Bangkok Global Law

540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

CONSUMER PROTECTION

Cash-on-delivery (COD) parcel delivery services as a controlled business under the Receipt Control Act B.E. 2543 (A.D. 2000)

Published in the Government Gazette, Volume 142, Special Section 238 Ngor, dated 3 July 2025, the Committee on Controlled Items in Receipts issued its announcement designating parcel delivery services with cash-on-delivery (COD) as a business subject to control under the Receipt Control Act B.E. 2543 (A.D. 2000).

Key Points

The regulation applies to delivery service providers that offer COD services, whether directly or in collaboration with merchants or e-commerce platforms. It covers both logistics operators and payment service providers involved in COD transactions.

Receipts issued under COD services must clearly show the name and the address of the service provider, details of the goods, the amount collected, service fees (if any), the payment date, and the method of payment. The format or wording must not mislead consumers into believing the delivery provider is the seller.

Purpose

The measure aims to protect consumers by ensuring transparency regarding payment allocation between goods and delivery charges. It also seeks to prevent confusion between the roles of sellers and logistics providers and to promote fairness and accountability in COD operations, which have become increasingly prevalent in the e-commerce sector.

Legal Implications

COD service providers must revise their receipt templates, both paper and electronic, to comply with the new regulation. Non-compliance may result in penalties under the Receipt Control Act B.E. 2543 (A.D.2000). Businesses are advised to review their systems and documentation to ensure accuracy and compliance.

Policy Outlook

This development reflects a broader policy direction to enhance consumer protection within Thailand's digital and logistics sectors. It also underscores the government's commitment to transparency and fair practices in the growing e-commerce environment. Further regulatory actions may follow, extending similar standards to digital payment intermediaries and online financial service providers.

DBD Establishes Division to Combat Illegal Business Practices

On 2 October 2025, the Department of Business Development (DBD) announced the establishment of the Division for the Prevention and Suppression of Illegal Businesses, a new unit is designed to strengthen enforcement against unlawful corporate activities in Thailand. The initiative reflects the DBD's commitment to promoting transparency, safeguarding economic integrity, and ensuring compliance with Thai business laws.

The new division will prioritize investigations into:

- Juristic person mule accounts — cases where companies are registered to open bank accounts for fraudulent or deceptive purposes.
- Nominee shareholding arrangements — instances where Thai nationals are improperly used to conceal foreign ownership in violation of Thai law.

These practices are viewed as threats to national security, economic stability, and public confidence. The Division will collaborate with other government agencies to initiate legal proceedings against offenders and enhance overall regulatory oversight.

Following its inaugural meeting on 1 October 2025, the DBD appointed a central committee and established four specialized subcommittees to oversee specific functions:

- Business Registration Prevention – Strengthening verification procedures to prevent misuse of the registration system.
- Business Data Analysis – Identifying suspicious activity through analytical review of registration data.
- Business Auditing – Conducting in-depth audits of corporate operations and financial records.
- Legal Affairs – Ensuring alignment with relevant laws and developing supporting legal frameworks.

These teams will formulate policy, implement inspection protocols, and enhance interagency coordination to improve enforcement effectiveness.

The DBD's new Division aims to deter illegal business activities that distort market fairness and undermine good governance. By addressing nominee shareholding, fraudulent registrations, and related practices, the Division seeks to promote transparency and fair competition, strengthen investor confidence; and support sustainable, lawful business growth.

The establishment of this division will have significant implications for stakeholders

- Business Owners and Investors: Expect stricter registration verification and compliance checks.
- Foreign Nationals: Increased scrutiny of ownership structures and nominee arrangements.
- Financial Institutions: Enhanced due diligence obligations when opening or maintaining corporate accounts.

OCPB Introduces New Law Regulating Car and Motorcycle Rental Businesses

The Office of the Consumer Protection Board ("OCPB") has announced that car and motorcycle rental services are classified as "contract-controlled businesses" under the Contracts Act B.E. 2568 (2025), which will take effect on December 30, 2025.

Purpose of the Law:
The new regulation aims to protect consumers from unfair practices in vehicle rental contracts. It requires all operators to use a standardized, transparent, and fair contract form, ensuring that all terms are clear, complete, and easy to understand, while eliminating unfair conditions.

Key Provisions:

- Rental contracts for cars and motorcycles must be written in Thai, using clear and straightforward language with no hidden clauses.
- Unfair contract terms that limit the operator's liability or impose unreasonable burdens on consumers are prohibited.

- Contracts must clearly specify all costs and expenses, including fees, penalties, and any financial obligations, in a transparent manner.
- Operators who fail to comply will face penalties as prescribed by law.

OCPB's Position:

Mr. Nontharong Phulphiphat, the Secretary-General of the OCPB, described this as a "major turning point" for Thailand's rental industry — marking the first time such businesses are brought under a contract control system. The goal is to ensure fairness, reduce disputes, and build long-term consumer confidence. He urged all car and motorcycle rental operators nationwide to study and adopt the new standard contract as soon as possible to ensure compliance before the law takes effect.

OCPB Introduces New Regulations on Residential Lease Agreements

The Office of the Consumer Protection Board ("OCPB") has issued the new Notification Re: Stipulating Residential Property Leasing as a Contract-Controlled Business B.E. 2568 (2025) ("Notification"). This Notification took effect on 4 September 2025 and repealed the previous 2019 notification on the same subject.

<u>Purpose of the Law:</u>

The Notification aims to enhance lessee protection by addressing unfair terms and practices commonly found in residential lease agreements. Its primary objective is to ensure fair and transparent contractual relationship between a lessor and a lessee in the residential leasing sector, including digital leasing platforms.

<u>Key Provisions of the Notification:</u>

The Notification categorizes residential lease agreements into two main types:

- Short-Term Residential Lease Agreements – covering lease terms of not more than three years; and
- Long-Term Residential Lease Agreements – covering lease terms of more than three years, up to 30 years or for the duration of the lessee's lifetime.

Although the Notification provides standard form residential lease agreements for each type, their use is not compulsory. Parties may adopt other contract formats as long as the provisions comply with, and do not conflict with, the requirements and prohibitions set forth in the Notification.

<u>Prohibited Terms and Conditions:</u>

The Notification prohibits the inclusion of the following terms in residential lease agreements:

- Charging a security deposit and advance rent that, in total, exceed three months' rent for short-term leases or one year's rent for long-term annual payments.
- Revising rental fees or service fees before the lease term ends.
- Charging for water and electricity at rates higher than those set by the relevant government agencies.
- Granting the lessor the right to lock out the lessee, confiscate belongings, or enter the premises for non-emergency inspections without prior notice.
- Imposing liability on lessee for damages arising from normal use or wear and tear.

- Permitting the lessor to collect a renewal fee for extending the lease.

OCPB Issues New Guidelines on Fair Advertising and Use of AI-Generated Content

The Office of the Consumer Protection Board ("OCPB") has issued regulatory requirements stipulating that all advertisements must be fair, accurate, and not misleading to consumers or detrimental to public order and morality. Advertisements must not contain any false, exaggerated, or deceptive representations concerning the characteristics, quality, or benefits of products or services.

