

# DOING BUSINESS

IN THAILAND

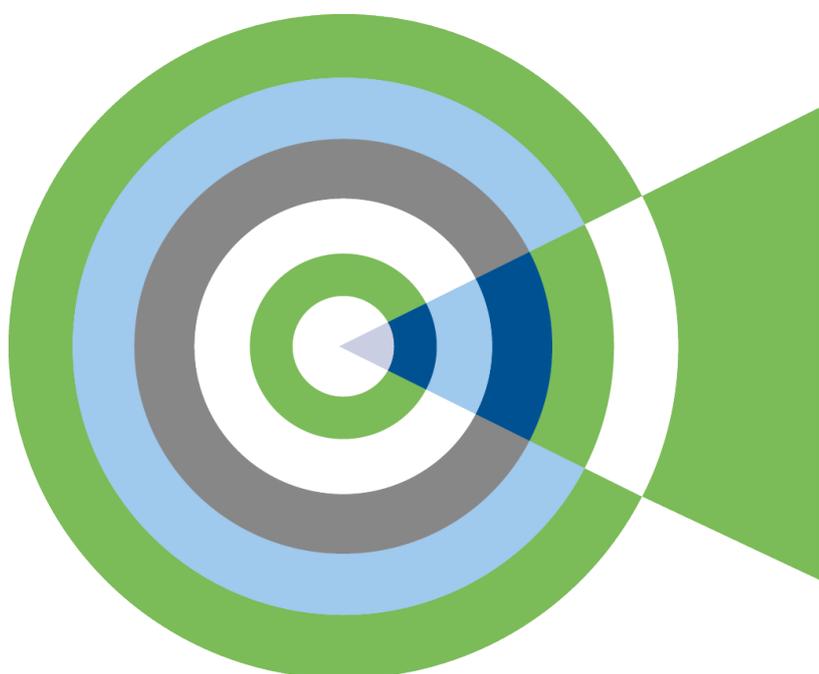


The network  
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business

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# 1 – INTRODUCTION

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UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 100 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Thailand has been provided by the office of UHY representatives:

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A detailed firm profile for UHY's representation in Thailand can be found in section 8.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at August 2022.

We look forward to helping you do business in Thailand.

## 2 – BUSINESS ENVIRONMENT



### Strategic Location

THAILAND, with its population of 66 million, stands at the heart of the ASEAN Economic Community, a 10-nation Southeast Asian common market of 661.8 million consumers. It has the 2nd largest economy in Southeast Asia, with a strong consumer base having a total buying power of over US\$246.11 billion. In addition to its excellent connections with the fast-growing neighbouring CLMV (Cambodia, Laos, Myanmar and Vietnam) countries, the powerhouse economies of nearby China and India are also easily reachable from Thailand by virtue of its world-class infrastructure for air, land, sea and rail transportation. It also boasts excellent digital connectivity, a highly skilled labor force and an excellent standard of living, making Thailand an outstanding value when considering its overall cost effectiveness. These factors, together with the Thai government's comprehensive policies and investment incentives, make Thailand the preferred investment location in the region.

Thailand offers the rewards of almost tariff-free trade with 18 different nations, including major global economies such as Australia, China, New Zealand and South Korea, as well as the ASEAN community. Thailand has signed 13 FTAs. In 2021, Thailand has ratified the Regional Comprehensive Economic Partnership (RCEP) agreement which officially enters into force on January 1st, 2022 and covers nearly one third of the world economy and population.

## Economic Overview

In its June 2022 Monetary Policy Report, the Thai economy will continue to grow at the rate of 3.3 percent in 2022 and 4.2 percent in 2023 thanks to a continued recovery in foreign tourist arrivals and a strong recovery in private consumption in line with the recovery in tourism income and purchasing power of high-income household.

