

COMPANY REGISTRATION IN THAILAND: A 10-POINT CHECKLIST

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- ✓ **Name:** Reservation of name is the first item to attend to in company formation and can be done online. The name of a company must not be identical to or so nearly resemble the name of any existing registered partnership or company. It is recommended to reserve three names ranked by priority to maximize chances of success.
- ✓ **Registered Address:** A company must maintain an office in premises which it physically owns or rents or has consent from the landlord to use.
- ✓ **Promoters:** At least three individuals, who must all sign the Memorandum of Association, are needed to incorporate a company.
- ✓ **Registered Capital:** Generally, there is no minimum capital requirement for Thai majority- owned companies. Foreign majority-owned companies are required to have at least Baht 2 million or Baht 3 million registered capital, depending on type of business. The capital of the company must be divided into shares, each with an equal par value of at least Baht 5. Minimum paid-up amount on the shares issued is 25%, which can be used as working capital. Alien employment law, however, requires at least Baht 2 million registered capital (fully paid-up) per one work permit.
- ✓ **Objectives:** It is common to register an extensive list of activities as the objectives of the company. However, for VAT registration purposes, only the actual activities of the company should be registered. It is strongly recommended to check the intended activities against the list of reserved businesses under the Foreign Business Act (FBA) prior to registration for potential effects on shareholding structure.
- ✓ **Shareholding Structure:** Shares in a company can be 100% owned by foreigners, who can be individuals or entities, unless the intended businesses are reserved for Thai nationals only under the FBA, which requires the company to apply for an alien business license prior to commencement of business.
- ✓ **Articles of Association (By-Laws):** These are regulations of the company concerning its internal affairs such as share transfer, directors' and shareholders' meetings, and matters requiring approval.

- ✓ **Directors:** A company is managed by at least one director under the control of the general meeting of shareholders. However, it is more convenient to the operations of the company to have at least two directors in order to convene a board meeting. There are basically no restrictions on nationality of directors.
- ✓ **Tax Registration:** A newly established company must obtain a taxpayer identification card from the Revenue Office for tax purposes. If it is expected that its gross income will exceed Baht 1.8 million a year, it must also register for Value Added Tax.
- ✓ **Government Fee and Time Frame:** The government fee for company formation is charged at the rate of 0.55% of the registered capital, with a maximum of Baht 255,000, plus certification fee and stamp duty of about Baht 1,000. The whole process takes about 2-3 weeks to complete.