

The Ultimate Guide to STARTING A BUSINESS IN THAILAND.

The most up to date and comprehensive Step by Step
guide to starting a business in Thailand

The best of our 15+ years of experience and knowledge, brought to you
completely FREE of charge by AW Business Services

- Thinking of starting a business in Thailand but not sure where to begin?
- No idea who should you talk with about this or where to go?
- Lawyers & business support agencies seem to want to rip you off from the first day?
- Learn everything you need to know right here in this easy step by step guide!



Why Thailand?

Foreigners who are planning to start a business in Asia will quickly discover that Thailand is one of the best countries in South East Asia to establish a business and make important connections. Especially after the coronavirus pandemic which has crippled the global economy. Thailand is all geared up to fight back against the down-trending economy with unique measures that help companies doing business in Thailand.

Thailand has recently been ranked # 1 in the world for the highest Covid-19 recovery rate, according to a report by the Global COVID-19 Index (GCI). This was possible as a result of strict discipline and endurance followed collectively as a nation.

Thailand is blessed with rich natural resources that include timber such as highly valuable teakwood, a wide range of different types of precious stones, as well as fisheries. The nation is one of the biggest rice exporters in the world. Tourism, textiles, jewellery, and electrical appliances are also major products that are exported from Thailand. A magnificent sixty percent of Thailand's GDP is made up of exports and products manufactured in Thailand are exported all over the world.

13 Easy Steps to Starting a Business in Thailand, the Land of Smiles

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Step 1 : Pick a type of Business

Before anything else, you will need to “ Pick a type of business” and find out whether the type of business you want to start needs any special licences to operate in Thailand.

There are 20 main types of businesses in Thailand:

Agriculture

Tourism

Medical Business

IT & Communication Technology

Transport & Logistics

Producing/selling personal care products or pharmaceutical products

Fashion,

Food and Beverages

Finance and Security,

Health Insurance & Life Insurance

Hotels

Petroleum and chemicals

Energy & Utilities

Media and publishing

and many of these businesses require special licences.

For example; If you want to set up a fine dining restaurant, you will need to have a license to sell food and a licence to sell liquor and cigarettes. If you will be turning on music in the restaurant also, then you will need to have a license to play music. And later on when the restaurant is doing very well and you want to add another product line which is selling frozen food then you will need a distribution or storage of food license.

Top 10 business Opportunities in Thailand

1. Import and Export Company.

Thailand is one of the main transportation hubs in Asia and the nation shares excellent transportation links with other countries via air, road, rail and sea. There are great opportunities and options for setting up a successful import and export business in Thailand and which products/ services you will import / export depends on your personal experience, connections and preferences. Many successful import and export companies in Thailand source products from their home countries that are difficult to find in Thailand such as brands of foods, drinks and other items and export them to Thailand. There are millions of expats currently living in different parts of Thailand and these products are highly sought after with expats. Even some Thai people are willing to pay much more to have those high quality products. Successful importers of these products are often able to establish strong connections with leading supermarket chains and other retailers so that these products can be sold to the general public.

To import products such as foods, drinks, electrical machinery/ equipment, computer parts, vehicles, etc etc... you will need to check on import licenses. For example if you would like to import and sell tea from your country to Thailand.

You will need to have

1. Food storage license (to store the tea) and
2. Tea import license. (which in Thailand is typically called FDA license).

For importing Electrical machinery/ equipment you will need to have a Product Certification issued from the Thai Industrial Standard Institute (TISI).

Exporting Thai products to other countries can also be a great opportunity. Agriculture products and Thai handcrafts are one of the top products which you may want to export to other countries such as rice, sugar, fruit, rubber, artificial flowers, Thai silk, Traditional handcrafts and gift items.



Notes : Before you start to export Thai products to other countries, it is very important to thoroughly research the licensing requirements on licensing in that country as well as in Thailand.

2. IT Companies:

3. **Businesses in Thailand are becoming increasingly aware of the need to be part of the digital world and market themselves online.** More and more Thai companies are turning to professional IT consulting companies that can provide a full range of services such as IT strategy & roadmaps, Digital Strategy, and outsourcing services. There are lots of different types of IT services available depending on specific needs of the clients and customized solutions are key.

Thailand is considered a pioneer in animation, games, and mobile application development products. Apart from that, blockchain based applications are also gaining popularity.

People who have a solid background in IT and technology will find that is a very good opportunity to start an IT business in Thailand and the costs of setting up this type of business are relatively low. You won't need any special licenses to run this type of business except if you want to develop some applications which relate to holding clients money in your account to pay for products, services or top up something then you will need to have an E-wallet/ E-money license for the application.

4. Translation serviced business.

A large number of foreigners and international traders doing business in Thailand leads to the ever increasing need for translation services. Both individuals and companies need to have important documents especially legal documents translated from their own language into Thai and vice versa. This situation can provide good business opportunities in Thailand. Although English is the main language for conducting business throughout the world, generally speaking, the level of English comprehension in Thailand is much lower than other countries in the world. Therefore, most Thai companies require either an in house translator or have to regularly outsource translation work to a translation agency.

Now that Thailand is part of ASEAN, there is also an increasing need for Thai companies to also translate documents into other Asian languages such as Chinese, Japanese and Korean so that they can do business with companies in these countries.

Setting up a translation company is relatively easy and can be a very lucrative business opportunity in Thailand once you have established a talented team of translators, editors and marketers and you don't need to have a special license to run this business.



5. Create a Catering Company.

Thai culture puts a lot of emphasis on socializing while dining. Usually, most business opportunities and decisions are conducted while dining. It is also a favored way to spend time with family. However, today many Thai people find that they have less time for cooking and dining at home and tend to eat out at restaurants. Especially in Bangkok and other large cities where people mainly live in apartments and do not have enough space and time for cooking a large meal.

Catering companies are currently becoming very popular in Thailand, both among the middle and upper classes. Catering companies provide services for a variety of events such as wedding receptions, birthday parties, anniversary dinners, and retirement parties with large budgets at their disposal.

Online food delivery is becoming more popular and people are no longer required to leave their homes for a meal anymore. It is compatible with the new-normal lifestyle which happened all over the globe. Today customers can sit and relax at their place and get everything they ordered from the internet.

A catering business must obtain a food license from the Food and Drug Administration of Thailand (FDA). The main legal body which is responsible for quality control is the Ministry of Public Health and businesses should adhere to their norms.

6. Real Estate Company

6% of Thailand's GDP comes from the real estate industry, selling and purchasing land is a very big business in Thailand. Unfortunately, the process is very complicated. For this reason, both Thai and foreign owners often reach out to a real estate agent, who will take care of the process for a fee.

The main responsibility for real estate agencies is to advertise properties and make an appointment with potential buyers and demonstrate the properties to them. This requires a solid background in sales and marketing. The agent will receive a commission as payment, usually 10% of the asking price. In the case of high value resorts and hotels that sell for millions of baht, the commissions can be extremely high.

In Thailand, anyone can become a real estate agent. You don't need to attend a seminar, get trained, or hold a license. Expats can also become a real estate agent as long as they have a proper visa and a work permit.



7. Healthcare Services Business.

At a time of one of the worst pandemics in history, Thailand ranked 6th out of 195 countries in ability to respond to epidemics, pandemics, and other health emergencies and become one of the fastest recovering countries from the disease.

In the past decade, Thailand has become the leading exporter of medical devices in ASEAN.

Thanks to the state-of-the-art medical care in Thailand. The country has become one of the best countries in Asia for providing professional healthcare. However, due to the increasing numbers of the population, the demand is also rapidly rising. For this reason, the door of business opportunities in medical and healthcare is still wide open.