### Projection for Growth and Inflation

Percentage Per Year	2021*	2022	2023
GDP Growth	1.5	3.3	4.2
	-	(3.2)	(4.4)
Headline Inflation	1.2	6.2	2.5
	-	(4.9)	(1.7)
Core Inflation	0.2	2.2	2.0
	-	(2.0)	(1.7)

**Note :** \* Actual outturn

Previous Forecast in Monetary Policy Report - March 2022

**Source:** Bank of Thailand

### Thailand's Economic Projections for 2021 & 2022

Growth Rate (% YOY)	2020	2021	2022f
Real GDP	-6.2	1.5	3.5
Real Private Consumption	-1.0	0.3	4.8
Real Private Investment	-8.2	3.3	5.0

Additional detail from the latest month's Fiscal Policy Report can be found by visiting: [Fiscal Policy Office](#)

**Source:** Fiscal Policy Office

**Last updated:** July 30<sup>th</sup>, 2022

## 3 – FOREIGN INVESTMENT

According to the World Economic Forum, Thailand's Global Competitive Index 4.0 ranking improved to 40th place (out of 141 countries) in 2019, while the World Bank Group's 2020 Ease of Doing Business report ranking Thailand 21st out of 190 countries, up six places from the previous year. Among areas in this report which showed the greatest improvement was a reduction in the number of steps required and amount of time needed for obtaining construction permits, and the score for ease of shareholder suits that in turn helped improve the ranking for protecting minority investors. Thailand's topical score for getting electricity was an outstanding 98.7 (out of 100), which earned the 6th position in that category.



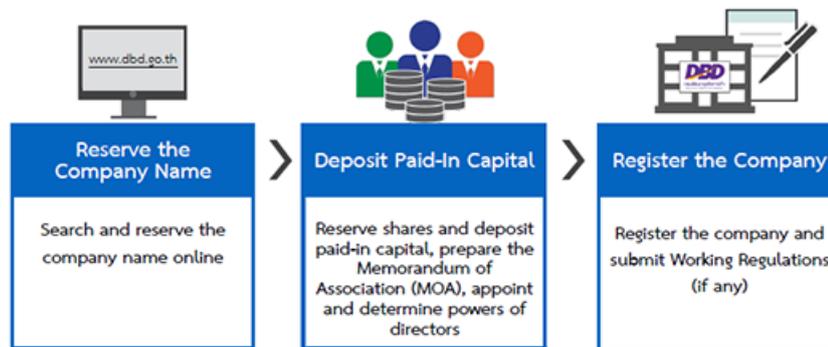
Thailand is the largest automotive exporter among Southeast Asian countries. It is also ranked the second largest Hard Disk Drive (HDD) producer in the world. For biodiesel production, Thailand ranks the 5th of the largest producer in the world and the 1st in ASEAN. Meanwhile, Johns Hopkins University has ranked Thailand as the country with the 5th best health security in the world and the 1st in Asia in the 2021 Global Health Security Index.

Year on year, Thailand's rankings have improved in many areas. Its trade surplus as a percentage of GDP was ranked 25th globally, and its current account surplus earned it a 13th place ranking. Its ranking was 12th largest for agricultural output, while Thailand's manufacturing output was ranked 18th worldwide. It was ranked the world's 25th largest exporter. Industrial output qualified Thailand for a 21st place ranking. Overall, Thailand's economy was ranked 24th in size, and 26th for services output. Despite world-wide economic headwinds, Thailand's economy has continued to move forward, with application requests for new factory openings totaling 2,612, creating new employment opportunities for almost 82,000 workers in 2021 according to the Industry Ministry.

As of July 1st, 2022

## 4 – SETTING UP A BUSINESS

The following is an overview of establishing a business in Thailand.



### Types of Business Structures

#### **PARTNERSHIP**

Thai and Western concepts of partnership are broadly similar. Thailand provides for three general types of partnerships: Unregistered ordinary partnerships, registered ordinary partnerships and Limited partnerships.

#### **LIMITED COMPANIES**

There are two types of limited companies, i.e., private or closely held companies, and public companies. The first is governed by the Civil and Commercial Code, the second by the Public Company Act.

**Private Limited Companies** in Thailand have basic characteristics similar to those of Western corporations. A private limited company is formed through a process which leads to the registration of a Memorandum of Association (Articles of Incorporation) and Articles of Association (By-laws), as its constitutive documents.

A minimum of seven shareholders is required at all times. A private limited company may be wholly owned by aliens. However, in those activities reserved for Thai nationals, aliens' participation is generally allowed up to a maximum of 49 percent. The registration fee for a private limited company is 5,500 baht per million baht of capital.