1. Advertising of Non-Edible Products Resembling Edible Items

In cases where products that are not intended for consumption are advertised in a manner that may cause them to resemble food items, business operators and advertisers are required to:

- Obtain prior authorization from the relevant regulatory authority when such approval is mandated by law;
- Ensure that all advertisements contain clear and prominent Thai-language disclaimers that are easily visible, audible, or legible, and that such statements prevent any misunderstanding regarding the true nature or intended use of the product;
- Exercise particular caution in communications targeted at or accessible to vulnerable groups, including children, adolescents, and other at-risk consumers, and avoid portrayals or messages that could reasonably encourage imitation, ingestion, or any unsafe behavior.

2. Advertisements Incorporating Artificially Created or Altered Images

For advertisements utilizing images, videos, or other visual materials that have been created, enhanced, or modified through computer programs or artificial intelligence (AI), business operators and advertisers shall:

- Obtain necessary authorization from the competent authority, as may be required under applicable laws or regulations;
- Ensure that all depictions relating to the size, quantity, volume, composition, or characteristics of products or services accurately reflect their actual condition;
- Clearly and prominently disclose to consumers that such images or videos have been generated or altered using computer software or AI technology.

These regulatory measures are intended to ensure transparency, accountability, and fairness in advertising practices, safeguard consumers from deceptive or misleading representations, and promote responsible use of emerging technologies in marketing communications.

Thailand Introduces Standardized Contract Requirements for Beauty Service Providers Effective January 2026

The Office of the Consumer Protection Board ("OCPB") has issued a new Notification designating beauty service businesses which include massage, spa, aesthetic, and weight-control service providers, as contract-controlled businesses. The Notification, which will take effect on 24 January 2026, introduces standardized contractual requirements, prohibits unfair terms, and prescribes mandatory clauses to strengthen consumer protection in the beauty and wellness industry.

Under the new framework, businesses providing beauty-related services will be required to enter into written service contracts that comply with the prescribed format established by the OCPB. This represents a notable expansion from existing regulations, which previously focused only on the particulars of receipts issued for prepaid or time-limited services. Once effective, all operators will be legally obliged to use the official contract form when engaging consumers. Failure to comply may expose businesses to both civil and criminal liability.

The Notification explicitly prohibits the use of certain unfair terms commonly found in market practice. Examples include:

- Clauses that limit or exclude the operator's liability for injury, loss, or damage to the consumer's life, body, health, or property;
- Clauses granting the operator the unilateral right to alter services, prices, or conditions in a manner detrimental to the consumer; and
- Clauses that deny cancellation or refund rights under all circumstances or that automatically extend service periods without the consumer's consent.

These prohibitions aim to ensure a more balanced contractual relationship between service providers and their clients.

In addition to banning unfair terms, the Notification prescribes a mandatory contract form that must be prepared in duplicate—one copy for the consumer and one for the business. The standardized contract must clearly set out key consumer rights, including:

- The right to change the assigned doctor or therapist;
- The right to terminate the contract under specified conditions; and
- The right to a full refund within seven days of purchase, provided that no part of the service has been used.

These requirements reflect the regulator's intent to promote transparency and ensure consumers are fully informed of their contractual rights before entering into service agreements.

Non-compliance with the Notification constitutes a criminal offense punishable by imprisonment for up to one year, a fine of up to THB 200,000, or both. The OCPB is expected to conduct random inspections to monitor compliance following the effective date.

The implementation of this Notification represents a material change to industry practice. Businesses operating in the beauty, spa, and wellness sectors should take proactive steps to prepare for compliance. Recommended actions include:

- Reviewing and revising all service contract templates to ensure conformity with the prescribed form and prohibited term provisions;
- Updating refund and cancellation policies to reflect mandatory consumer rights;
- Training frontline and customer service staff to handle contract-related inquiries and terminations appropriately; and
- Conducting a legal audit of existing contractual arrangements to identify and rectify potential compliance gaps.

DIGITAL ASSETS

Emergency Decree on Digital Asset Businesses (No. 2) B.E. 2568

The Emergency Decree on Digital Asset Businesses (No. 2) B.E. 2568 was enacted in response to the surge of **financial crimes involving digital assets**, where offenders convert illicit funds into cryptocurrencies and transfer them through anonymous wallets, obstructing legal tracing and recovery efforts.

The Decree aims to **regulate foreign digital asset platforms** that provide services to Thai users and to close regulatory gaps that previously allowed criminals to exploit cross-border digital platforms.

Key Provisions

1. **Extraterritorial Application**
    - Extends Thai jurisdiction to **foreign digital asset business operators** providing services to persons in Thailand.
    - Such operators must **obtain a license from the Ministry of Finance** upon the recommendation of the Office of **Securities and Exchange Commission (SEC)**.
2. **Scope of Thai Connection** Foreign platforms are deemed to serve persons in Thailand if they:
    - Use the **Thai language** in their platform or communications;
    - Operate under a **".th" or ".ไทย" domain** or other Thailand-related name;
    - Accept payment in **Thai Baht** or via Thai financial accounts;
    - Specify **Thai law or Thai court jurisdiction** in contracts; or
    - Maintain **local offices, personnel, or representatives** in Thailand.
3. **Regulatory Enforcement**
    - The **Ministry of Digital Economy and Society (MDES)** may block access to unlicensed platforms that violate the Decree.
4. **Legal Basis**
    - Enacted as an urgent measure under **Section 172 of the Constitution** to preserve **national economic security** and combat **money laundering and technological crimes**.

ENTERTAINMENT & GAMING LAW

Thailand Reinstates Nationwide Ban on Poker Activities

On 22 October 2025, the Ministry of Interior issued its order prohibiting the issuance of gambling licenses for poker activities nationwide, effectively reinstating a ban on poker as a sport.

This directive reverses a policy introduced less than three months earlier by the former Interior Minister which had decriminalized poker and permitted licensed tournaments. Theorder coincided with a scheduled poker event and was followed by clarification from the Ministry of Tourism and Sports that poker would be treated purely as a regulated sporting activity, not gambling.

However, following the new government's policy platform announced on 29 September 2025, to suppress all gambling activities, including those "disguised as sports," the The Department of Provincial Administration confirmed that poker tournaments and poker-related sporting associations will no longer be permitted to operate under any form of license or regulatory exemption.

The directive signals a zero-tolerance policy toward gambling, encompassing both traditional and rebranded forms such as poker competitions. This policy shift will likely result in:

- Revocation of licenses or permissions previously issued for poker clubs, tournaments, or sporting associations.
- Prohibition of poker-related commercial events, even when positioned as skill-based or entertainment activities.
- Increased enforcement scrutiny on establishments offering poker or similar games, including potential criminal liability under the Gambling Act B.E. 2478 (1935).

Businesses that had previously relied on poker-related activities—whether for tourism, sport, or entertainment—should immediately cease operations to avoid potential violations and review any promotional materials or events to ensure compliance with the renewed prohibition.

ENVIRONMENT & NATURAL RESOURCES

Amendment to the Fisheries Act – Balancing Conservation and Livelihoods

The Parliament has approved an amendment to the Fisheries Act, revising Article 69, which previously banned the use of seine nets with mesh sizes smaller than 2.5 centimetres beyond 12 nautical miles. The amended provision now allows such gear under strict conditions, subject to ministerial approval based on scientific research, biannual reviews, and public consultations overseen by the National Fisheries Policy Committee.