Medical tourism is also a growing business opportunity in Thailand. Many people travel from countries such as the USA or Australia, where the cost of medical service is higher. Dental surgery, cosmetic surgery, and breast augmentation are particularly popular among medical tourists.

Companies that are able to appeal to international clients and provide fully tailor-made packages which include excellent aftercare services are sure to find that this is a very lucrative business in Thailand for foreigners and Thai nationals.

So how do foreign doctors register to practice medicine in Thailand?

Firstly, they must obtain a degree in medicine recognized by the Medical Council of Thailand and hold a valid license to practice from their country of origin. They must pass all examinations conducted by the Center for Medical Competency Assessment and Accreditation and finally they need to be a member of the Medical Council of Thailand.

8. Opening a Resort.

Thailand is a well known destination for most people worldwide and this is directly related to the hotel industry (which includes hotels, resorts, and guesthouses).

In 2018, hotels and restaurants combined accounted for 5.6% of Thai GDP, bringing in THB 920 billion. The most important tourist markets for Thailand are China (27.5% of all foreign arrivals), Malaysia(10.71%), India and Russia.(~ 4% each).

Meaning that Thailand is still a great place to open a luxury resort. There are still prime pieces of beachfront real estate available to purchase and large multinational hotel chains will have the opportunity to establish either a branch of their hotel in Thailand or set up an entirely new branch.

Hospitality is a major industry in Thailand and finding fully trained and qualified staff in Thailand is relatively easy. While international companies also have the option to transfer various existing staff members from their own country to oversee the running and marketing of the resort.

To open a resort in Thailand you are required to have an Environment Impact Assessment (EIA) permit, a license from the local administration official must be obtained

If the restaurant inside the hotel has an area less than 200 square meters, the owner must only notify the local authorities for a Certificate of Notification as stated in the Public Health Act.



9. Travel and Tour Companies.

As we learned from the previous point, the tourism industry is one of Thailand's main economic sectors.

However, many tourists like to arrange package tours from their own country. In recent years there has been a growth of international companies opening branches in Thailand so that they can provide services on both sides of the world..

The main advantages for international companies is that they are able to cater to the unique needs of their international clients, including guided tours in their language of choice.

In the last few years, there has been a rising number of Russian and Chinese, travelers from these countries tend to spend more money than Thai tourists and prefer travel packages where all of the details are taken care of for them.

International companies that are able to establish strong connections with the travel industry in Thailand will be able to offer their clients the best rates around combined with a first-rate service that is sure to meet their high demands.

Tourism is one of the biggest industries in Thailand and it is one of the best places to invest in at the moment. But one of the foremost items required for opening a travel agency in Thailand is to acquire the Tourism Authority of Thailand (TAT) license.



10. Automobile Rental Business

Despite large numbers of people who travel to Thailand each year. There are very few vehicle rental companies to choose from. This is a very good opportunity for car rental companies and there is a real gap in the market waiting to be filled

Vehicle rental with a driver is ideal for travelers who want to explore the country at their own pace without having to make use of public transportation but do not have an international driver's license or want to prevent the hassle of having to drive while on holiday.

Vehicle rental companies will find that there are plenty of places for them to set up booths such as at the airports, at bus stations, and even at the hotels. The company could also provide online services for overseas customers and an option to reserve the car before they arrive

11. Jewelry Business. Thailand is one of the world's most prominent centers for gems and jewelry, especially ruby and sapphires. Also Thailand is home to experienced craftsmen who have been practicing their skills for generations.

In the last few years, a small number of international companies have established their own companies that source designs from their own country and market them in Thailand.

One of the main advantages of doing this is that the cost of labor and setting up a workshop in Thailand tend to be much cheaper than in Western countries, while clients in Thailand are also given the choice of designs that they may not be able to find anywhere else in Thailand.

Many jewelry companies have an opportunity to move into the import and export business so they can send the pieces of jewelry and accessories to suppliers overseas as well as to other countries around the world.

Step 2 : Check your business activities are permitted and if you qualify for any special rights

Foreigners are generally prohibited from conducting business in Thailand as a sole proprietor but if you are a US citizens who registers with the Thai Department of Business development under the US-Thailand Amity Treaty are allowed to run a sole proprietorship in most industries.

To do this is quite a big job and you will also have to show the government your business plans and have to bring in investment funds into the country. So, what if you are not a US citizen? ,what can you do? How do things work? Most foreigners who wish to set up businesses in Thailand normally form a "company". We will talk about how a "Company" works in Step 5.

Foreigners are not permitted to engage in the followings:

- **Newspaper publishing, radio or television broadcasting**
- **Rice farming, arable farming or orchard farming**
- **Rearing livestock**
- **Forestry and the processing of wood from forests (naturally grown)**
- **Fishery, only in relation to marine life in Thai waters and the specific economic zone**
- **Extraction of Thai medicinal herbs**
- **Trading and auctioning of Thai antiques or antiques which are of historical value to the country**
- **Manufacture or casting of Buddha images and alms bowls**
- **Trade-in real property**

Special Tax Privileges for Foreign Business In Thailand

There are several agreements made between Thai Government and other countries, which provide special privileges for foreigner businesses in Thailand. The imported/exported items must be certified by the Rules of Origin.

Here are examples of the Free-Trade Agreements.

JTEPA - The Japan and Thailand Economic Partnership Agreement is a free-trade agreement that the two countries signed in April of 2007. One of its intended benefits is to eliminate the tariffs on over 90% to 100% of their bilateral trade. Over 8,000 lists of items are covered.

Example of products that will benefit from JTEPA

- Preserved foods, vegetables and fruits
- Electronic Devices and Machines
- Rubber Products
- Steel
- Pet foods
- Frozen seafood & livestock products

Additional Link :

Rules of Origin - [click here](#) List of items covered - [click here](#)

TAFTA - Thailand Australia Free Trade Agreement is designed to stimulate increased two-way trade between Australia and Thailand, as well as competition policies, customs procedures, government procurement and intellectual property protection.

Example of Thai products that will benefit from TAFTA, which account for 50% of all export products to Australia.

- Compact cars
- Canned foods
- Preserved foods, vegetables and fruits
- Textiles and garments
- Electronic devices
- Gems & jewelleryes

Australian products that will benefit which accounted for 39% when export to Thailand.

- Plastic Products
- Steels
- Wheat
- Malt
- Fuel
- Copper
- Some of dairy products

Additional Link :

Rules of Origin - [click here](#) List of items covered - (TH [click here](#)) (AU [click here](#))

AKFTA - ASEAN and Republic of Korea Free Trade Agreement is aimed to expand trade and investment between South Korea and ASEAN. So both parties of the agreement can reduce the inequality in trading to be less.

List of products are separated into two parts.

1. Normal products (90% of total products)
Tax reduction to 0%
Such as machinery, electric carriages, motors, tires, plywood, molasses, raw sugar, yarn, fish.
2. Sensitive products (10% of total products) divided into 2 groups.
 - a. Sensitive Track (ST) - [See lists](#)
Reduces taxes to 5-20%
 - b. Highly Sensitive Track (HST) - [See lists](#)
 - i. *Reduce taxes to a maximum of 50%, such as chilled shrimp, cheese, oranges, apples and pears.*
 - ii. *Reduce tariffs by 20% such as tapioca pellets, canned fruit, frozen fruit, Sugar.*
 - iii. *Reduce tariffs by 50% such as corn, other melons, beer, glue.*
 - iv. *Tax quota products such as frozen shrimp, tapioca starch, squid.*

Additional Link :

Rules of Origin - [click here](#) Full list of tax reduction items - [See lists](#)

Step 3 : Talk to BOI if your business is in an eligible activity

The Thailand Board of Investment is a government agency tasked with increasing investment in areas that are a priority to Thailand.

