasathien said the improvements are designed to attract international investors and demonstrate the exchange's technological capacity, while also preparing for next-generation innovations. Since 2023, the SET and the Thailand Futures Exchange have operated on Nasdaq-developed systems, which meet global standards for resilience and efficiency.

Nasdaq's technology, including its INET platform, is known for delivering tighter spreads, deeper liquidity and lower transaction costs, and has proven particularly effective during periods of volatility. Phil Mackintosh, Nasdaq's chief economist, highlighted the role of AI, cloud migration and tokenisation in reshaping global trading, with AI also strengthening market surveillance.

SET's CONNECT-MME platform, launched in 2023, has already improved resilience during volatile conditions, supported by safeguards such as dynamic price bands and auto pause. Looking ahead, the collaboration plans to roll out fractional share trading, 24-hour trading, and other innovations to enhance fairness, transparency, and competitiveness in Thailand's capital markets.

IMMIGRATION

Notification Clarifies Incentives for Returning Thai Nationals

The Royal Decree on tax incentives provides two main incentives. First, eligible employees are entitled to pay a flat personal income tax rate of 17% on qualifying employment income, significantly lower than Thailand's progressive tax rates. Second, employers hiring these returning nationals are entitled to a 150% corporate income tax deduction on the associated salary costs. Together, these measures are designed to make Thailand more competitive in attracting skilled professionals back to the country.

The Notification of the Director-General of the Revenue Department introduces compliance obligations to operationalize the incentives. Thai nationals seeking the reduced 17% personal income tax rate must submit their annual return, clearly identifying the eligible income, and retain supporting evidence of their educational qualifications and overseas work experience. Employers, meanwhile, must notify the Revenue Department by submitting the prescribed form before making the first salary payment to the employee, ensuring transparency and oversight in granting the 150% deduction. Failure to comply with these procedural requirements could result in disqualification from the incentive regime.

By combining reduced personal tax burdens with enhanced corporate deductions, Thailand's new framework aims to both incentivize repatriation of skilled Thai talent and reward employers who participate in the program. However, both employees and companies should pay close attention to the detailed filing and documentation requirements to ensure that the incentives are validly claimed and sustained in practice.

LABOUR & EMPLOYMENT

House Endorses Two Draft Labour Protection Bills

On 24 September 2025, the House of Representatives gave unanimous approval in principle to two draft amendments to the Labour Protection Act. Both proposals aim to strengthen the rights and welfare of more than 30 million workers nationwide and were sent to special committees for further review within 15 days.

The first draft focuses on working conditions. It limits the standard work week to 40 hours, or 35 hours for hazardous occupations, and requires employers to provide at least two weekly holidays spaced no more than five days apart. Employees who have worked 120 consecutive days will be entitled to not less than ten days of annual leave. Supporters believe these measures will raise productivity and promote work–life balance in line with international standards, while critics warn of higher costs for small and medium-sized enterprises and sectors requiring continuous operations.

The second draft emphasizes equality and family support. It prohibits all forms of workplace discrimination, allows leave to care for family members in their final moments of life, obliges employers to provide breastfeeding facilities at the workplace, and introduces menstrual leave without classifying it as sick leave for 3 days per month. Proponents argue that such provisions reflect real workplace needs and are already in practice in several Asian countries.

In the final tally, the first draft was endorsed with 333 votes in favor, four abstentions, and one non-voting. A 31-member special committee will now examine the details. The second draft passed with 329 votes in favor, two abstentions, and four non-voting. A 39-member committee will study this proposal, with at least one-third of its members drawn from women or women's organizations.

Both drafts move to the committee stage, marking a significant step toward updating Thailand's labour laws to meet present social and economic conditions

Implications for Expatriate Employment in Thailand under BOI Notification Por. 8/2568

In June 2025, the Thailand Board of Investment ("BOI") issued its Notification introducing significant changes to the rules governing expatriate employment in BOI-promoted companies. Among the most consequential are (i) a foreign employment ratio requirement for manufacturing enterprises, (ii) revised minimum salary thresholds for expatriate roles across multiple levels, and (iii) a requirement that expatriate remuneration be disbursed via Thai entities rather than abroad. These changes signal the BOI's evolving policy emphasis on promoting local employment, localizing compensation, and tightening oversight of foreign-staffed operations.