According to the Department of Fisheries, the amendment seeks to balance marine resource conservation with the economic sustainability of fisherfolk. The revised law, which updates 71 sections of the 2015 Royal Ordinance on Fisheries, also reduces penalties, limits fishing licences to Thai nationals, restructures provincial fisheries committees, and removes overlapping labour regulations.

Environmental groups and small-scale fishers, however, have strongly opposed the changes, warning that the revised Article 69 could reintroduce destructive fishing practices that harm marine ecosystems and juvenile fish populations. They argue that the amendment benefits a small number of commercial trawlers while undermining Thailand's commitments to sustainable fisheries.

The Act awaits publication in the Royal Gazette before taking effect. Its implementation will depend on clear subordinate legislation and consistent enforcement to ensure that Thailand's fisheries regime achieves both ecological sustainability and economic resilience.

IMMIGRATION & CITIZENSHIP

Citizenship for Elderly Stateless Persons in Thailand

The call by the Hill Area and Community Development Foundation (HADF) to expedite citizenship for elderly stateless persons underscores ongoing challenges in enforcing Thailand's nationality laws. Although the Nationality Act B.E.2508 (1965) and the Cabinet Resolution of 29 October 2023 permit long-term stateless residents to apply for citizenship, complex procedures and excessive documentation continue to delay approvals.

These administrative barriers undermine constitutional principles of equality and non-discrimination, as well as Thailand's commitment to human rights norms under the Universal Declaration of Human Rights. Many elderly stateless individuals, having lived in Thailand for over four decades, face exclusion from healthcare, welfare, and pension benefits due to their unresolved legal status.

To address this, the government should simplify verification processes and prioritise elderly applicants, ensuring that the legal right to nationality is effectively realised. Granting citizenship would affirm Thailand's humanitarian obligations and strengthen social inclusion for long-term stateless residents.

Thailand Faces Challenges under New U.S. Tariff and Regional Value Content (RVC) Rules

Thailand's manufacturing sector is grappling with the implications of new U.S. tariff regulations despite Washington's decision in August 2025 to reduce duties on Thai imports from 36% to 19%. The U.S. has tightened scrutiny on transshipment practices, targeting goods re-exported through Thailand from China to evade tariffs.

To prevent origin fraud, the U.S. is expected to require Thailand to increase its regional value content (RVC) to around 50%—meaning at least half of a product's value must derive from local inputs. Failure to meet this threshold could result in tariffs as high as 40%.

A survey by the Federation of Thai Industries (FTI) revealed that key sectors such as electronics (22.5%), steel (30%), and pharmaceuticals (35%) fall short of the expected RVC requirement. In contrast, industries like wood products, petrochemicals, and automotive manufacturing already achieve local content exceeding 60%.

The FTI and Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) urged Thai exporters to strengthen compliance and increase local sourcing to maintain competitiveness in the U.S. market.

The RVC rule comes amid wider U.S. efforts to counter Chinese trade circumvention, including tariffs on solar panel imports from Southeast Asia. Some Chinese firms have reportedly used Thai facilities for rebranding before re-exporting to the U.S.

However, the electric vehicle (EV) industry is less exposed. Chinese EV makers such as Changan Automobile and GWM have committed to using up to 90% local components, supported by Thailand's EV3.0 and EV3.5 incentive schemes aimed at making the country a regional EV export hub.

Despite these efforts, the JSCCIB warned that export momentum may slow in the fourth quarter due to global economic uncertainty and a strong baht, projecting GDP growth of 1.8–2.2% and export growth of 2–3% for 2025.

INVESTMENT & INDUSTRIAL PROMOTION

BOI Announcement No. 3/2568 – Amendment to Renewable Energy Efficiency Enhancement Measures

The Board of Investment (BOI) issued Announcement No. 3/2568 on 5 June 2025, which takes effect from 1 July 2025 onwards, amending the renewable energy efficiency improvement measures under Announcement No. 15/2565 (SMART and Sustainable Industry). The amendment refines the scope of investment promotion to better align with current energy policies and technological developments.

Key Highlights

1. **Termination of Promotion for Solar Power Projects**
   BOI will no longer grant investment promotion for projects involving the installation of solar power generation systems under the renewable energy efficiency improvement scheme. This excludes standalone solar rooftop or solar farm installations from future promotion benefits.
2. **Revised Conditions for Renewable Energy Use**
   Projects seeking promotion must invest in machinery modification to utilize renewable energy **excluding solar energy systems**, in a proportion determined by the BOI relative to total energy consumption.
3. **Cap on Tax Incentives for Energy Storage Systems**
   For investments in Battery Energy Storage Systems (BESS) and associated inverters, the eligible investment amount for corporate income tax exemption is capped at **THB 12 million per 1 MW of electricity capacity**.
4. **Transitional Rule**
   The new conditions apply to promotion applications submitted from **1 July 2025** onwards. Applications for solar-related projects submitted before **30 June 2025** will not be eligible for extension of acceptance deadlines or for submitting documents to obtain a promotion certificate.

Policy Insight

This announcement signals the BOI's strategic shift away from traditional solar projects toward promoting advanced renewable energy and industrial efficiency technologies. By setting a clear cost ceiling for energy storage incentives and narrowing eligible technologies, the BOI aims to direct investment toward high-impact, sustainable energy innovations that contribute to Thailand's long-term decarbonization and smart industry goals.

BOI Launches "Thailand FastPass" Initiatives to Accelerate Large-Scale Investments

The Board of Investment (BOI) of Thailand approved investment acceleration measures to support the government's Quick Big Win policy. The BOI will establish a special task force to monitor and expedite large-scale investment projects valued at 1 billion baht or more.

A key component of the initiative is the creation of "Thailand FastPass," a long-term mechanism designed to expedite business licensing and approval procedures for strategic investment projects. The system will map business processes for target industries, identify critical approval stages, and implement service-level agreements (SLA) with relevant agencies to ensure timely approvals.

Projects eligible for "Thailand FastPass" must already have BOI promotion approval, involve investments of at least THB 1 billion, and operate in target industries such as biotechnology, automotive and parts, semiconductors, electronics, automation, robotics, digital, and AI. Eligible projects should also provide substantial benefits to Thailand's economy, including job creation, supply chain linkages, and technology upgrading.

The new measures aim to streamline procedures, shorten approval times, and increase clarity in the investment process, helping accelerate the realization of large-scale projects and strengthen Thailand's competitiveness.

The BOI board also approved two new investment projects worth THB 7 billion and endorsed incentives for manufacturers of core components of high-density batteries cathodes, anodes, electrolytes, and separators essential for electric vehicles and energy storage systems. These projects will receive a three-year corporate income tax exemption to attract global battery producers and establish a complete EV battery value chain in Thailand.

Missed Out on Investment Promotion? Operating business in the 'Free Zone' may be interesting for you

It is well known that the Board of Investment of Thailand (BOI) has long been regarded as the most direct route for foreign investors seeking to establish a foothold in Thailand. To attract the foreign investors, the BOI generally offers tax and non-tax incentives, such as corporate income tax exemptions, exemption of import duties on machinery and raw materials, permit to own land, permit to take out or remit money abroad in foreign currency, or even, permit to bring into Thailand skilled workers and experts to work in investment promoted activities, to the foreign investors.

