

Legal Update

AMENDMENT TO REGULATION OF OFFICE OF THE CENTRAL COMPANY AND PARTNERSHIP REGISTRATION

The Central Registrar has issued the amendment to regulation of Office of the Central Company and Partnership Registration which has been effective since 1 March 2011 onward.

Summary of certain significant amendments of such regulation in relation to the additional documents that the applicant shall be required to submit to the registrar at the time of registration with the Department of Business Development, Ministry of Commerce are as follows:

1. At the time of registration of the Memorandum of Association and/or change of director, photocopies of identification card (in case of Thai national) or valid passport page(s) containing particulars of holder's identity, passport number and issuance and expiry dates (in case of foreign national) of **all promoters and new directors**, duly certified as true copies by the applicant(s) signing the applications relating thereto, shall be required;
2. At the time of registration of incorporation and/or any change of company's address, map showing the location of registered office, either **head office or branch office**, duly certified as true copies by the applicant(s) signing the applications relating thereto, shall be required;
3. In case foreigner(s) is/are the applicant(s) signing the applications of any registrations e.g. registration of the Memorandum of Association, Incorporation or any changes etc., following documents shall be required:
 - 3.1 If the foreign applicant signs the application **in Thailand**, photocopy of passport page (in addition to passport page(s) containing particulars of holder's identity) **showing immigration stamp of entering into Thailand during signing period of such foreign applicant**, duly certified as true copy by such passport's holder, shall be required; or
 - 3.2 If the foreign applicant signs the application **outside Thailand**, the signature of such foreign applicant must be affixed before any of the following person(s):
 - An authorized official of the Thai Embassy or Thai Consul or a Chief of Office under the Ministry of Commerce who is in charge of operation in such country or their designees; or
 - A person having full authority in providing complete certification of the applicant's signature in accordance with the applicable laws of such country, such as notary public; or
 - Two reliable persons signing in Thailand in the presence of the Registrar to certify that the signature affixed on the application is the real signature of such applicant.

Thai translation on the details of certified signature(s) of the foreign applicant signing the application outside Thailand by the qualified persons mentioned above, duly certified the translation by the translator, may be required upon the registrar's discretion.

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REDUCTION ON CORPORATE INCOME TAX

In order to boost an investment in Thailand and help business operators due to the cost of increase on minimum wages within two years, the Prime Minister acknowledged that a large wage increase would pressure business operators, so a lower corporate income tax rate to offset higher labor costs should be appropriate.

Currently, the Ministry of Finance is studying the possibility to reduce the corporate income tax rate from 30% to 18 - 19% and if it is the case, such will also apply to companies that enjoy tax exemptions under the Office of the Board of Investment. Moreover, the Chairman of the Federation of Thai industries supported the idea of a lower corporate income tax in return for business operators to support a big rise in the country's minimum wage.

In Asean, the rate of corporate income tax is 30% in Thailand and the Philippines, 25% in China, Malaysia, Indonesia and Vietnam, and 17% in Singapore, respectively.

DONATIONS TO VICTIMS IN JAPAN AND SOUTHERN THAILAND ARE TAX-DEDUCTIBLE

The Revenue Department resolved that donors (i.e. individuals and companies/partnerships) can deduct their income taxes on donations to victims in Japan and southern Thailand in accordance with the following details:

(i) Individuals

Only monies which are transferred to the accounts of government agencies or companies/ partnerships, as the representatives, for helping victims in Japan and Southern Thailand such as Television Channels 3, 5, 7, 9 etc. are entitled to tax deduction in the actual amount (including other donations) but not exceeding 10% of taxable income. The donation receipt, such as donation certificate issued by the government agencies or juristic persons' donation representatives, transferred slip, paid-in slip, shall be obtained as an evidence for tax deduction.

(ii) Companies/ Partnerships

Monies or properties for donation to help victims in Japan and Southern Thailand are entitled to tax deduction in the actual amount but not exceeding 2% of annual net profits in the year of donation. Furthermore, such properties or goods for donation are exempted from value-added tax (VAT).

However, the representatives for the donation that received monies and properties under items (i) and (ii) must donate such donation to any of Thai government agencies only, e.g the Ministry of Foreign Affairs, and such government agency shall issue the donation certificate or evidence showing the receiving of such donation in the balance equivalent to total donation amount. In this case, donors in items (i) and (ii) shall be entitled to tax deduction on such donations. In case the representatives donate such donations directly to the victims, the donors in item (i) and (ii) shall not be entitled to such tax deduction.

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