Under the foreign employment ratio rule, BOI-promoted manufacturing companies with more than 100 employees must ensure that at least 70% of their workforce are Thai nationals, thus limiting foreign employees to no more than 30%. Enterprises with fewer than 100 staff are exempt from this ratio requirement. The BOI may grant exceptions on a case-by-case basis—particularly for strategic industries or where strict compliance is impracticable—but such discretion is not fully defined in the Notification.

Additionally, the Notification strengthens requirements for expatriate compensation. Expatriate roles must meet prescribed minimum monthly salary thresholds, differing by level (executive, managerial, technical) and reduced thresholds may apply when the expatriate holds a relevant bachelor's degree. For example, executive roles require a minimum monthly remuneration of THB 150,000, while roles at management, technical, or operational levels have correspondingly lower thresholds (e.g. THB 75,000 or THB 50,000).

It also mandates that salaries be paid through a Thai corporate entity (not via overseas entities), eliminating prior practice of external payrolls or indirect compensation methods.

The Notification will be implemented in stages. For BOI certificates issued after 5 June 2025, the new rules take effect on 1 October 2025; for all BOI-promoted companies (irrespective of certificate issue date), full effect begins 1 January 2026.

Companies holding BOI privileges need to reassess their workforce composition, compensation structures, and payroll channels to ensure compliance—or risk revocation of privileges or non-approval of future expatriate positions.

PUBLIC FINANCE & GOVERNANCE

Strengthening Fiscal Discipline and Governance in Thailand

Thailand's Finance Minister, Ekniti Nitithanprapas, has emphasized that all government policies funded by public resources must demonstrate clear value for money, reflecting the administration's commitment to fiscal discipline and transparency. This stance follows Fitch Ratings' decision to downgrade Thailand's outlook from stable to negative, citing political uncertainties and growing fiscal risks. The Finance Ministry aims to reassure ratings agencies and investors by adhering to good governance principles, ensuring disclosures on project costs, expected benefits, and outcomes.

The government plans to keep the budget deficit below 3% of GDP, in line with recommendations from the Fiscal Policy Office, while maintaining fiscal stability and strengthening revenue-generating capacity without amending existing laws. The 2026 budget will be of similar size to 2025, with efforts to improve spending efficiency and prioritize initiatives that deliver "quick big wins." Policies such as the Khon La Khrueng Plus or Co-Payment Plus scheme will be designed with fiscal prudence, including digital training and financial literacy programs for small vendors to broaden the tax base and stimulate sustainable growth.

From a legal and governance perspective, this approach underscores the importance of fiscal transparency in policy formulation, medium-term fiscal frameworks, and administrative reforms to streamline regulatory processes, such as permits for investment projects. The Finance Ministry's focus on accountability, efficiency, and transparent assumptions provides a framework that aligns with international best practices, while also mitigating risks of non-compliance with fiscal responsibility standards. This legal and governance orientation is expected to support investor confidence, ensure regulatory predictability, and strengthen Thailand's long-term fiscal sustainability.

REAL ESTATE

Phuket's Property Market Sees Strong Condo Sales Amidst Villa Slowdowns

Despite a slower start to 2025 and the continued absence of Chinese buyers, Phuket's residential real estate market is poised for a strong second half, driven by a surge in new launches and sustained demand from foreign buyers. Property analysts anticipate that the market will enter a more active phase, with a particular focus on the upcoming high season.

In the first half of 2025, new launches for both condos and villas experienced a year-on-year decline at 25.3% for condos and 41.5% for villas. While this drop might seem significant, experts at CBRE (Thailand) note that the market is coming off a record-breaking year in 2024, and current launch volumes remain above historical averages.

The condo segment showed remarkable resilience, with sales rising 21% year-on-year in the first half of 2025. This growth was largely fueled by foreign buyers, who are attracted to the affordability of condos, which can be purchased for less than 3 million baht. New projects are primarily concentrated in the south and southwest coastal areas, where land is more available and prices are lower.

In contrast, the villa market has 21.9% decline in sales during the first half of the year. This slowdown is attributed to a combination of factors, including high prices, longer buyer decision cycles, and a substantial amount of existing supply. Despite the dip, many developers from Bangkok, including prominent names like Land & Houses and Ananda Development, have entered the Phuket villa market.

While Chinese buyers have not yet returned to pre-pandemic levels, demand from other nationalities particularly Russians, Thais, and Europeans remain strong. Phuket is increasingly seen as a desirable destination for second homes, retirement, and remote work, which attracts a diverse group of buyers, including those seeking investment properties with the potential for rental income and long-term capital gains.