**Public Limited Companies** registered in Thailand may, subject to compliance with the prospectus, approval, and other requirements, offer shares, debentures and warrants to the public and may apply to have their securities listed on the Stock Exchange of Thailand (SET).

A minimum of 15 promoters is required for the formation and registration of the memorandum of association of a public limited company, and the promoters must hold their shares for a minimum of two years before they can be transferred. The Board of Directors of a public limited company must have a minimum of five members, at least half of them are Thai nationals. The registration fee is 2,000 baht per million baht of capital for a public limited company.

### **JOINT VENTURE**

A joint venture may be described in accordance with general practice as a group of persons (natural and/or juristic) entering into an agreement in order to carry on a business together. It has not yet been recognized as a legal entity under the Civil and Commercial Code. However, income from the joint venture is subject to corporate taxation under the Revenue Code, which classifies it as a single entity.

### **REPRESENTATIVE OFFICE**

A representative office is limited in engaging in non-profit activities. In order to form a representative office, at least one of the following purposes would need to be sought for the purposes of limited “non-trading” activities:

- The business is to search for the source of goods or services in Thailand for the headquarters overseas
- To check the quality and quantity of the product ordered by the headquarters overseas
- To give advices to the headquarters about the goods to order
- To supply the information of the headquarters’ products to the customers in Thailand
- To report the economic movement in Thailand to the headquarters

## **How to Form a Company**

STEP 1: CORPORATE NAME RESERVATION

STEP 2: FILING OF MEMORANDUM OF ASSOCIATION

STEP 3: CONVENE A STATUTORY MEETING

STEP 4: REGISTRATION

STEP 5: TAX REGISTRATION

## 5 – TAXATION

### Income tax for foreign company

In Thailand, there are many kinds of business identities. The type of business you chose will affect your tax rates and tax benefits.

In general, the most common types of business are:

- ❖ Thai company
  - A company registered under Thai law.
- ❖ Foreign company
  - A company carrying on business in Thailand but registered under foreign law.
  - A company not carrying on business in Thailand but deriving income from Thailand.

#### Thai Company

A Thai company generally pays tax at 20% of net profit. However, some types of company are entitled to a rate reduction.

- 📄 Small business with paid-up capital less than 5 million baht
  - 20% of net profit > 1million baht, 15% of net profit between 300,000 - 1 million baht, Exempt for net profit < 300,000 baht
- 📄 Company registered in the Stock Exchange of Thailand (SET)
  - 20% of net profit < 300 million baht for 5 consecutive accounting periods starting from 6th September B.E.2545.
- 📄 Newly registered company in the Stock Exchange of Thailand (SET) and Market for Alternative Investment (MAI) within 3 years starting from 6th September B.E.2545
  - 20% of net profit for newly registered company in SET for 5 consecutive accounting periods.
  - 20% of net profit for newly registered company in MAI for 5 consecutive accounting periods.
- 📄 Bangkok International Banking Facility and Regional Operating Headquarters
  - 10% of net profit from qualified income
- 📄 Association and foundation
  - 2% or 10% on gross receipts

### Foreign Company

A foreign company carrying on business in Thailand, whether it has a branch, an office, an employee or an agent in Thailand shall pay 30% tax (reduced to 20% until 2015) only on profit deriving from business in Thailand. However, international transportation company shall pay tax at the rate of 3% on gross receipts.

### Foreign Company Abroad

A foreign company that does not carry on business in Thailand will be subject to withholding tax on certain categories of income derived from Thailand. The withholding tax rates may be further reduced or exempted depending on types of income under the provision of Double Taxation Agreement.

Rates:

Remittance of profits	10%
Dividends	10%
Other income such as interests, royalties, capital gains, rents and professional fees	15%

### Tax Registration

A foreign company carrying on business in Thailand, whether setting up a branch or an office must apply for tax identification number from the Revenue Department. An application form (Lor Por 10.3) together with other relevant documents i.e. a copy of a company's registration license, house registration, etc. shall be submitted to the Area Revenue Office within 60 days for the date of registration or operation.

### Tax Treaties to Avoid Double Taxation

Currently, Thailand has concluded 57 tax treaty agreements : : Armenia, Australia, Austria, Bangladesh, Bahrain, Belgium, Bulgaria, Canada, China P.R., Cyprus, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Japan, Korea, Laos, Luxembourg, Malaysia, Mauritius, Nepal, the Netherlands, New Zealand, Norway, Oman, Pakistan, the Philippines, Poland, Romania, Seychelles, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Turkey, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United States of America, Uzbekistan, Vietnam, Kuwait, Russia, Chile, Burma, Taiwan, and Estonia .

