



## HOW TO FORM A CORPORATION IN THAILAND

**The following information will be helpful to foreigners, who wish to stay longer or work in Thailand, conduct a business or plan to settle in Thailand :**

1. Forming a corporate in Thailand
2. Marriage with Thai Nationals
3. Purchase the property
4. Leasing for 30 years or making the other contracts.

**The principal forms of business organization under Thai law,** Thailand recognizes three types of Business Organization:

### **1. Partnerships**

- Unregistered ordinary partnership, in which all partners are jointly and unlimitedly liable for all obligations of the partnerships.

- When an ordinary partnerships is registered, it is called a “Limited Partnership”, this partnership becomes a legal entity and separate liability from the individual partners. There are two types of partners, limited liability and unlimited liability, for all obligation of the Limited Partnership.

### **2. Limited Company composed of**

2.1 A Limited Company is governed by the Civil and Commercial Code, Registration of a limited company shall start with a minimum of 7 promoters or shareholders subscribing their names to a Memorandum of Association of a Limited Company, **\*\*[see the procedures](#)\*\***

2.2 A Public Limited Company is governed by the Public Company Act, a minimum of 15 promoters is required for the formation and registration of the Memorandum of Association of a Public Limited Company, and share must have a par value of at least 5 baht each and be fully paid up.

- The registration fee is 2,000.-baht per 1,000,000.-baht of registered capital.

### **3. Joint Venture**

means to the group of persons either natural and/or juristic, entering into an agreement in order to carry out a business together. It has not been recognized as a legal entity under the Civil and Commercial Code. But the income from the joint venture is subject to corporate taxation under the Revenue Code, which classifies it as a single entity.



## **The procedures of forming a Limited Company in Thailand**

### **1. Corporate name reservation**

The name of the proposed Corporation must not be the same or similar to any existing Corporation, and you shall have 3 choices in Thai and English. Therefore, the name reservation shall be filed with the Department of Business Development, Ministry of Commerce, or make reservation by the Internet, it takes 1-3 days waiting period. The granted name must be in the company's formation within 30 days from reservation.

### **2. Register a Memorandum of Association of a Corporate**

A Memorandum of Association of Limited Company made by the promoters, as prescribed in sections 1098 – 1099 of Civil and Commercial Code, must contain the following particulars:

- 1) Name of the Limited Company.
- 2) Province in which the registered office of the company shall be situated.
- 3) The company's objectives.
- 4) Acknowledgement that the shareholders' liability is subject to limitations.
- 5) The number of shares capital and their average value with which the company proposed to be registered, there are no minimum capital requirements, hereto every promoter must subscribe at least one share, although the first payment on the shares must not be less than 25% of amount of their shares.

- The register charge for Memorandum of Association, registered capital for 1,000,000.- baht, the minimum fee is 500.-baht, maximum 25,000.-baht.

- However, a majority foreign owned company (or a company sponsoring a foreigner's work permit) requires a minimum of 2,000,000 baht capital.

- 6) The name, addresses, occupations and signatures of the Promoters and at least two witnesses' signatures who certify the signatures of Promoters.

**Note:** 1. This step, the foreigners shall fix the number of preference shares, if any, to be issued, and the nature and extent of the preferential rights accruing to them. \* Consult with your Attorney\*

2. To register the company, there are many government forms are required, however, the Applicant or Promoters need to put down their signatures at the presence of the Registrar or Attorney, or appoint the attorney to register your corporation.



### **3. Convene a Statutory Meeting**

When the share structure has been defined, the promoters must hold a General Meeting of subscribers, called the Statutory Meeting. The first directors and auditor will be appointed and other duties regulated by statute must be done at this meeting. A minimum of 25% of the par value of each subscribed share must be paid as well.

### **4. Registration**

After the Statutory Meeting, the directors must submit the application to establish the company within 3 months. If not the company is not formed and all the money received from the applicants must be repaid without any deduction. The company registration fees is 500.-baht per 100,000.-baht and the maximum fee is 250,000.-baht. The whole process of register a company approximately takes 3 weeks to complete.

Note : Foreigner who is a shareholder / director of a limited company in Thailand must still apply for a non-immigrant visa and a work permit to be allowed to stay or work in Thailand. \*Please consult with your Attorney\*

### **5. Tax Registration**

In regarding to the Revenue Code, businesses liable for income tax must obtain a Tax ID Card and number for the corporation from the Area Revenue Department within 60 days of incorporation. Any business that has an annual turnover exceeding 1.8 million Baht must register for VAT within 30 days of the date such business reaches 1,800,000.-baht in sales or provided services in Thailand. The corporate income tax rate in Thailand is 30% of profit.