Developers are responding to the competitive market by adjusting their strategies. Some are modifying existing villa projects to reduce unit sizes and offer more competitive pricing, while others are converting them into condo projects to meet demand. Established developers with a reputation for quality, location, and price continue to perform well, while newer players face more significant challenges.

As the high season approaches, property analysts are optimistic about the rest of 2025, expecting increased sales and a more dynamic market as Phuket continues to solidify its status as a leading destination for international property buyers.

TAXATION

Income Tax Exemption on Cryptocurrency Capital Gains

On 5 September 2025, the Ministerial Regulation was published in the Government Gazette to introduce the five-year personal income tax exemption on capital gains from the disposal of cryptocurrency or digital tokens during the period between 1 January 2025 to 31 December 2029, but only to individuals, which means corporate taxpayers and those whose trading qualifies as business income remain outside its scope.

To qualify, transactions must be executed through licensed digital-asset business operators, such as exchanges, brokers, or dealers authorized by the Ministry of Finance and regulated by the Securities and Exchange Commission. Transfers outside these licensed channels—including peer-to-peer trades or sales via unlicensed platforms—are excluded. The exemption also applies strictly to capital gains, not other types of income. Individuals should ensure their activities are properly classified, as frequent or organized trading may be treated as business income and taxed under general rules.

The ministerial regulation was issued to promote Thailand as a global financial center and digital asset business hub while encouraging increased domestic investment in digital assets.

Revenue Department Launches D-VAT & SBT: A New Digital Platform for Value-Added Tax Services System

On 1 September 2025, the Thai Revenue Department launched the new "D-VAT & SBT" system, a fully digital platform designed to modernize services related to Value Added Tax (VAT) and Specific Business Tax (SBT). The system consolidates all key processes—registration, data changes, filing applications, submitting tax returns, refund consideration, and refund issuance—into one integrated, end-to-end service.

Developed with a Taxpayer Centric vision, D-VAT & SBT aims to make tax administration easier, faster, and more secure. The Revenue Department applied Design Thinking to better understand taxpayer needs and address problems with the old system, while using Agile Methodology to ensure flexibility and continuous improvement. Special attention was given to user experience and interface design (UX/UI), with input from sample user groups who tested the platform and provided feedback to simplify procedures and reduce complexity.

The system allows taxpayers to manage VAT and SBT obligations conveniently from anywhere, anytime, on any device, helping to save time and resources. Beyond improving efficiency, the launch demonstrates the department's commitment to digital transformation and innovation. It represents a significant milestone not only in enhancing tax administration but also in creating better overall experience for both businesses and tax officials.

Thailand Continues 7% VAT Rate Until 30 September 2026 from Legal and Economic Perspective

On 9 September 2025, the Thai Cabinet approved an extension of the reduced value-added tax (VAT) rate of 7% until 30 September 2026. The announcement, issued by the Revenue Department, confirms that the lower rate—originally introduced as a temporary measure in 1997—will remain in place for another fiscal year. Under Thailand's Revenue Code, the standard VAT rate is set at 10%, but the government has the authority to temporarily lower it via Royal Decree. This reduced rate has been extended annually for nearly three decades as a tool to support economic activity and reduce the cost burden on both consumers and businesses.

Legally, while these annual extensions are valid, their recurring nature raises questions about long-term tax policy stability. Businesses must adjust their financial planning year by year, depending on whether the rate is maintained. Many tax professionals argue that codifying the 7% rate or introducing a multi-year VAT framework would enhance certainty and improve policy transparency. Despite the legal ambiguity of its temporary nature, the continuation of the 7% rate offers short-term predictability, which benefits pricing strategies, consumer spending, and business operations.

Economically, the decision reflects the government's ongoing effort to stimulate domestic demand, particularly in light of global economic volatility and a still-recovering post-pandemic environment. While this approach comes at the cost of reduced tax revenue, it signals a clear preference for promoting growth through tax relief rather than immediate fiscal tightening. As VAT remains a major contributor to Thailand's national budget, the government's ability to balance economic stimulus with fiscal responsibility will remain a key issue going forward.

In conclusion, the extension of the 7% VAT rate into 2026 underscores the Thai government's continued reliance on indirect tax policy to support economic stability. However, it also highlights the need for longer-term tax reform to ensure legal clarity and sustainable revenue planning.

TECHNOLOGY

Thailand's Draft Licensing Regime for Foreign Satellite Services Framework

The National Broadcasting and Telecommunications Commission (NBTC) is preparing a new licensing framework for services using foreign satellites, aiming to modernize Thailand's satellite regulations and align them with global practices. The draft, already through public consultation, introduces three distinct licence categories: Gateway Licence (for facilities connecting to foreign satellites), Landing Rights Licence (for uplink and downlink signals within Thailand), and Service Licence (for commercial service provision through foreign satellites).