### Tax Filing and Payments

#### Thai & Foreign Company Carrying on Business in Thailand

Any Thai or foreign company carrying on business in Thailand must submit their tax returns and payments twice a year.

- The semi-annual tax return must be submitted (CIT 51 form) within two months after the end of the first six months, the amount of tax due shall be half of the entire year projection of the company's annual net profit.
- The annual tax returns (CIT 50 form) must be submitted within 150 days after the closing date of its accounting period.

### **International Transportation Business**

A company shall submit tax return (CIT 52 form) and payment within 150 days after the closing date of its accounting period.

### **Foreign Company Not Carrying on Business in Thailand**

A taxpayer in Thailand shall withhold tax at source at the time of payment and submit it together with CIT 54 form to the Area Revenue Office within 7 days of the following month after the payment is made.

### **Electronic Filing and Payments**

A company can easily submit income tax return (CIT 50, 51, 52, 54) and make tax payment via internet at <http://www.rd.go.th> The service opens daily from 6 am. – 10 pm.

### **Tax Benefits**

A company that chooses to register under Thai law shall enjoy various tax benefit schemes such as;

- Income tax holiday from 3 to 8 years for business with Investment Promotion Privileges.
- Reduction or exemption of import duties on raw material and imported machinery for business with Investment Promotion Privileges or industries setting up in Export Processing Zone and Free Trade Zone.
- Double deduction for the cost of transportation, electricity and water supply for industries with Investment Promotion Privileges.
- 200% deduction for the cost of hiring qualified researchers doing research and development project.
- 150% deduction for the cost of employee's training in order to improve human capital.
- Small and medium size company can choose to deduct special initial allowance on the date of acquisition for computer (40%), plant (25%) and machinery (40%).

Last update : Thursday, July 10, 2014

<http://www.rd.go.th/publish/20470.0.html>

## Corporate Income Tax

Corporate Income Tax (CIT) is a direct tax levied on a juristic company or partnership carrying on business in Thailand or not carrying on business in Thailand but deriving certain types of income from Thailand.

### 1. Taxable Person

1.1 A company or a juristic partnership incorporated under Thai law.

- (1) Limited company
- (2) public company limited
- (3) limited partnership
- (4) registered partnership

1.2 A company or a juristic partnership incorporated under foreign law

1.2.1 A company or juristic partnership incorporated under foreign laws and carrying on business in Thailand.

1.2.2 A company or juristic partnership incorporated under foreign laws and carrying on business in other places including Thailand.

1.2.3 A company or juristic partnership incorporated under foreign laws and carrying on business in other places including Thailand, in case of carriage of goods or carriage of passengers

1.2.4 A company or juristic partnership incorporated under foreign laws which has an employee, an agent or a go-between for carrying on business in Thailand and as a result receives income or profits in Thailand.

1.2.5 A company or juristic partnership incorporated under foreign laws and not carrying on business in Thailand but receiving assessable income under Section 40 (2)(3)(4)(5) or (6) which is paid from or in Thailand.

1.3 A business operating in a commercial or profitable manner by a foreign government, organization of a foreign government or any other juristic person established under a foreign law.

1.4 Joint venture

1.5 A foundation or association carrying on revenue generating business, but does not include the foundation or association as prescribed by the Minister in accordance with Section 47 (7) (b) under Revenue Code

### 2. File a Tax Return and Payment

Thai and foreign companies carrying on business in Thailand are required to file their tax returns (Form CIT 50) within one hundred and fifty (150) days from the closing date of their accounting periods. Tax payment must be submitted together with the tax returns. Any company disposing funds representing profits out of Thailand is also required to pay tax on the sum so disposed within seven days from the disposal date (Form CIT 54).

In addition to the annual tax payment, any company subject to CIT on net profits is also required to make tax prepayment (Form CIT 51). A company is obliged to estimate its annual net profit as well as its tax liability and pay half of the estimated tax amount within two months after the end of the first six months of its accounting period. The prepaid tax is creditable against its annual tax liability.