However, not every business activity qualifies for the BOI promotions. Many service-oriented businesses, manufacturing and trade companies, or support operations may find themselves outside the BOI's promoted categories. Yet, this does not mean Thailand is closed to foreign participation. In fact, the investors operating their businesses in a 'Free Zone' located in industrial estates can also be eligible for competitive incentives provided by the Industrial Estate Authority of Thailand (IEAT).

According to the Industrial Estate Authority of Thailand Act B.E. 2522 (1979) (IEAT Act), industrial estates can be divided into two types, i.e., (i) General Industrial Zone and (ii) Free Zone. Both zones provide non-tax incentives to operators doing business in the industrial estate, covering:

(i) Permit to own land in the industrial estate regardless of nationality of such operator;
(ii) Permit to bring into Thailand skilled workers and experts to work in their business; and
(iii) Permit to take out or remit money abroad in foreign currency.

In addition to the above non-tax benefits, operators located in the Free Zone may further qualify for the following exclusive incentives:

(i) Exemption on import duty, value added tax, and excise tax, for

  (a) goods imported into the Kingdom and taken into a free zone, which are machinery, equipment, tools and appliances, including components thereof which are necessary for the manufacture of goods or for commercial purposes, as the case may be, and goods used in the building, assembly or installation as a factory or building in the free zone;
  (b) goods imported into Thailand and taken into a free zone for use in the manufacture of goods or for commercial purposes;

(c) goods imported into Thailand and taken into a free zone under (b), including products, by-products, and other things obtained from the manufacture within the free zone, if exported, shall be exempted from export duty, value added tax and excise tax.

(ii) Exemption of Imported goods for export: In the case of importation of goods into Thailand, or in the case of taking raw materials within Thailand into a free zone for manufacture, mixing, assembly, packing, or doing anything with such goods, with an aim to export the same out of Thailand, such goods shall be exempted from enforcement of the law in the part relating to control of importation, exportation, possession or utilization thereof, or in the part relating to control of standards or qualities, affixing of any marks or signs thereon, but excluding the law governing customs.

Even without BOI promotion, Thailand still offers multiple pathways for foreign investors to succeed. The Free Zone incentives, coupled with Thailand's strategic location and robust infrastructure, make the country an appealing base for regional operations. With careful planning and professional guidance, investors can identify the most suitable structure to maximize their benefits and ensure sustainable growth in Thailand.

Thailand Releases Draft Start-up Promotion Act to Modernize Venture Ecosystem

The Thai government has released a draft Start-up Promotion Act (the "Draft Act") for public consultation, marking a significant step toward fostering innovation-led growth and enhancing Thailand's competitiveness in the global start-up economy. The Draft Act aims to address longstanding structural barriers in company law and capital markets, while establishing an institutional framework to support start-up formation, funding, and scaling. Public consultation is open until 31 October 2025.

Despite Thailand's vibrant entrepreneurial potential, start-ups have faced legal and structural challenges—particularly under the Civil and Commercial Code (CCC), which limits fundraising and equity flexibility. The Draft Act seeks to modernize these frameworks, remove regulatory frictions, and align Thailand's start-up ecosystem with international venture financing standards.

The Draft Act establishes two key bodies:

1. The Start-up Promotion Committee – Comprising public officials, private sector representatives, and experts, the Committee will set national strategy, issue implementing measures, and oversee the granting and withdrawal of start-up status.
2. The National Innovation Agency (NIA) – designated as the implementing office and one-stop service center, responsible for coordinating government support, managing funding programs, and maintaining a public database of start-up benefits and resources.

To qualify as a Start-up Company, a business must:

- be a Thai private limited company incorporated for no more than 10 years;
- have average annual revenue not exceeding THB 300 million over the prior three years;
- have no history of dividend distribution and not be a controlled subsidiary, except in limited cases (e.g., higher-education spin-offs).

Applications will be submitted electronically under a self-declaration model. Approved companies will be listed by the NIA and will receive certification of eligibility. Listed Start-up Companies must comply with workforce localization requirements within two years and renew their self-certification annually. Benefits last five years, extendable to ten years for deep-technology businesses.

To align with venture practices, the Draft Act introduces targeted exemptions from the CCC for Start-up Companies, including:

- Public share and debenture offerings, subject to securities regulations;
- Treasury shares – up to 20% of capital for liquidity management, employee incentives, or investor arrangements;
- Issuance of new shares to non-shareholders (employees, directors, or investors) under shareholder-approved plans;
- Debt-to-equity and preferred-to-ordinary share conversions;

These provisions enable more sophisticated equity arrangements such as convertible instruments, staged financings, and employee stock plans—modernizing Thailand's venture financing environment.

Registered Start-up Companies may also access a coordinated suite of benefits, subject to applicable laws, including:

- Talent mobility – streamlined work authorization for foreign experts;
- Tax incentives under the Revenue Code;
- Government procurement preference for start-up products and services;
- IP protection and commercialization support;
- Investment promotion under BOI and EEC schemes;
- Financial support through NIA-administered grants, loans, and co-investments.

The Draft Act adopts an administrative compliance model based on transparency and self-certification, without establishing a licensing regime or criminal penalties. Violations, such as misuse of benefits, failure to comply with share regulations, or improper capital management, are subject to administrative fines and benefit clawbacks, with personal liability potentially extending to directors or responsible officers.

LABOR & EMPLOYMENT

Retirement as a Condition of Employment and Legal Implications of Amending Work Rules

Retirement is legally recognized as a cause for termination of employment when an employee reaches the age set by the employer. Under the Labor Protection Law, retirement is expressly acknowledged as a cause of termination, while under the Labor Relations Law it is treated as a Condition of Employment. This means that agreements regarding retirement are considered agreements relating to Conditions of Employment, and are binding upon both employer and employee.

The Supreme Court affirmed that a company's work rules constitute an Agreement relating to Conditions of Employment of the Labor Relations Act. Consequently, when an employer wishes to amend, change, or revoke work rules in a way that affects employees, such action cannot be taken unilaterally. If the change may be disadvantageous to employees, the employer is required to obtain employee consent. Failing such consent, the employer must submit a demand for amendment the Labor Relations Law and pursue negotiations with the employees until a resolution is reached.

This principle applies directly to the case of retirement age. For example, if a company currently sets retirement at age 55 but plans to extend the retirement age to 60, such amendment is regarded as an alteration of a Condition of Employment. While extending retirement age may appear beneficial to some, it is not necessarily favorable to all employees. Certain employees may prefer to retire at 55 in accordance with the existing rules. Therefore, the company must first obtain consent from employees before amending its work rules to extend the retirement age.

The Supreme Court provides additional guidance: employers seeking consent may directly request it from employees, with written agreements signed by both parties to confirm the acceptance of the amendment. Such agreements should be attached to the amended work rules as evidence of mutual consent. Furthermore, as clarified by both this ruling and the Labor Protection ruling, consent is binding only on the employees who provide it. Employees who withhold consent remain subject to the original work rules prior to their amendment.

Accordingly, if an employee consents to an amendment extending the retirement age, that employee will be bound by the new retirement condition. Employees who do not consent will remain bound by the original retirement rule. For new employees joining the company after the amendment, however, the new work rules will automatically apply, as they form part of the employment contract and are legally binding from the outset.