Unlike the current single-licence system, this structure provides clearer regulatory oversight. All licence holders must be Thai companies or joint ventures with at least 51% Thai shareholding, ensuring domestic control over critical infrastructure but limiting direct foreign entry. This balance between sovereignty and foreign investment could raise future questions under trade and investment law.

The regime also reflects the growing role of low-Earth-orbit (LEO) satellites, which provide faster, lower-latency services compared to traditional geostationary systems. Operators such as state-owned National Telecom (NT) and private firm Thaicom are already working with global partners, including Eutelsat OneWeb and Globalstar, to deliver broadband and advanced satellite services.

If implemented effectively, the framework could strengthen Thailand's space economy, foster partnerships, and position the country as a competitive player in the satellite communications sector.

TRADE & INVESTMENT

Thai Government Task Force Targets New Export Markets Through Strategic Trade Engagement

The Ministry of Commerce has launched a task force under the Department of International Trade Promotion (DITP) to help Thai exporters expand into non-traditional markets—Latin America, Africa, the Middle East, and South Asia. The initiative includes business-matching events, starting with a session in Argentina that generated 320 matches between 40 Thai companies and 79 Argentinian importers.

The delegation will continue to Chile and Brazil. Discussions with Argentinian trade associations highlighted strong demand for Thai products and supportive local trade policies, including tariff reforms and FTA negotiations.

This initiative reflects a proactive state-led strategy to diversify trade risks and strengthen bilateral ties. Legal and compliance considerations remain key, particularly around product standards, customs, and cross-border contracts. The 21.3% year-on-year growth in Thai-Argentinian trade underscores the potential of these emerging markets for Thai exporters.

Thailand and Saudi Arabia Strengthen Trade and Investment Cooperation

On 18 September 2025, the Saudi-Thai Coordination Council convened virtually under the Ministry of Commerce Permanent Secretary Vuttikrai Leewiraphan, setting forth a comprehensive plan to expand bilateral trade and economic cooperation for 2025–2026. The meeting underscored the commitment of both governments to deepen ties through new industry development, trade facilitation, and enhanced collaboration in high-growth sectors.

The joint plan outlines initiatives including the organisation of trade fairs and promotion activities, as well as strategic collaboration in emerging industries such as robotics, new-generation vehicles, and artificial intelligence. Cooperation will also extend to halal products, pharmaceuticals, herbal goods, and elderly care services, reflecting both Saudi Arabia's high demand for agricultural and halal products and Thailand's policy to expand exports to high-purchasing-power markets. Importantly, both sides agreed to negotiate an agreement on the elimination of double taxation and to develop a memorandum of understanding on customs cooperation, aimed at streamlining cross-border trade and reducing administrative barriers for businesses.

Saudi Arabia has long been a strategic trade partner for Thailand. In 2024, it ranked as Thailand's 19th largest trade partner globally and the second largest in the Middle East, with bilateral trade valued at US$7.56 billion. Thai exports totaled US$2.86 billion, comprising mainly automobiles, auto parts, wood products, and rubber products, while imports stood at US$4.9 billion, driven by crude oil, fertilizers, and chemicals. In the first half of 2025 alone, trade between the two nations reached US$3.85 billion, reinforcing the importance of Saudi Arabia as a high-income market with strong purchasing power.

The renewed commitment between Thailand and Saudi Arabia is expected to create a more predictable and transparent environment for trade and investment. Businesses operating in or seeking entry into either market should closely monitor the progress of the double taxation agreement and customs cooperation framework, as these instruments will play a pivotal role in reducing compliance costs and enhancing market access. For Thai exporters, particularly in the halal and agricultural sectors, the strengthened partnership offers expanded opportunities to tap into Saudi Arabia's growing demand, while investors may benefit from collaboration in technology-driven industries and healthcare services.