Over 135 different categories are currently promoted (as of Aug 2020) covering broad industries including agriculture, manufacturing, technology, services & public utilities.

Benefits are not open to all businesses, but if your business does fall into a promoted activity then there are various benefits that you may be able to claim.

These can include:

- **Corporate income tax exemption**
- **Exemption of import duties on equipment & raw materials**
- **100% foreign majority ownership of company**
- **Ownership of land under a foreign majority company**
- **Reduced requirements for Work Permit applications**
- **Longer 2 year visas and work permits**
- **Fast track visas & work permits at one stop center.**

You can check the current list of eligible activities at the BOI website.

https://www.boi.go.th/index.php?page=eligible_activities

The application process can be started before you have registered your company and will typically take between 4-12 months from first contact to full approval.

More details on BOI in the English guide below.

https://www.boi.go.th/upload/content/BOI-A%20Guide_EN.pdf



Step 4 : Choose your business premises

Many modern businesses don't have offices, people can just work from home and use modern technology to keep in touch and co work with colleagues and customers etc etc... super easy. If you aim to start small, you don't really want to spend money on renting an office, you may think that a co-working space is a great option for your business. Unfortunately, when applying for a Non-Immigrant B visa and work permit you will need an office, a real office, a real workplace for some surprise/ random inspections from the related authorities (The Immigration bureau, Department of employment, Social security Insurance office and the Revenue department). You may be able to use a co-working space but you will need to rent a full office from them, not just a desk and there are a lot of requirements to fulfill.

These authorities want to make sure that you are setting up real businesses, not just trying to apply for a visa through the company to be able to stay in the country. Plus, in order to form a company you will need some important documents to show at the Department of Business Development that the company does have an official address. So, before you decide to rent any places/ offices make sure that the owner of the place knows that you're going to have a business in their premises. You will need them to provide you the "important" documents for the use of company set up, VAT registration, and Social security insurance registration for your company. The necessary documents you will need to have from them are;

- **Rental contract.**
- **House registration document (in Thai we call Tabean Baan).**
- **Title deed front and back pages (in Thai we call Chanode).**
- **A copy of the owner's ID card and house registration document. If the place is owned by a company then you will need to have the company's registration documents and a copy of ID card/ passport of the director(s) of the company.**



One thing you need to know before renting premises.

In Thailand, Key Money is an additional payment in order to reserve a spot as a tenant on the property. The idea is a gesture of giving thanks to the owner who was kind enough to lend you a house. Key money is usually asked upon initial rent and every renewal thereafter.

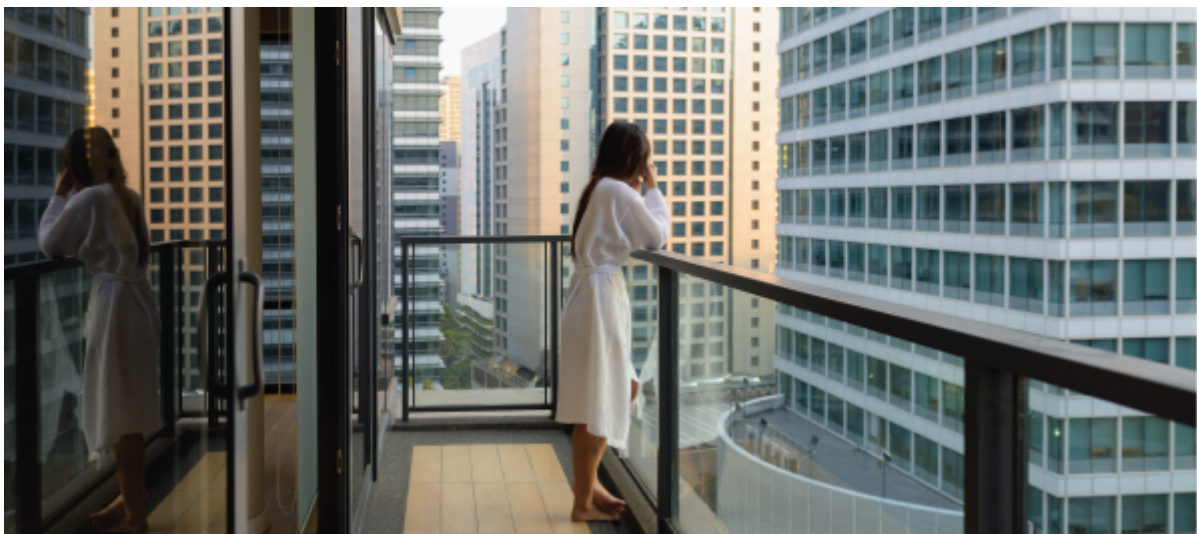
What makes Key Money different from deposit is “refundability”. A deposit is usually paid with initial rent when you sign a contract for renting a property. It covers damages during the lease period, and any restoration fee will be deducted from it, and can be refunded when you move out. On the other hand, there is no refund for key money.

Also, please note that key money means to persuade the landlord to rent the property to you. There is no specific way or formula to calculate the key money. For this reason, many people consider key money to be pretty much a bribe. Which is why some landlords refuse to issue any documents and put rental income in exclusion for tax reports.

Signboard Tax

Thai local authorities can levy tax on signboards which show names, symbols or marks of business or advertisements. The rates specified in the Signboard Tax Act are computed based on signboard size and type of display (e.g., language, picture, or sign) shown on the signboard, ranging from 3 Baht to 40 Baht per 500 square centimeters (but not less than 200 Baht per sign).

Companies that are not clear whether their sign or billboard is subject to signboard tax should clarify with the Local District Office within 15 days from the date of erecting the sign in order to avoid any tax surcharge.



Step 5 : Understand how “Company Set Up” works

There are 3 different types of companies : Partnerships, limited companies (including public company limited), and joint ventures (incorporation - Inc.). Most business owners choose to set up Limited companies which is a basic Thai corporate structure. This type of company gives you the advantages of being able to operate in a category that is normally reserved for Thai citizens and gives you the right to obtain a business visa. Thai law requires at least 3 shareholders at all times. Shareholders have limited liability to the unpaid amount of their shares' par value while directors have unlimited liability.

Notes :

1) Unless the company is part of a *Board of Investment (BOI)* program, the majority of shareholders MUST be Thai, while foreigners can own a maximum of 49% of the company. So most foreigners who run their businesses through companies normally have Thai partners. This minority percentage of ownership may also be exempted if your business receives a Foreign Business License, which is generally granted to foreign-owned businesses that do not compete with Thai businesses. The license allocation can be submitted to the Foreign Licensing Department of the Ministry of Commerce in Bangkok.

2) Having a majority of your company's shares owned by Thai nationals does not automatically mean that you lose control of the company. There are a number of measures which you can put into place to ensure that you stay in control of your company.

- You are appointed as the sole Managing Director.
- Sole signatory authority — the bylaws/ Articles of Incorporation state that all decisions must be signed by this Managing Director.
- You split the stock between “ordinary” and “preference” shares whereby your “ordinary” shares each have 2 times (or more) the voting power of the “preference” shares (preferred for dividend payments, not for voting).
- Set a quorum of shareholders at 65% so that the bylaws cannot be changed nor can the Managing director's sole authority and powers be changed.

How much should the registered capital of the company be? It depends on;

- How many foreigners will work in the company (legally with Thai work permits)?
- What type of visa you/ your staff will have?

Normally a company employing a foreigner MUST have at least 2 million THB of registered capital and 4 Thai staff. But there are a number of rules in Thailand for foreigners which change slightly if you happen to be married to a Thai national, one of these is the amount of capital you are required to invest in the company. If you are married to a Thai national you can use a Non O visa based on marriage to stay in Thailand. This means that in order to get a work permit for you, the company only needs to have 1 million THB registered capital and a minimum of 2 Thai employees per work permit instead of 4.