Thailand's Senate Approves Key Amendments to the Labor Protection Act

On 15 September 2025, Thailand's Senate approved a draft amendment to the Labor Protection Act (LPA), which is pending publication in the Government Gazette. The amendment—effective 30 days after publication—introduces significant updates to labor protections, leave entitlements, and employer obligations.

1. Protections for State-Contracted Workers

A new provision extends core LPA protections to individuals engaged under service contracts by state entities, including central and local government agencies, state enterprises, and public organizations, where these entities exercise supervision and control over the work performed.

These workers are entitled to benefits equivalent to regular employees—covering remuneration, holidays, working hours, and various types of leave. Disputes will fall under Labor Court jurisdiction, closing a long-standing gap in coverage for state-contracted personnel. Ministerial regulations will clarify implementation details.

2. Maternity and Caregiving Leave

Maternity leave increases from 98 to 120 days per pregnancy, with full pay capped at 60 days, unless otherwise prescribed by royal decree. The amendment also introduces 15 days of postnatal caregiving leave—with 50% pay—for mothers caring for children facing medical complications or disabilities, supported by a medical certificate.

3. Spousal Support Leave

An employee may take up to 15 days of paid leave to assist their spouse during childbirth. The leave can be taken before or after birth, within 90 days of the child's delivery. This new entitlement supports family care responsibilities and will require employers to adjust leave management and payroll systems.

4. Updated Employer Reporting Obligations

Employers with 10 or more employees must annually submit employment and working-condition reports to the Department of Labor Protection and Welfare each January. This replaces the prior process requiring distribution of reporting forms by labor inspectors and aims to streamline data collection and compliance monitoring.

5. Implementation and Compliance

Both state agencies and private employers should promptly review and revise HR policies, employment contracts, and payroll configurations to ensure compliance with:

- The new 120-day maternity leave and 60-day paid cap.
- The partially paid postnatal caregiving leave;
- The fully paid spousal support leave; and
- The annual January reporting schedule.

State bodies engaging service providers must also reassess contracting practices to meet minimum labor protection standards where supervision or control exists.

Two Bills Set to Expand Leave Entitlements and Workers' Rights in Thailand

On September 24, 2025, Thailand's House of Representatives approved two draft amendments to the Labor Protection Act (LPA) in their first reading. The proposed amendments, the Draft Bill on Workers' Rights and the Draft Bill on Workers' Quality of Life which aim to enhance employee welfare, working conditions, and equality in the workplace.

If enacted, these bills will represent one of the most significant expansions of labor rights in Thailand in recent years.

For the Draft Bill on Workers' Rights, this bill seeks to improve core employment standards related to working hours, rest periods, and annual leave. The proposed changes include:

- **Reduced Working Hours**: Normal working hours would be limited to no more than 40 hours per week, down from the current 48 hours. For hazardous work (as defined by ministerial regulations), the limit would be 35 hours per week, reduced from 42 hours.
- **Increased Rest Days**: Employees would be entitled to at least two days off per week, ensuring that no more than five consecutive working days occur between rest days. This marks a shift from the current rule of one day off per week.
- **Expanded Annual Leave**: Employees completing 120 consecutive working days would be entitled to at least 10 working days of annual leave, compared to the current entitlement of 6 days after one year of service.

These reforms are designed to align Thailand's labor standards more closely with international best practices and support better work–life balance for employees.

For the Draft Bill on Workers' Quality of Life, this bill focuses on equality, health, and family care. It introduces new types of statutory leave and expands protections against discrimination.

- **Menstrual Leave**: Female employees would be entitled to up to 3 days of menstrual leave per month, not counted as sick leave or deducted from other leave entitlements.
- **Family Caregiving Leave**: Employees could take up to 15 working days per year to care for close family members or loved ones. If the absence exceeds five days,

employers may require supporting documentation such as a medical or death certificate.

- **Breastfeeding Rights**: Employers would be required to provide facilities and equipment for breastfeeding or milk expression twice per workday (30 minutes per session) for up to one year after childbirth.
- **Expanded Equality and Nondiscrimination Protections**: Employers would be prohibited from discriminating on the basis of disability, gender identity, religion, belief, or political opinion. This extends the current LPA's protection beyond gender-based discrimination, promoting broader workplace inclusivity.

Thailand Implements Mandatory E-Work Permit System 2025

Effective on 13 October 2025, Thailand has officially transitioned from the traditional paper-based "Blue Book" work permit to a fully digital E-Work Permit System, introduced by the Ministry of Labour to streamline and modernize the country's work authorization process. This initiative reflects the government's broader digital transformation agenda aimed at improving administrative efficiency, security, and transparency.

Implementation Updates

9 October 2025: The e-Work Permit platform launched for all new applications and foreign worker registrations. Limited manual submissions may still be accepted during the transition period.

17 October 2025: The Department of Employment (DOE) acknowledged technical issues with the platform and temporarily permitted manual filing of renewal applications for skilled foreign workers and cancellation applications for all workers.

31 October 2025: Due to ongoing system errors, the DOE announced temporary measures allowing manual submission of work permit applications until 28 January 2026. Applicants must attach a screenshot of the system error and submit paper applications at the relevant Provincial or Area Employment Office.

Key Features of the E-Work Permit System

- Comprehensive Digitalization: The system covers the entire work permit process—application, submission, tracking, and approval—without the need for in-person visits.
- Digital Work Permit Card: A credit-card-sized permit featuring a QR code and barcode enables instant verification against official databases.

Applicability and Compliance

The new system is mandatory for all employers and foreign nationals holding work-eligible visas, including Non-Immigrant "B", Long-Term Resident (LTR), and Smart Visas.

Employers must register and verify their identity through the ThaiID mobile application prior to filing applications on the new platform.

Existing "Blue Book" work permits will remain valid until expiration, after which renewals and new applications must be processed exclusively via the e-Work Permit System.

Renewal applications must be submitted at least 30 days prior to expiration, supported by a valid medical certificate, tax payment receipts, and a valid passport. Work permits remain specific to both position and location, and non-compliance—such as working without a valid permit—may result in penalties of up to THB 100,000, deportation, or entry bans.

For BOI-Promoted Companies, Foreign employees of BOI-promoted entities benefit from a fast-track process through the Single Window System, which offers expedited approval within 1–3 working days and exemptions from certain capital and employee ratio requirements.

TAXATION

Draft Regulation on Compulsory Collection of Tax Arrears

On 1 October 2025, the Excise Department released the Draft Regulation of the Excise Department on the Practice of Compulsory Payment of Tax Arrears by Confiscation, Suspension, and Auction of Assets (the "Draft Regulation") for public consultation, open until 15 October 2025.

Under the current framework, the enforcement mechanisms prescribed in the Excise Department Regulation (2017) apply solely to excise tax arrears assessed by excise officials under the Excise Tax Acts, and exclude excise tax on imported goods assessed by the Customs Department. This has resulted in enforcement gaps and procedural inconsistencies between the Excise Department and the Customs Department in collecting tax arrears.

To address these deficiencies, the Draft Regulation seeks to establish a unified and transparent enforcement framework for the compulsory collection of tax arrears, improve procedural consistency, and enhance coordination between relevant authorities.