Thailand–Chile Free Trade Agreement: Untapped Opportunities for Bilateral Growth

The Thailand–Chile Free Trade Agreement (FTA), in force since 2015, has tripled bilateral trade within a decade, with Chilean exports to Thailand reaching USD 682 million (THB 21.7 billion) in 2024, up 6.8% from 2023, led by salmon (USD 81 million) and cherries, while food exports exceeded USD 134 million and services grew by 51%. First-quarter 2025 figures confirm continued momentum, with salmon exports up 35.6%, cherries up 59.5%, and total food exports rising 46% to USD 91 million, alongside service growth of 6% to USD 235,000. Speaking at the 1st Chilean–ASEAN Business Summit in Bangkok, Ignacio Fernandez Ruiz, Director of ProChile, acknowledged these gains but stressed that the FTA's legal and regulatory framework remains underutilized. He called for deeper engagement through expanding imports and exports, encouraging local business establishments, and diversifying into new sectors such as film production, while highlighting Chile's role as a competitive gateway to Latin America's 600 million consumers. From a legal perspective, the FTA provides tariff reductions, rules of origin, and regulatory cooperation, yet its full benefits are constrained by non-tariff barriers, limited SME awareness, and incomplete use of cross-border investment mechanisms. As Ruiz noted, the FTA is "like a highway built for our countries," but its promise will only be realized through more proactive government and private-sector efforts to leverage its provisions and achieve sustainable long-term integration.

Thailand Pushes for Accelerated AITIGA Review to Strengthen Export Competitiveness

Thailand is urging expedited negotiations on the Asean-India Trade in Goods Agreement (AITIGA) to enhance market access and eliminate trade barriers, aiming to capitalize on growing bilateral trade with India. The call was made during a recent Special Asean Economic Ministers Meeting, with Thailand's Deputy Commerce Minister stressing the need for faster progress, despite current negotiation completion standing at only 40%.

The AITIGA review focuses on several key legal and trade areas, including customs procedures, sanitary and phytosanitary (SPS) standards, and support for MSMEs—all of which are expected to improve transparency, fairness, and regional trade integration. From a legal standpoint, updates to the agreement could also impact rules of origin, tariff concessions, and non-tariff measures, requiring Thai exporters and legal counsel to reassess compliance strategies.

If concluded as anticipated by the end of the year, the revised agreement is expected to directly benefit Thai exporters in key sectors such as agriculture, machinery, electrical appliances, and gems and jewellery. As trade between Thailand and India continues to grow—with Thai exports rising over 16% in 2024 and 31.9% in H1 2025—legal and regulatory alignment under an updated AITIGA framework will be critical to sustaining this upward trend.

Businesses and lawyers should closely monitor developments, as the revised agreement could bring about new trade facilitation measures, reduce regulatory burdens, and create enhanced legal certainty for cross-border transactions within the Asean-India corridor.

US Tariffs Threaten to Slow Thai Export Growth Despite Strong Mid-Year Performance

Thailand's export sector, which posted a robust 13% growth rate in the first seven months of 2025, now faces headwinds following the imposition of a 19% US import tariff. July exports surged to US$28.6 billion, representing an 11% year-on-year increase, driven largely by the manufacturing sector—particularly electronics such as computers and integrated circuits, which expanded by 61% and 55% respectively. Excluding volatile items such as gold and oil-related products, exports climbed

16.6%, underscoring the breadth of Thailand's export momentum.

Agricultural shipments also contributed to the positive performance, with gains in frozen fruit, processed poultry, pet food, and cane sugar. Poultry exports in particular benefited from stronger Chinese demand, as Beijing curtailed imports from Brazil and Argentina due to avian flu concerns. However, rice and rubber shipments declined for the third consecutive month, pressured by India's lifting of its rice export ban and protective measures adopted by the Philippines. Analysts forecast that poultry will remain a bright spot for Thailand's trade outlook, supported by Chinese demand and favorable supply dynamics.

In this regard, both Kasikorn Securities (KS) and Maybank Securities warn that the outlook is set to moderate as the US tariffs take effect. The automotive sector is seen as particularly vulnerable, given that Thai automobile and parts exports will face higher duties relative to competitors in Japan and South Korea, who are subject to only 15% tariffs. Imports also showed mixed signals: overall inbound shipments grew 5.1% year-on-year, but growth in electronic parts slowed, indicating potential weakness in integrated circuits and printed circuit boards.

Despite the solid July performance, analysts caution that uncertainty looms for the remainder of 2025. Product-specific global tariffs announced by Washington and heightened scrutiny of key export industries may erode Thailand's competitive edge. Still, opportunities remain in niche sectors such as poultry, where Thai exporters like GFPT are well-positioned to gain market share following China's continued restrictions on South American suppliers. Companies with significant exposure to the US market should therefore closely monitor tariff developments, diversify export destinations where possible, and assess the legal and commercial implications of shifting trade policies on supply chains and market access.

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