If the company employs 1 foreigner who is married to a Thai national then they need 1 million THB registered capital and 2 Thai employees.

If the company employs 2 foreigners who are both married to Thai nationals then they need 2 million THB registered capital and 4 Thai employees.

If the company employs 2 foreigners, one of which is married to a Thai national and one which isn't then they need 3 million THB registered capital and 6 Thai employees.

If you want to use a Non B Visa instead of a Non O Visa then the same rules apply as though you were not married to a Thai citizen.

Once you have chosen your Thai shareholders and know how much the capital will be, the next process is to choose a company name, write your company description, check the availability of the company name (this can be done online), design & make your company stamp (Logo) and register the company at the Department of Business Development in your area.



Step 6 : Understand Social Security Insurance for your staff.

In the previous step, we mentioned that “Normally a company employing a foreigner MUST have at least 2 million THB of registered capital and 4 Thai staff but there are a number of rules in Thailand for foreigners which change slightly if you happen to be married to a Thai national. One of these is the amount of capital you are required to invest in the company. If you are married to a Thai national you can use a Non O visa based on marriage to stay in Thailand. This also means that in order to get a work permit the company only needs to have 1 million THB registered capital and a minimum of 2 Thai employees per work permit instead of 4”

To prove to the government that you have 2 or 4 or 20 real staff you must register for Social security insurance for your staff.

Social Security Insurance in Thailand established the fund with the objective of providing coverage for fund members under certain conditions. There are 7 types of coverage that are included;

- *Sickness*
- *Maternity*
- *Disability*
- *Child Allowance*
- *Unemployment*
- *Old Age*
- *Death*

The stipulations of the Act apply to every company having employees. People insured under the provisions of the Fund include all employees from the age of 15 years up through those not over 60 years, in all companies having one or more employees.

A company having one or more employees must register with the Fund within 30 days of hiring their first employee. If the company increases the number of employees, it must submit a new registration form for each new employee, if the employee does not already have a Social Security Card.

The employer must submit the names of their employees, their wages or salary and other details that may be required by the Social Security Office within 30 days of the date that the employees become insured by the Fund. When a company has submitted the names of employees, the Social Security Office will issue the company a certificate and issue cards to all employees.

Social Security in Thailand is funded by employee contributions made each pay period and contributions made by the employer and also the Thai government. The employer is required to withhold contributions to the Fund from its employees' salaries or wages each pay period. For as long as employees receive their salaries or wages, employers

are required to submit the amounts withheld to the Social Security Office within 15 days of the end of the month during which the payroll deductions were made.

The amount an employee contributes to the Fund is 5%, up to a maximum of 750 THB, of their total gross earnings for the pay period. The employer contributes a matching amount and the government contributes an additional one per cent.

Example : Mrs. Pat Tippawan is an employee of Walker Co.,Ltd. She earns 25,000 baht per month (this is not including commissions and other benefits), how much do Pat and the company have to pay for social security insurance?

Pat has to contribute 5%, up to a maximum of 750 THB so she has to pay 750 THB (which is deducted from her salary) And the company has to contribute a matching amount which is 750 THB so in total 1500 THB will be paid to the SSI.

Getting the Social Security Insurance registration done is quite a painful process. You will need to have many things ready for the application like your website, Facebook page, invoices, receipts, quotations or a list of your customers etc etc... as supporting documents.



Step 7 : Apply for a suitable long term Visa

Foreigners who wish to setup or conduct business in Thailand need to apply for a Thai Non-Immigrant B Visa or Marriage Visa (in case that you are married to a Thai national) or a Thai child support visa (in case that you have Thai children (child)).

Non B Visa.

Single Entry Non B Visa – This is an initial visa issued by the Thai embassy in the nearby countries or consulate in your home country which allows a stay of 90 consecutive days in Thailand. This can be extended to a 12 month permission to stay once the work permit is processed. If you are only issued with a 6 month work permit then you will only receive a 6 month permission to stay. But after this initial period, your permission to stay should be extended to 1 year and can be renewed every year as long as you still meet the criteria.

Multiple Entry Non B Visa – This visa is issued to those who want to conduct business and intend to travel frequently in and out of Thailand. It is valid for a total of 12 months and allows you to stay for up to 90 days at a time. This can be extended to a 12 month permission to stay once the work permit is proceeded (same as the single entry non B visa).

Conversion from tourist visa to Non Immigrant B or Non Immigrant O Visa without leaving the country. – If you came to Thailand with a 30 or 90 day visa exemption or 2-6 month tourist visa and later your business is ready or you have a job offer in Thailand, you can simply convert the visa exemption or tourist visa to Non Immigrant B or Non Immigrant O visa (married to a Thai national or have Thai children) without leaving the country. In order to do this you MUST have at least 20 days left on your current stamp/ visa. You will receive a 3 month Non Immigrant B or O visa (depending on what type you apply for) and you can use this visa to apply for a work permit. This can be extended to a 12 month permission to stay once the work permit is processed (same as the single and multiple entry non b/ non o visa).

SMART VISA – Thailand has been making a series of efforts in driving the economy through innovation. The Thai government has taken another step to attract talent and technology with a view to further developing its targeted industries or the so called S-Curve industries.

The SMART VISA is a new type of visa designed to attract highly skilled manpower and investors to help accelerate the development of the country's targeted industries. SMART VISA is offered to foreign experts, executives, entrepreneurs and investors who wish to enter into Thailand to work or to Invest in the following "13 S-Curve Industries" for a maximum amount of 4 years, exemption from a work permit requirements and other privileges.



Next Generation
Automotive



Affluent, Medical
and Wellness Tourism



Agriculture
and Biotechnology



Aviation
and Logistics



Biofuels and
Biochemicals



Digital



Medical Hub



Smart Electronics



Food for
the Future



Automation
and Robotics



Alternative
Dispute Resolution



Human Resource
Development in Science
and Technology



Environmental
Management and
Renewable Energy

The targeted industries that fall under this category include:

- Next-Generation automotive.
- Smart Electronics.
- Agriculture and Biotechnology.
- Food for the future
- Automation and Robotics.
- Aviation and Logistics.
- Biofuels and Biochemicals
- Digital
- Medical Hub
- Alternative Dispute Resolution.
- Human resource development in science and technology.
- Environmental and renewable energy and affluent.
- Medical and Wellness tourism

To file an application for the SMART VISA, your qualifications should match the criteria specified by BOI. Then after your qualifications have been verified, you will receive a letter of qualification endorsement which can be further submitted to the Thai embassy in the nearby countries or the consulate in your country.

Notes :

1. To apply for extension of stay or conversion of the visa you MUST report your address to your local immigration office
2. Once you have a one year extension of stay then you MUST do a 90 day report at the immigration office in your area every 90 days.
3. A Re-entry permit is required if you wish to travel outside of the country and come back in with the same visa.
4. Extensions of visas can be done inside Thailand and can be done 30 day prior to the visa expiry date.

Step 8 : Apply for a Work permit.

A Thai work permit is a blue book which is issued to foreigners in Thailand who are either employed here or are running their own business. Anyone who works in Thailand needs to have a work permit, if you work here without a work permit then you are breaking the law and if you are caught then you may be subject to a huge fine, imprisonment or some cases you may even be deported. If you have invested time and money building a life in Thailand then you don't want to take a chance of being caught working without a work permit, no matter what anyone else tells you it is against the law! Employers who employ foreigners illegally will face fines of between 400,000 – 800,000 THB per employee and foreigners caught working illegally will face fines of between 2,000 – 100,000 THB or imprisoned for a maximum of 5 years.