Key Amendments

1. Expanded Definition of Tax Arrears and Taxpayers in Arrears

The Draft Regulation broadens the definition of "tax arrears" to cover excise taxes under both the Excise Tax Act B.E. 2560 (2017) and the Excise Tax Act B.E. 2527 (1984), as well as excise taxes assessed under the Customs Act B.E. 2560 (2017). This ensures comprehensive coverage of all excise-related obligations, including those arising from import assessments.

2. Clarified Enforcement Authority

The Draft Regulation explicitly authorizes excise officers to issue orders for the seizure, suspension, and auction of assets in connection with excise tax arrears assessed under the Customs Act. This clarification aims to eliminate ambiguity in enforcement authority and strengthen the Department's ability to recover outstanding liabilities.

3. Standardized Collection Procedures

The Draft Regulation introduces a structured, step-by-step process for the compulsory collection of tax arrears, enhancing procedural transparency and efficiency. These procedures are designed to promote fairness, reduce administrative duplication, and ensure consistent enforcement practices across agencies.

By establishing a unified enforcement regime, the Draft Regulation represents an important step toward improving tax compliance, procedural transparency, and inter-agency coordination in the administration of Thailand's excise tax system.

Excise Department Extends Reduced Excise Tax Rate for Entertainment Businesses

The Excise Department has announced a one-year extension of the reduced excise tax rate for entertainment and leisure businesses under Category 17.01, which includes nightclubs, discotheques, pubs, bars, and cocktail lounges, which have business closure hours after 24.00 hours.

The tax rate reduction—from 10 percent to 5 percent per square meter of entertainment premise areas—will remain in effect from January 1 to December 31, 2026. This extends from the previous timeline from January 1 to 31 December 2025

The income of entertainment business that will be subjected to excise tax reduction is :

1. Revenues from establishments that provide food and beverages and offer live music or other entertainment performances using sound equipment for amusement in:

    - Nightclubs
    - Discotheques
    - Pubs
    - Bars
    - Cocktail lounges

2. Revenues from establishments that provide food and beverages and feature live music or other entertainment performances under the Ministerial Regulation of the Excise Department

This measure aims to ease the financial burden on service establishments, enable business operators to maintain operations, and encourage them to lower service prices in order to stimulate consumer spending. By boosting tourism, promoting employment, and increasing domestic income circulation, the measure is also expected to invigorate the overall economy.

Additionally, the Excise Department has instructed all regional, area, and branch excise offices nationwide to be fully prepared to provide guidance and support to business operators. The goal is to encourage greater participation in the formal tax system and ensure accurate tax compliance, thereby further supporting the domestic tourism sector's recovery and growth.

Finance Ministry Sets Timeline for Comprehensive Tax Reform

The Ministry of Finance is preparing a comprehensive tax reform roadmap aimed at strengthening Thailand's revenue collection and promoting greater equity in the tax system. According to the Permanent Secretary, Mr. Lavaron Sangsnit, once the government's "Quick Big Win" programs are completed, the Ministry of Finance will proceed with detailed timelines for implementing each reform measure, focusing on both tax increases and reductions.

A key priority under the Finance Minister, Mr. Ekniti Nitithanprapas is amendment to personal income tax deductions, which currently allow taxpayers to claim multiple benefits that, in some cases, exceed one million baht per person. The Ministry of Finance views the extensive use of deductions as a structural weakness that undermines revenue efficiency. While adjustments may enhance fiscal sustainability, they must also balance the government's policy of using tax incentives to encourage savings and investment.

The Fiscal Policy Office (FPO) has reiterated the need to broaden the tax base, highlighting that Thailand's 7% VAT rate remains among the lowest in comparable emerging markets and that domestic VAT revenue as a share of consumption has been steadily declining. The FPO suggests that a one-percentage-point increase in VAT could yield approximately 70 billion baht in additional annual revenue, providing fiscal space for social welfare and infrastructure spending.

The proposed reforms reflect a strategic move toward long-term fiscal resilience amid changing economic structures, such as the rise of electric vehicles and digital transactions that erode traditional tax bases. If implemented, the plan could mark Thailand's most significant tax overhaul in decades—realigning incentives, tightening compliance, and positioning the tax system to better support sustainable economic growth.

Implementation of the Electronic Seal System under the New Excise Department Notification

The Excise Department has introduced a new notification, effective on August 2025, consolidating all previous five notifications concerning the exemption and refund of excise tax on exported goods. The new Notification of the Excise Department on Criteria, Methods, and Conditions for Exemption or Refund of Excise Tax on Goods Exported Outside the Kingdom, Imported into Free Zones, and Goods Eligible for Excise Tax Exemption or Refund by Manufacturers or Importers aims to promote tax procedures and strengthen oversight of fuel export-related activities. One of the most notable updates involves the implementation of the "e-Seal" system to monitor and control the export of diesel and gasoline.

Previously, exporters were required to use physical lead seals affixed by excise officers at depots or loading sites to ensure that fuel meant for export was not diverted back into the domestic market. However, this manual system proved vulnerable to fraud, forgery, and smuggling, as some exporters and even officials could manipulate or falsely certify exports. Given that fuel excise tax represents a major source of government revenue, such loopholes had caused significant and ongoing financial losses. The Excise Department therefore sought a more reliable and technology-driven mechanism to improve export monitoring and prevent tax evasion.

Under the new framework, the Excise Department has introduced the Electronic Seal (e-Seal) system, an innovation that allows for real-time monitoring of fuel shipments through GPS-linked devices affixed to transport vehicles. The e-Seal records the locking and unlocking of tanks, tracks vehicle movements, and alerts authorities to irregular activities such as route deviations or unauthorized tank openings. This digital control system replaces the outdated manual seals, reduces inspection delays, and enhances transparency, efficiency, and accuracy in the monitoring process. Although the e-Seal is the primary standard, exceptions may be granted for valid reasons with prior approval from the local Excise Area Office.

The new notification also introduces clear procedures for the cancellation and transfer of export storage facilities, ensuring consistency and compliance with excise regulations. It further clarifies the conditions for transporting oil and petroleum products between export storage sites via pipelines—a practice previously unregulated. Overall, these reforms represent a major step toward modernization in Thailand's excise control system, promoting both regulatory integrity and trade facilitation while safeguarding government revenue from fuel-related tax leakage.

Revenue Department Develops Tax Dimension Platform

The Revenue Department has developed Tax Dimension, a practical toolkit and knowledge framework designed to support systematic tax planning and the accurate calculation of net profit for personal income tax and corporate income tax purposes.

<u>What is Tax Dimension?</u>

Tax Dimension is a structured set of tax data that can be integrated into accounting software, enabling automated adjustments so that accounting profits align with tax regulations under the Revenue Code.

Through Open API systems, it facilitates tax filing workflows and reduces errors in filing corporate income tax Form P.N.D. 50. Key components include guidance on income, costs and expenses, additional deductible expenses, double deductions of up to 10% of net profit, relevant tax code sections, tax mapping tables, and worksheets for reconciling accounting and taxable profits.

Benefits and Applications

Tax Dimension provides multiple practical benefits. It ensures accurate net profit calculations by clarifying disallowed and enhanced deductions, helps taxpayers fully utilize incentives such as employee training, hiring targeted groups, or machinery investments, and mitigates audit risks—especially for small and medium-sized enterprises without in-house tax expertise.

It also supports strategic tax planning, including optimizing the timing of asset acquisitions and maximizing deductions. By maintaining clear documentation and consulting tax professionals, when necessary, businesses can improve compliance, reduce risks, and legally optimize their tax liabilities.

