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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.

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