How to get a work permit in Thailand. If you are employed:

In order to get a work permit in Thailand, you need to have a Non B visa in some situations a work permit can be obtained on a family visa such as a Non O visa based on marriage or supporting a Thai family. However, the normal procedure is that work permit holders usually have a Non B visa.

In order to get a work permit in Thailand, you must be employed by a Thai company who has at least 2 million THB of registered capital, 4 Thai employees per foreign employee and be registered for Social Security. These are the basic requirements, however there may be further requirements depending on your specific circumstances.

If you are employed by a BOI company then the rules are slightly different.

A work permit only covers you to do the specific job outlined in your work permit at the location(s) specified. If you undertake any other kind of work and you are caught, the same punishment will apply as someone who is caught working without a work permit.

If you are employed and your employment is terminated for any reason then your work permit becomes invalid and must be returned to your employer and the procedure to cancel it must be followed.

If you have been granted an extension of stay by immigration based on employment then you must report the termination of your employment at your local immigration office where you will be given 7 days to leave the country.

If you are changing to a new employer then you will usually be able to switch employers and apply for a new non b visa and work permit on the same day. To do this we highly recommend you to find an individual or an agency who deeply understands the procedures and can help you with this otherwise you will have to leave the country to do a Visa Run to a neighbouring country in order to obtain a new visa.

Step 9 : Understand how taxes in Thailand work.

The major taxes in Thailand are;

1. Corporate income tax : is a direct tax levied by companies and partnerships carrying on business in Thailand or not carrying on business in Thailand but obtaining certain types of income from Thailand. The juristic companies and partnerships for income tax purposes include, but are not limited to;

- Limited companies
- Registered ordinary and limited liability partnerships
- Joint Ventures
- Foundations and associations carrying on revenue generating business and
- A branch of a foreign corporation earning from sources within Thailand.

Corporate income tax is imposed on the net profits as per the generally accepted accounting principles and according to the conditions described in the Revenue Code of Thailand. You shall bear in mind that;

- Every return must be accompanied by audited financial statement.
- Pay 50% of the estimated annual income tax by the end of the eighth month.
- Failure to pay the estimated tax you are fined the amount of 20% of the deficit.

Rates for companies with low paid-in capital and income (we call SMEs, SMEs stand for Small and medium enterprises). Companies and Juristic partnerships with paid-in capital not exceeding 5 million THB at the end of any accounting period and income from the sale of goods and/or services not exceeding 30 million THB are subject to tax at the following rates ;

Net profit (THB)	Tax rate (%)
0 to 300,000	0
300,001 to 3 million	15
Over 3 million	20

Note : The rate is year by year rate. This rate is for the year 2020.

Corporate Income tax calculation sample.

Company A has 500,000 THB profit, how much will the corporate income tax be?

Profit 500,000 THB
1-300,000 THB - Exempted so net income which we will use to calculate the tax is 200,000 THB

$200,000 \times 15\% = 30,000$ baht tax to pay.

2. Value Added Tax (VAT) – The rate of VAT in Thailand is 7%. VAT imposed on certain goods sold, service supplied in Thailand and imported goods into Thailand. VAT affects producers, providers of services, wholesalers, retailers, exporters and importers. A 0% VAT applies to certain businesses like exporters of products or services, international transportation by sea or air, and the sale of goods and services to UN. The trader will charge VAT on the sale of goods or services to the consumer.

The businesses which are excluded from VAT subject to specific business tax, businesses necessary for maintenance of life and social welfare (i.e. health care services, educational services, domestic transportation, sale of unprocessed agricultural products), cultural services, religious and charitable services. Traders who do only zero-rate supply business will not be required to collect VAT on their supplies, but can refund all VAT paid for purchase of goods and services from others. Services provided by traders residing abroad and utilized in Thailand are regarded as being rendered in Thailand and subject to VAT.

Any person or entity who regularly supplies goods or provides services in Thailand and has an annual turnover exceeding 1.8 million baht is subject to VAT. Service is deemed to be provided in Thailand if the service is performed in Thailand regardless where it is utilized or if it is performed elsewhere and utilized in Thailand.

The VAT payer is required to file a monthly VAT return and pay the tax monthly, on or before the 23rd of the following month.

Failure to register as a VAT payer, file a VAT return, or issue a tax invoice to a customer, is subject to a penalty of twice the amount of the tax due. A monthly surcharge of certain percentage for failure to pay the VAT is levied on the tax due. In addition, punishment for non-compliance with VAT regulations allows for a maximum punishment of imprisonment up to seven years and a fine of up to Baht 200,000.

How to calculate VAT?

Every month you will have to produce sale and expense reports (choose only bills which have VAT that you can claim VAT back) in order to file and do monthly VAT returns you must have;

1. A copy of your official sales tax invoice and receipts (original ones have to give to your customers).
2. Purchasing Tax invoice and receipt with correct company name, address and Tax ID of your company and the vendor's company.

Sale report Aug 2020 Pat's Enterprises Co.,Ltd.					
Date	Doc.No.	Items	Price	VAT 7%	Total
01/08/2020	820001	Hats	100	7	107
02/08/2020	820002	Shoes	1000	70	1070
03/08/2020	820003	Bag	500	35	535
04/08/2020	820004	Box	700	49	749
05/08/2020	820005	Books	1500	105	1605
06/08/2020	820006	Photo frame	500	35	535
07/08/2020	820007	Headsets	300	21	321
08/08/2020	820008	Pillow	250	17.5	267.5
09/08/2020	820009	Glass	100	7	107
10/08/2020	820010	Hats	200	14	214
Total			5150	360.5	5510.5

Purchasing report Aug 2020 Pat's Enterprises Co.,Ltd.					
Date	Doc.No.	Items	Price	VAT 7%	Total
01/08/2020	AP12365	Petrol	1000	70	1070
02/08/2020	TIN65894	Stationary	3000	210	3210
03/08/2020	58469	Table	500	35	535
				0	0
Total			4500	315	4815

(1) Total Sales VAT = 360.50 THB

(2) Total Purchasing VAT = 315 THB

VAT to pay (1) - (2) = 45.50 THB

In the case that the purchasing VAT is less than selling VAT you can credit the VAT amount and claim it back later.

3. Personal Income tax : A resident will be taxable on income from all sources in Thailand on cash basis regardless of where the money is paid, and on the portion of income that is brought into Thailand in the same year that it is earned. A non-resident is only taxable on income from sources in Thailand. Taxable income covers both cash and benefits in kind including income from employment, hire of work, receipts from copyright, interest, dividends, capital gains and the letting of property. When you have a work permit in Thailand it means that you have income and you are entitled to pay the personal income tax. How much this tax will be depends on how much your annual wage is.

TAX RATES

The tax rates in 2020 for employment income and hire of work are as follows:

Taxable income (Baht)	Tax rate %
1-150,000	Exempt
150,001-300,000	5%
300,001-500,000	10%
500,001-750,000	15%
750,001-1,000,000	20%

1,000,001-2,000,000	25%
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2,000,001-5,000,000	30%
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5,000,001 and Over	35%
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ALLOWANCES

The amount of assessable taxable income is net of allowances:

Type of allowance	Rate
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Deductible expenses for income	50% of income (capped at 100,000 baht)
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Personal allowance	60,000 baht
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Spouse (with no income)	60,000 Baht
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Child (with income not exceeding 30,000 baht)	30,000 Baht per each child
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(under 20 years of age, regardless of whether he or she is studying, or under 25 years of age but he or she must be studying at a university, uncapped number of natural children)

Parent (each)	30,000 Baht per each parent
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Health insurance premiums paid by the taxpayer

Amount actually paid, but not exceeding 15,000 baht

Life insurance premiums paid by the taxpayer

Amount actually paid, but not exceeding 100,000 baht

When including the allowance for health insurance premiums as well as for saving accounts with attached life insurance policies cannot be more than 100,000 baht

Provident fund contributions (PVF) and retired mutual fund (RMF)

Up to a maximum of 500,000 Baht but not exceeding 15% of income

Long term equity fund (LTF)

Up to a maximum of 500,000 Baht but not exceeding 15% of income

Home mortgage interest

Amount actually paid but not exceeding 100,000 Baht

Charitable contributions

Amount actually donated but not exceeding 10% of income after standard deductions and allowances.