On going forward, the Tax Dimension data from the Revenue Department is thus an essential tool for enhancing entrepreneurs' tax knowledge, facilitating accurate profit calculations, and ensuring full utilization of tax deductions and exemptions.

Revenue Department Reinforces Tax Obligations for Online Sellers and Influencers

The Revenue Department has reaffirmed that all individuals earning income, whether from traditional sources, online sales, or influencer activities, are required to file and pay personal income tax in accordance with Thai law.

Mr. Panuvat Luangvilai, Deputy Director-General of the Department, emphasized that the policy is not aimed at any specific group but seeks to ensure fair and consistent tax compliance among all taxpayers. The reminder follows public attention on high-value livestream sales, such as those conducted by a famous singer, which reportedly generated hundreds of millions of baht in revenue.

Individuals earning income through product sales must report their total income, deduct allowable expenses and personal allowances, and pay income tax on the net profit. Those receiving income from livestreaming services—for example, as paid hosts or promoters—must also declare such income as personal income.

Personal income tax is imposed on a progressive rate from 5% to 35%, and sellers generating more than THB 1.8 million annually are required to register for VAT. For businesses operated through companies or other legal entities, corporate income tax applies to profits after allowable deductions.

The Revenue Department also cautioned that income declarations must reflect actual sales or genuine income, as investigations have uncovered cases where reported figures were exaggerated for marketing purposes.

To enhance compliance, the Revenue Department is collaborating with major e-commerce platforms—Shopee, Lazada, Grab, and Line Man—to obtain merchant income data and verify tax filings. It has also launched the RD10X Project to retrain tax officers in digital monitoring and compliance practices, supported by the development of AI systems designed to track online transactions and assess tax accuracy.

Tax Measure for Individuals to Support Domestic Tourism under the Quick Big Win Policy

The Cabinet has approved measures to stimulate domestic tourism as part of the government's

Quick Big Win policy initiative, aligning with national economic development objectives. The measures aim to encourage Thai tourists to travel more domestically during the end of 2025 through 2026, with a particular focus on promoting secondary cities. The policy also seeks to incentivize the private sector to renovate hotels, accommodation, and tourist attractions through tax mechanisms.

The program consists of five sub-measures as follows:

1. Tax measure for individuals to support domestic tourism;
2. Tax measure for juristic people to support the organization of domestic training and seminar activities;
3. Measure to accelerate budget disbursement for training, meetings, and seminars under the fiscal year 2026 (Front Load);
4. Measure to extend the reduced tax rate period for entertainment and recreation businesses;
5. Tax measure to support the renovation of hotel accommodation for companies or registered partnerships operating hotel businesses.

Under the tax measure for individuals to support domestic tourism, individual taxpayers are allowed to deduct expenses incurred for domestic travel during the period from 29 October to 15 December 2025, including hotel accommodation, Thai homestays, or other registered lodging, as well as restaurant services paid to VAT-registered operators, up to a maximum deduction of THB 20,000, based on actual expenditure. The details are as follows:

1.1 Expenses for accommodation or restaurant services paid to VAT-registered operators, supported by a full tax invoice (in paper or electronic form (e-Tax Invoice)), may be deducted up to THB 10,000;

1.2 Additional expenses for accommodation or restaurant services paid to VAT-registered operators, supported by a full electronic tax invoice (e-Tax Invoice only), may be deducted up to an additional THB 10,000 beyond the amount specified in item 1.1.

For travel to secondary cities, including 55 designated secondary provinces and specific districts within 15 additional provinces, the deductible expenses are eligible for a 1.5 times deduction of the actual amount paid, with a maximum deduction not exceeding THB 30,000.

For travel to other provinces, taxpayers may claim a deduction equivalent to 1 time of the actual expense, with a maximum deduction not exceeding THB 20,000.

Update on Submission Timeline for Debt-Forgiveness Tax Exemption under COVID-19 Business Rehabilitation Measures

The Royal Decree on Assistance and Rehabilitation of Business Operators Affected by COVID-19 (2021) establishes measures allowing debtors of financial institutions to transfer collateral assets in repayment of debts, while granting debtors or collateral owners the right to repurchase such assets. These measures aim to provide financial flexibility and support for businesses impacted by the pandemic.

To alleviate tax burdens, the Royal Decree also provides income tax exemptions for debtors on income from debt forgiveness and further exempts both debtors and financial institutions from income tax, VAT, specific business tax, and stamp duty on income arising from asset transfers, sales, or related instruments. These exemptions apply where transfers are conducted under rules and conditions prescribed by the Bank of Thailand.

To regulate the tax exemption policy under Royal Decree, in 2021 the Thai Revenue Department issued Notification aligns, providing clear deadlines and reporting channels to ensure compliance tax exemption with the debt forgiveness arising from COVID-19 relief measures under the Royal Decree. This Notification sets out the criteria, procedures, and conditions for debtors and financial institutions to follow when participating in the debt-settlement asset transfer support measures under the Royal Decree. It requires debtors, property owners, and financial institutions to prepare and submit certification documents to the Revenue Department and retain related evidence at their establishments for official inspection.

In September 2025, there is the update on the Notification on the timeline of submission of the certification of participation in the support measures for the transfer of collateral assets to settle debts. The old clause required that submission be made within the end of the accounting period in which the debt forgiveness occurred, and that the debtor maintains supporting evidence and documents at the place of business for inspection. The new Notification updates the submission deadline to a fixed national date of 31 December 2025, rather than being tied to the accounting year-end, while retaining the same record-keeping requirement for maintaining evidence and documents at the place of business for inspection.

Update on Tax Exemption Notification for Employment of STEM Target Industries

The Thai Revenue Department, under the authority of the *Director-Genera*, has issued a notification to update the existing tax incentive framework designed to promote competitiveness in Thailand's targeted industries.

The measure allows companies or juristic partnerships operating within these industries to claim a corporate income tax exemption **equivalent to 50% of the salary expenses** paid to high-skilled employees working in science, technology, engineering, or mathematics (STEM) fields.

This incentive aims to encourage the employment of advanced technical talent and enhance the nation's technological and innovation capabilities.

While the core structure of the tax incentive remains unchanged, the amendment expands the range of certifying authorities for high-skilled personnel and qualifying positions.

Specifically, the update:

- Adds the Digital Economy Promotion Agency (DEPA) as an additional certifying body alongside the Office of the National Higher Education, Science, Research and Innovation Policy Council (NXPO).

- The change recognizes that high-skilled employment in digital and information technology sectors plays a vital role in driving the competitiveness of targeted industries.

Accordingly, both high-skilled personnel and positions within the company must be certified either by NXPO or DEPA, depending on the nature of the role and industry.

This amendment takes **effect from 22 September 2025** onwards.

Aside from the new certifying body, the principal conditions remain consistent:

1. Eligible Salary Expenses
   The tax-exempt income (50% of salary

expenses) must derive from employment contracts made during:

- 1 January 2023 – 31 December 2025
- Previous qualifying periods under relevant Royal Decrees

2. Qualified Personnel
The employee must be high-skilled employees in STEM disciplines certified by NXPO or DEPA.

3. Qualified Positions
Must belong to target industries and require high-level STEM expertise, certified by NXPO or DEPA.

