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

Thailand Intensifies Crackdown on Nominee Structures: Implications for Foreign Investment and Corporate Compliance

Thailand's enhanced cooperation between the Department of Business Development (DBD) and the Department of Special Investigation (DSI) to investigate suspected nominee businesses signals increasing regulatory scrutiny of foreign investment structures, particularly in tourism-driven provinces such as Koh Samui and Koh Phangan. The initiative reflects a broader policy effort to strengthen enforcement against arrangements that may circumvent Thailand's foreign ownership restrictions.

Under Thai law, the use of nominee shareholders to enable foreign control over businesses reserved for Thai nationals is generally prohibited. Regulatory concerns centre on situations where Thai shareholders formally hold equity interests but lack genuine investment participation, economic ownership, or management control, effectively allowing foreign parties to operate restricted businesses through indirect means.

The latest enforcement push suggests a potentially more proactive and data-driven regulatory approach. Beyond targeted investigations, authorities are reportedly considering tighter pre-registration screening measures, including collaboration with the banking sector to review sources of shareholder funding before company registrations are approved. If implemented, this could materially reshape corporate onboarding and beneficial ownership verification practices in Thailand.

From a legal and compliance perspective, the development is particularly relevant for businesses operating in sectors commonly associated with foreign participation, including tourism, hospitality, real estate, lifestyle services, and property-related ventures. Increased scrutiny may extend beyond formal shareholding structures to encompass funding sources, governance arrangements, voting rights, operational control, and the substance of Thai shareholder participation.

The initiative also reflects Thailand's broader challenge of balancing two competing policy objectives: maintaining an attractive environment for legitimate foreign investment while preventing circumvention of foreign ownership laws that may disadvantage Thai businesses and distort market competition.

For foreign investors, joint ventures, advisors, and corporate service providers, the message is increasingly clear: regulatory authorities appear prepared to intensify enforcement and enhance due diligence expectations. Businesses operating in Thailand should therefore reassess shareholder arrangements, governance frameworks, funding documentation, and overall compliance with foreign investment rules, particularly in high-risk sectors and jurisdictions attracting heightened regulatory attention.

Ultimately, Thailand's renewed focus on nominee businesses signals not only an enforcement campaign but a potentially broader evolution in corporate regulatory oversight, with increased emphasis on ownership transparency, investment substance, and the integrity of foreign participation structures within the Thai economy.

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

BGL