There is a double deduction allowed for donations to educational organisations, but again not exceeding 10% of income.

Notes:

The above list is not definitive and allowances on specific classes of income may differ.

And the rate is year by year rate. These rates are for year 2020.

How to calculate personal income tax based on salary.			
Salary 65,000 THB/ month		Annual income =	780,000.00
Deductible expenses for income. 50% of income (capped at 100,000 baht)	100,000.00		100,000.00
			680,000.00
Deductible personal allowance	60,000.00		
Spouse (with no income)	60,000.00		
Child (30,000 baht per child)	30,000.00		
Parents			
Health Insurance			
Life insurance			
Provident fund			
Home mortgage interest			
Social security insurance	9,000.00	Total allowance	159,000.00
		Net income	521,000.00
Charitable contributions			-

		Net income to calculate tax	521,000.00
	1-150,000	Exempted	0
	150,001 - 300,000	(150,000 x 5%)	7,500.00
	300,001 - 500,000	(200,000 x 10%)	20,000.00
	500,001 - 750,000	(21,000 x 15%)	3,150.00
	** see table **		
Total personal income tax to pay			30,650.00

You can then pay this monthly (30,650 / 12 months) =
2,555 baht per month.

4. Withholding tax

Companies (and some other forms of businesses) in Thailand have the duty to withhold taxes from their employees when paying for their compensation (the monthly personal income tax payment, see in 3. Personal Income tax) and from their vendors when making payments for most kinds of services. Here we want to talk more about vendors withholding tax.

There are many rates of withholding taxes,

1% for transportation

2% for advertising

5% for rent

3% for most other services (including legal, accounting, repairs, cleaning, construction, making things to order), etc. Even when you make payment to overseas vendors, you need to submit withholding taxes if the transactions meet the criteria.



For example,

You must to withhold 3% from a legal service fee. If the invoice is THB 100 plus VAT of THB 7 = 107, when you pay this invoice, you will pay only $(100 - 3 + 7) = 104$ and you also give the vendor the withholding tax certificate showing that you withhold the tax from her. So basically the vendor does not get THB 107. She gets only THB 104 and a tax certificate showing that she has paid a tax of THB 3 through you withholding from her. This way, the revenue department gets the tax from the vendor in advance instead of having to wait till year-end for the vendor to file her tax return. And vice versa if you provide services you customers will withhold 3% of your service charges and pay it on behalf of you and you MUST ask them to provide you the withholding tax certificate for your company tax return filing.

Note that because the law makes it your duty to withhold the tax and submit it to the Revenue Department within the 15th of the following month, if you pay any vendors and fail to withhold the tax, you will have to submit the tax anyway using the money from your own pocket.

Towards the end of each month, you will have to prepare employee withholding tax returns (Form PND 1, for taxes withheld from employees), Withholding Tax Return – Companies (Form PND 53, for taxes withheld from vendors who are juristic persons), Withholding Tax Return – Individual (Form PND 3, for taxes withheld from vendors who are not juristic persons).

The fine for late submission (or not filing at all) of each form for the month is THB 200 per form plus 1.5% interest per month on the amount of the taxes owed.

5. Specific Business Tax in Thailand

This tax is imposed on certain types of businesses whose value added is difficult to define such as banking, finance, life insurance, pawnshops, and real estate. Such businesses are considered to be outside the VAT system and therefore are not subject to VAT, however, be subjected to Special Business Tax (SBT). Specific business tax is computed on monthly gross receipts which do not include municipal tax.

6. Municipal Tax in Thailand

When specific business tax is paid, municipal tax is paid at the rate specified by the Government is imposed thereon. When VAT is paid, one-ninth of its rate goes to municipal tax.

7. Stamp Duty Tax

Stamp duties are taxed on instruments and not on transactions or persons. Stamp duty can be imposed on the instruments listed in the Stamp Duty Schedule of the Revenue Code at different rates specified therein. The instruments are such as promissory notes, bills of exchange, powers of attorney, letters of credit, etc. If the instrument is executed in Thailand, the stamp duty is due within 15 days after the execution date. However, if the instrument is executed outside Thailand, the stamp duty is due within 30 days after arrival of the instrument in Thailand.

8. Excise Tax

This tax is imposed mainly on luxury items such as gasoline and petroleum products, tobacco, liquor, soft drinks, playing cards, crystal glasses, etc. Excise tax will be computed according to the Excise Tax Tariff on an ad valorem basis or at a specific rate, whichever is higher. All goods subject to excise tax also remain subject to VAT. The excise tax is collected by the Excise Department and usually imposed at the time of delivery of the goods from factories.

9. Customs Duty Tax

Customs duty is mainly imposed on import and some export goods specified in the Customs Tariff statute. Exported goods that are subject to customs duty include rice, rubber, leather, and teak. In general, the invoice price is the basis for computation of duty and normally applied to CIF (Cost, Insurance, and Freight) value for import and FOB (Free On Board) for export.

Step 10 : Hire an experienced Accounting firm

For new businesses it is generally cheaper and preferable to hire an outside accounting firm rather than an in-house accountant. An in-house admin or bookkeeper can make sense for the basic invoicing and paperwork, but an experienced accountant is essential.

The savings available from correct filings and using all available tax deductions and strategies will often cancel out the accountants fees, making you even more money.

Why Is Accounting Important?

Accounting plays a vital role in running a business because it helps you track income and expenditure, ensure statutory compliance, and provide investors, management, and government with quantitative financial information which can be used in making business decisions.

It Helps in Evaluating the Performance of Business

Your financial records reflect the results of operations as well as the financial position of your small business or corporation. In other words, they help you understand what's going on with your business financially.

It Ensures Statutory Compliance

Proper accounting systems and processes will help you ensure statutory compliance when it comes to your business. The accounting function will ensure that liabilities such as sales tax, VAT, income tax, and pension funds, etc etc.. are appropriately addressed.

It Helps to Create Budget and Future Projections

Budgeting and future projections can make or break a business, and your financial records will play a crucial role when it comes to it.

Business trends and projections are based on historical financial data to keep your operations profitable. This financial data is most appropriate when provided by well-structured accounting processes.

It Helps in Filing Financial Statements (we call it the Balance sheet in Thailand).

Companies are required to file their balance sheet and submit it to the Department of Business Development (DBD) and the Revenue department. Financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time. A balance sheet records the arrangement of money in a business and it shows the accounting value of all the company's assets, liabilities and equity, which may lead to conclusions regarding the liquidity of the entity.

It's called a balance sheet because the two sides balance out. A company has to pay for all the things it has (assets) by either borrowing money (liabilities) or getting it from

shareholders (shareholders' equity). These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by the shareholders.

A balance sheet must be made at least once every 12 months wherein such twelve-month period constitutes the company's accounting period or financial year. A newly established company should close accounts within 12 months from its registration. This must be certified by a qualified external auditor and must be filed with the Revenue Department and Department of Business Development every year.

The balance sheet must be examined by one or more auditors and submitted for adoption to a general meeting within 4 months after its date. A copy of it must be sent to every person entered in the list of shareholders at least 3 days before the general meeting. Copies must also be kept open at the offices of the company during the same period for inspection by the shareholders. When the accounts or the documents relevant thereto are lost or damaged, the person having the duty to keep accounts shall notify the Chief Accounts Inspector or the Accounts Inspector of the loss or damage within fifteen days from the date of knowledge thereof, or the date such loss or damage ought to have been known.