4. Record-Keeping Obligation
Eligible companies must maintain detailed employment records and supporting documents for review by tax officers.

The essence of the updated notification lies in broadening the scope of recognition for high-skilled professionals, especially within the digital economy sector, reflecting Thailand's evolving industrial policy focus.

VAT Treatment on Sale of Collateral for Loan Repayment

On 19 August 2568, the Revenue Department issued ruling regarding the VAT implications of selling collateral in loan enforcement cases. The ruling clarifies that when a company provides loans secured by vehicle registrations and a borrower defaults, the company may auction the collateral to recover the outstanding debt.

The proceeds from such auction sales, applied toward repayment of the borrower's debt, are not subject to Value Added Tax. The Department reasoned that such transactions are part of the company's debt enforcement activities and do not constitute a sale of goods or provision of services in the ordinary course of business.

The company, classified as conducting a financial business similar to a commercial bank, is subject to Specific Business Tax on its lending income, but not VAT on collateral enforcement. Additionally, the company may act as an auction agent without charging a service fee, and this waiver does not trigger any VAT liability, since the auction is incidental to debt recovery.

This ruling provides clear guidance for financial institutions and lending companies that proceeds from enforced collateral sales used to settle borrower obligations are outside the VAT system, emphasizing that documentation of loan agreements and auction records is essential to support the VAT treatment.

TRADE & BUSINESS REGULATION

Franchise Agreements in Thailand: Nonrefundable Fees and Purchasing Conditions

Thailand does not currently have a dedicated Franchise Act. Accordingly, the legality of franchise agreements is assessed under general laws, including the Civil and Commercial Code, the Trademark Act B.E. 2534 (1991) (as amended), and the Unfair Contract Terms Act B.E. 2530 (1997). Thailand's legal framework follows a freedom-of-contract principle, allowing parties broad flexibility in negotiating terms, provided they do not contravene law, public order, or good morals. However, issues such as nonrefundable franchise fees and mandatory purchasing conditions can raise questions of fairness under the Trade Competition Act B.E. 2560 (2017), as interpreted by the Trade Competition Commission of Thailand (TCCT).

In this regard, Franchise fees are typically paid upfront and are often labeled "nonrefundable," which can create disputes when the franchisor ceases operations or the relationship ends prematurely. In a recent case, a franchisee sought a refund after the franchisor shut down its business for financial reasons. The TCCT found that the franchisor's cessation was commercially justified and that both parties had voluntarily agreed to the nonrefundable clause. Therefore, the clause was not deemed an unfair trade practice, and no violation of the Trade Competition Act was found.

This decision reaffirms that clear, explicit contract terms—entered into freely and supported by legitimate business rationale—remain enforceable, even if unfavorable to one party. It also underscores the TCCT's deference to contractual autonomy in the absence of deceptive or coercive conduct.

Regarding the purchasing requirements, such as tying or bundling arrangements, they are generally viewed with caution under Thai competition law. However, in certain franchise contexts, such conditions may be permissible when necessary to protect brand integrity and product quality.

For example, in a case involving a bubble tea franchise, the franchisor required franchisees to purchase all tea products (green, Thai, and Taiwanese) exclusively from the franchisor. When a franchisee failed to comply, the franchisor refused further sales of certain products. In this regard, the TCCT held that the franchisor's actions were not unfair, as the purchasing condition served a legitimate purpose—ensuring consistency and quality control across franchise outlets.

This demonstrates that purchasing restrictions can be justified if they are clearly stated in the agreement, reasonably necessary for maintaining brand or product standards, and are applied in good faith rather than to restrict market competition.

Thailand Overhauls Alcohol Regulatory Framework Under New Law Effective November 2025

Thailand has enacted the Alcoholic Beverage Control Act (No. 2), B.E. 2568 (2025) ("ABCA No. 2"), marking the most comprehensive reform of the country's alcohol regulatory framework since its introduction in 2008. The new law, which takes effect on 8 November 2025, introduces sweeping changes to definitions, advertising and marketing restrictions, sales controls, and enforcement mechanisms. Businesses involved in the manufacture, import, distribution, or sale of alcoholic beverages should begin preparing for a significantly altered compliance landscape.

Key Amendments:

The amendments modernize and tighten Thailand's alcohol control regime across several key areas, including:

- Advertising and marketing restrictions
- Sales and consumption controls
- Extended liability for sellers
- Introduction of regulated vending machine sales
- Revised advertising and marketing rules

ABCA No. 2 refines existing advertising restrictions, aiming to balance consumer protection and commercial practicality. While certain ambiguities under the previous law have been clarified, the new provisions also introduce stricter prohibitions that may materially affect common industry practices.

Specifically, the law prohibits the use of logos or modified versions of logos associated with non-alcoholic products in any manner that may be construed as advertising alcoholic beverages. Additionally, corporate social responsibility (CSR) activities that could be interpreted as encouraging alcohol consumption—as defined in forthcoming subordinate regulations—are explicitly banned, including the promotion or publication of such activities.

These changes will require businesses to review and adjust marketing materials, brand campaigns, and CSR initiatives to ensure continued compliance.

ABCA No. 2 introduces enhanced due diligence obligations for all sellers, including retailers, convenience stores, restaurants, and hotels. Sellers are required to verify both the age and sobriety of customers before completing a sale, using verification methods to be prescribed under subordinate laws.

Sales to individuals under 20 years old or to intoxicated persons remain strictly prohibited. Importantly, sellers may be held civilly liable for damages arising from actions of underage or intoxicated customers if the seller is found to have breached these duties.

This expanded liability framework represents a significant compliance risk for operators and underscores the importance of robust staff training and sales verification procedures.

In a notable shift, ABCA No. 2 permits the sale of alcoholic beverages via automated vending machines, provided that the machines can authenticate the consumer's identity in accordance with forthcoming technical criteria. This provision introduces a new commercial opportunity for operators in the vending and retail sectors, subject to strict compliance controls.

TRANSPORT & INFRASTRUCTURE

Ranong Port Multimodal Transport Project

The launch of the multimodal transport project at Ranong Port introduces important legal considerations in trade, infrastructure, and international cooperation. The integration of trucking, rail, and maritime routes connecting China, Laos, Thailand, Myanmar, and South Asia will require compliance with diverse transport, customs, and cross-border trade laws, ensuring seamless movement of goods under both Thai law and regional frameworks. Given Ranong's role as a gateway to BIMSTEC countries, international agreements and memoranda of understanding with foreign logistics operators and governments must address liability, dispute resolution, and harmonization of standards to prevent conflicts in operations.

Domestically, the project must comply with environmental and zoning regulations, as port expansion and related infrastructure may affect coastal ecosystems and communities. Land use and potential development of the Southern Land Bridge Corridor also trigger issues of expropriation, compensation, and public participation, requiring transparency to minimize legal disputes. In addition, as the Port Authority of Thailand positions Ranong as a modern and sustainable hub, adherence to governance, anti-corruption, and procurement laws will be essential to build investor and stakeholder confidence.

By significantly reducing transit times, the project enhances Thailand's competitiveness, but its long-term success will depend on strong regulatory oversight, international legal cooperation, and alignment with investment and environmental laws. Careful legal planning will be vital to ensure Ranong Port's role as a sustainable, transparent, and legally resilient trade hub in the region.

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