Step 11 : Understand the potential fines, so you can avoid them

Failing to file and pay taxes on time will cause you some serious amounts of fines. SO it's very important for you to know the due date of each tax type.

- Financial statements / Balance Sheet and Annual Corporate Income Tax Return (PND 50) - The company's annual financial statement must be filed, along with its annual income tax return, with the Revenue Department and Department of Business Development, within 150 days after the end of its accounting period. Otherwise, the company is liable to a 16,000 THB fine
- Withholding Tax (PND 3, 53) - must be filed and paid to the Revenue Department (via their online system) within the 15th of the following month.
- Salary tax (monthly personal income tax) or PND 1 - must be filed and paid to the Revenue Department (via their online system) within the 15th of the following month.
- Person income tax return (PND 90/91) - Your annual tax return must be filed, with the Revenue Department and Department within the end of February of the following year.
- Social security Insurance fund - must be filed and paid to the Social security insurance office through some banks 'counter service within the 15th of the following month.
- Half-year Corporate Income Tax Return (PND 51) - must be filed, along with its half -year income tax return, with the Revenue Department by the end of the eighth month of its accounting period.
- Value Added Tax Return or VAT (PP 30) – Sale and expense reports must be filed along with VAT return within 23rd of the following month.



Step 12 : Know some basic Thailand Labour Laws.

Relations between employers and employees are covered by the Thai Labor Protection Act (LPA). The latest manifestation was revised to the Thai LPA was in 2010. The basic presumption of Thai Labor Law is that the Employer is in a superior position in relation to the Employee therefore Employees require the law to equalize the imbalance of power. The Labor Protection Act regulates minimum standards for pay and working hours for employees.

Minimum Wages

The minimum wages per day are fixed at rates depending on the location of the workplace. From 1 April 2018, the Thai minimum wages are as follows:

Baht 308 - for Narathiwat, Pattani and Yala

Baht 310 - for Kampaengpet, Chaiyapoom, Chumpon, Chiangrai, Trang, Tak, Nakorn Srithammarat, Pichit, Prae, Mahasarakham, Maehongson, Ranong, Ratchaburi, Lampang, Lampoon, Srisaket, Satun, Singh Buri, Sukhothai, Nongbua Lampoo, Amnat Charoen and Uthai Thani

Baht 315 for Kanchanaburi, Chainat, Nakornpanom, Nakorn Sawan, Nan, Bueng Kan, Buriram, Prachuab Kirikhan, Payao, Pattalung, Pitsanulok, Petchburi, Petchaboon, Yasothorn, Roiet, Loei, Sakaew, Surin, Angthong, Udon Thani and Utaradit

Baht 318 for Kalasin, Chantaburi, Nakorn Nayok, Prachinburi, Mukdahan, Sakon Nakorn and Samut Songkram

Baht 320 for Krabi, Khonkaen, Chiangmai, Trad, Nakorn Ratchasima, Ayudhya, Phang-nga, Lopburi, Songkhla, Saraburi, Suphanburi, Surat Thani, Nongkhai, and Ubon Ratchathani

Baht 325 for Bangkok, Chachoengsao, Nakorn Pathom, Nonthaburi, Pathum Thani, Samut Prakarn and Samut Sakorn

Baht 330 Chonburi, Phuket and Rayong

Note : The above rates are subject to change from time to time, [correct at 2020].



Working Hours and Leave

The maximum number of working hours of employees is fixed at 8 hours a day and 48 hours a week in total. In some types of work, as stipulated by law, the employer and the employee may agree to arrange the period of working hours but the working hours in any case must not exceed 48 hours a week. In establishments which the work is deemed injurious to health or personal safety, as stipulated by law, working hours must not exceed 7 hours a day and 42 hours a week in total.

All employees are entitled to a daily rest period of at least 1 hour after working for 5 consecutive hours. The employer and the employee may arrange the daily rest period to be shorter than 1 hour at each time but it must not be less than 1 hour a day in total. A weekly holiday of at least 1 day a week at intervals of a 6 day period must be arranged for the employee.

For work performed in excess of the maximum number of hours fixed either by regulation or by specific agreement (if the latter is lower), employees must be paid overtime compensation. The rates of overtime vary ranging from 1.5 times to 3 times the normal average hourly wage rate for the actual overtime worked. Certain employees engaged in employment related work on behalf of the employer and other types of work as prescribed by law are not entitled to overtime compensation. The maximum number of overtime working hours is limited to not more than 36 hours a week.

All employees are entitled to unlimited sick leave, but the number of days paid sick leave shall not exceed 30 regular workdays a year. The employer may require an employee to produce a certificate from a qualified doctor for a sick leave of three days or more.

A female employee is entitled to maternity leave for a period of 90 days including holidays, but the number of days paid leave shall not exceed 45 days.

An employee who has worked consecutively for one year is entitled to at least 6 working days of paid vacation every year, in addition to the 13 holidays in a year traditionally observed in Thailand.



Employee Records

An employer with 10 or more regular employees is required to establish written rules and regulations in the Thai language governing work performance and to display these regulations on the work premises within 15 days from the date that the number of employees reaches 10 employees or more. A copy of these rules and regulations must be submitted to the Department of Labor Protection and Welfare within seven days from the date that the employer announces or displays the working regulations.

An employer with 10 or more regular employees is also required to maintain an employee register in the Thai language with documents pertaining to the payment of wages, overtime, holiday work and overtime on holidays. The employee register must be maintained for at least two years after the date of termination of employment of each employee together with the supporting source documents.

Termination of Employment

If an employment contract does not specify any duration, either party can terminate the contract by giving the other party a written notice before or at the date the wage payment is due, to take effect on the following wage payment due date.

An employer does not have to pay severance pay to an employee when employment is terminated upon any of the following conditions:

- (1) performing his/her duty dishonestly or intentionally committing a criminal offence against the Employer;
 - (2) willfully causing damage to the Employer;
 - (3) committing negligent acts causing serious damage to the Employer;
 - (4) violating work rule, regulation or order of the Employer which is lawful and just, and after written warning having been given by the Employer, except for a serious case with no requirement for the Employer to give warning.
- The written warning shall be valid of not exceeding one year from the date when the employee commits the offence;
- (5) absenting himself/herself from duty without justifiable reason for three consecutive working days regardless of whether there is holiday in between;
 - (6) being sentenced to imprisonment by a final court judgment.

In item (6), if the imprisonment is for offences committed by negligence or a petty offense, it shall be the offense causing damage to the Employer.

Upon termination of employment without severance pay upon the above conditions, the Employer needs to specify the fact which is the cause of termination in a letter of termination of employment or inform the cause of termination to the employee at the time of termination of employment.

An employee terminated without a valid cause as stipulated by law is entitled to receive the following severance pay:

30 days' wages where the employment period is at least 120 days but is less than one year.

90 days' wages where the employment period is at least one year but is less than three years.

180 days' wages where the employment period is at least three years but is less than six years.

240 days' wages where the employment period is at least six years but is less than ten years.

300 days' wages where the employment period is ten years or more.

In the event that the employer relocates its place of business that essentially affects the normal living of an employee or his/her family, the employer must notify the employee of the relocation at least 30 days in advance or pay an amount in lieu of the advance notice equal to 30 days' wages. In this connection, if the employee refuses to move and work in the new location, the employee has the right to terminate the employment contract and is entitled to receive a special severance pay of not less than the prescribed rates of severance pay.

In the event that the employer terminates the employment of an employee as a consequence of streamlining the work units, production process, distribution service, or the introduction or change of machinery or technology, which thereby results in the reduction of the number of employees, the employer must notify the Labor Inspector and the employee concerned at least 60 days before the date of termination of the employment or pay in lieu of the advance notice to the employee an amount equal to 60 days' wages. The terminated employee will be entitled to the prescribed rates of severance pay. Moreover, if the terminated employee has worked consecutively for over 6 years, the employee would be entitled to an additional special severance pay at the rate of 15 days' wages per one full year of service, calculating from the start of year 7 onwards. However, the total amount of this additional special severance pay is limited to the equivalent of 360 days' wages.

Read the official version of the Thai Labor Law:

Labor Protection Act B.E. 2541 (A.D. 1998) – English version

Labor Protection Act B.E. 2541 – Thai version

Labor Protection Act B.E. (No.2) 2551 (A.D. 2008) – English version

Labor Protection Act B.E. (No.2) 2551 – Thai version

Labor Protection Act B.E. (No.3) 2551 (A.D. 2008) – English version

Labor Protection Act B.E. (No.3) 2551 – Thai version



Step 13 : Learn the Thai Language and Culture

To really make your business work, it is essential that you at least understand some Thai language and have a basic understanding of the culture. There are several institutes that offer Thai Language courses such as The Center of Thai as a Foreign Language (CTFL) at Chulalongkorn University, which offers language, social, and cultural courses for foreigners. Alternatively, finding a reliable Thai business partner to help you navigate the language barrier can also be useful. Also it is a MUST for you to know what are Do's and Don'ts in Thailand.

Here are some examples;

Thailand Do's

- Do respect all Buddha images. Buddha images are held sacred and sacrilegious acts are punishable by imprisonment even if committed by foreign visitors.
- Do dress properly when visiting a temple.
- Do remove your shoes before entering a temple, somebody's house and even some shops.
- Do treat monks with the highest respect.
- Do try and keep calm no matter what the problem or provocation may be.
- Do eat with a spoon. Use the fork to load food on to the spoon.
- Do lower your body slightly when passing between or in front of people.
- Do try and learn a few basic phrases in Thai, like 'hello' and 'thank you'.
- Do smile a lot.
- Do enjoy yourself. Thais like life to be "Sanuk".

Thailand Don'ts

- Don't show disrespect towards the Thai Royal Family.
- Don't cross your legs when you are in the presence of a monk. This applies whether you are sitting on the floor or in a chair.
- Don't touch a Thai woman without consent. Despite the image portrayed in some bars and clubs, the majority of Thai women are conservative.
- Don't be overly affectionate in public. This has changed in recent years and younger Thai couples can be seen holding hands, but snogging your boyfriend or girlfriend in the middle of the shopping mall won't win you too many friends. As with many things, Thais know that behavior in the West is different to Thailand so you won't be chased out of town for holding hands with your partner, but resist the temptation to do so inside temple grounds.
- Don't sunbathe nude. This is offensive to most Thai people although nobody is likely to say anything to you if you do so or look at you too much.
- Don't worry too much about whether you should "Wai" or not.
- Don't touch a Thai person's head or ruffle their hair. Apologize if you accidentally touch somebody's head. There are exceptions to this standard of behaviour; for example, it doesn't apply to lovers in the privacy of their room. Thai people will also sometimes pat a child on the head, but as a Westerner it's best not to do this to any child to prevent embarrassment.
- Don't place your feet on the table while sitting, don't point to anything with your feet
- Don't touch anybody with your feet.
- Don't raise your voice or lose your temper; try and be jai yen.
- Don't be offended by questions about age, salary or marital status. These are common questions Thais ask each other when first meeting and will think nothing about asking the same questions to foreign tourists. Of course, you don't have to answer, just smile and just say it's a secret or 'mai bok' ('not telling').

- Don't take Buddha images out of the country. Strictly speaking it is against the law to take or send Buddha images out of the country unless special permission has been granted. However, this doesn't mean that stores won't sell them to you.
- Don't overstay your visa.

Summary

There are some 1 time expenses and ongoing expenses both monthly and yearly that you have to sum up and plan well then you kind of know if this whole idea of (having a business) will work or not. Here are some examples of all expenses.

Initial expenses;

- Company formation - 15,000 - 55,000 baht depending on how much the registered capital will be.
- Social security insurance registration - 5,000 baht.
- VAT registration - 5,000 baht.
- BOI Application (if you wanted to apply for BOI's benefits) - 85,000 - 250,000 baht depending on what type of business would you like to set up.
- Visa conversion from tourist visa to Non Immigrant B or Non Immigrant O is from 25,000 - 30,000 baht.
- New Work permit - 14,000 baht.
- 1 Year Non B Visa - 25,000 baht.
- Business licenses depending on the type of business and whether it needs a special license. For example : Food selling license can be 7000 baht, Liquor license 9,000 baht. FDA license can be 120,000 baht.

Notes : 1. These prices are based on the fair market prices using professional agencies in the Pattaya area In other areas of Thailand things may be more expensive or even much cheaper. The prices include the government fees and service charges from the business support agencies.

2. You can complete the above items at a lower cost if you handle everything yourself, only needing to pay the government fees. However when you factor in the time and opportunity costs it is typically cheaper to use an agency. Your business will work best when you are focused on running the business rather than dealing with paperwork.

Monthly expenses;

- Salary tax (monthly payment for your personal income tax) - starting from 800 THB/month (depending on how much you set for your salary).
- Social security insurance of your staff - start from 1100 to 1500 baht per person but you pay only 50% of this (another 50% is deducted from your staff's salaries).
- VAT (depends on the turnover each month, and if the company hasn't made anywhere near 1.8 million yet then you won't have to pay VAT).
- Withholding tax
- Accounting services. You may need a good accounting firm to help you with the accounts, especially when you are new to Thailand. You should have someone

with whom you can check that everything is ok. Their service charge can be from 2,000 baht to 50,000 baht per month depending on what you need them to do for you.

Yearly Expenses;

- Non B visa renewal - 15,000 - 25,000 baht depending on agencies and the company's paper works.
- Work permit renewal - around 10,000 - 12,000 baht depending on the agency whose services you use.
- Service charge from an accountant to help you with the financial statements (Balance sheet) which start from 9,000 baht (depending on how much the turnover of the company is), this can be very expensive as it's a big job which needs someone who has licenses to do.
- Corporate income tax.
- Personal income tax.
- Sign tax (if there are any signs of the business).
- Building and Land tax *** This is very important for you to know this tax *** We didn't mention this kind of tax in step 9 because it's not what you have to pay in terms of running a business in Thailand. But somehow if you will be renting an office / a place from someone/ some people they might push this tax to be your responsibility. Building and Land Tax means tax levied on real estate that is continuously utilized. Whether it is for renting, opening business and / or providing services from dormitories, schools, banks, hospitals and other establishments, the property owner must pay the house and land tax when utilizing the building or land. Except for residential houses and properties that are legally exempt. Even though the law clearly states that the property owner must pay the house and land tax when utilizing the building or land, somehow most Thai landlords love to push this responsibility onto their tenants. So when you are renting an office/ workplace, you MUST check the rental contract carefully and it's good to talk and mention about this tax to the landlord before you sign any contract.

Notes : These prices are based on the fair marketing prices in Pattaya area, other areas in Thailand things might be more expensive or maybe cheaper. And the prices are including the government fees and service charges from the business support agencies.

One Last Thing...

Above has been written by me, Pat.. I have 16 years of experience in this field and it's all written to the best of my knowledge at the time of writing (August 2020). Hopefully this will do some good to those people out there who need these guidelines to pursue their dreams and have a strong profitable business in Thailand.

I would love to hear all the good things about how you apply the information I gave to build your business. And please do not forget to pass on this knowledge to your friends and family who have the same dream.

Be amazing.

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