### 3. Accounting period

An accounting period shall be twelve months except in the following cases where it may be less than twelve months:

1. a newly incorporated company or juristic partnership may elect to use the period from its incorporation date to any one date as the first accounting period.
2. a company or juristic partnership may file a request to the Director-General to change the last day of an accounting period. In such a case, the Director-General shall have the power to grant approval as he deems appropriate. Such an order shall be notified to the company or juristic partnership who files the request within a reasonable period of time and in the case where the Director-General grants the permission, the company or juristic partnership shall comply to the accounting period as prescribed by the Director-General.

### 4. Tax Calculation

In the calculation of CIT of a company carrying on business in Thailand, it is calculated from the company's net profit on the accrual basis. A company shall take into account all revenue arising from or in consequence of the business carried on in an accounting period and deducting there from all expenses in accordance with the condition prescribed by the Revenue Code. As for dividend income, one-half of the dividends received by Thai companies from any other Thai companies may be excluded from the taxable income. However, the full amount may be excluded from taxable income if the recipient is a company listed in the Stock Exchange of Thailand or the recipient owns at least 25% of the distributing company's capital interest, provided that the distributing company does not own a direct or indirect capital interest in the recipient company. In calculating CIT, deductible expenses are as follows:

1. Ordinary and necessary expenses. However, the deductible amount of the following expenses is allowed at a special rate:
  - 200% deduction of Research and Development expense
  - 200% deduction of job training expense
  - 200% deduction of expenditure on the provision of equipment for the disabled
2. Interest, except interest on capital reserves or funds of the company
3. Taxes, except for Corporate Income Tax and Value Added Tax paid to the Thai government
4. Net losses carried forward from the last five accounting periods
5. Bad debts
6. Wear and tear
7. Donations of up to 2% of net profits
8. Provident fund contributions
9. Entertainment expenses up to 0.3% of gross receipt but not exceeding 10 million baht
10. Further tax deduction for donations made to public education institutions, and also for any expenses used for the maintenance of public parks, public playgrounds, and/or sports grounds
11. Depreciation: Provided that in no case shall the deduction exceed the following percentage of cost as shown below. However, if a company adopts an accounting method, which the depreciation rates vary from year to year, the company is allowed to do so provided that the number of years over which an asset depreciated shall not be less than 100 divided by the percentage prescribed below.

Types of Assets	Depreciation Rates
<b>1. Building</b> 1.1 Durable building 1.2 Temporary building	5 % 100 %
<b>2. Cost of acquisition of depleted natural resources</b>	5 %
<b>3. Cost of acquisition of lease rights</b> 3.1 no written lease agreement 3.2 written lease agreement containing no renewal clause or containing renewal clause but with a definite duration of renewal periods	10 % 100% divided by the original and renewable lease periods
<b>4. Cost of acquisition of the right in a process, formula, goodwill, trademark, business license, patent, copyright or any other rights:</b> 4.1 unlimited period of use 4.2 limited period of use	10 % 100% divided by number of years used
<b>5. Other depreciation except land and goods</b> 5.1 machinery used in R&D  5.2 cash registering machine  5.3 passenger car or bus with no more than 10 passengers capacity	20 % initial allowance of 40% on the date of acquisition and the residual can be depreciated at the rate in 5  initial allowance of 40% on the date of acquisition and the residual can be depreciated at the rate in 5  depreciated at the rate in 5 but the depreciable value is limited to one million baht
<b>6. Computer and accessories</b> 6.1 SMEs*  6.2 other business	initial allowance of 40% on the date of acquisition and the residual can be depreciated over 3 years  depreciated over 3 years
<b>7. Computer programs</b> 7.1 SMEs*  7.2 other business	initial allowance of 40% on the date of acquisition and the residual can be depreciated over 3 years  depreciated over 3 years

\* **SMEs** refer to any Thai companies with fixed assets less than 200 million baht and number of employee not exceeding 200 people

12. The following items **shall not be allowed** as expenses in the calculation of net profits:

- (1) Reserves (with some exceptions):
- (2) Fund except provident fund under the rules, procedures and conditions prescribed by a Ministerial regulations.
- (3) Expense for personal, gift, or charitable purpose except expense for public charity, or for public benefit
- (4) Entertainment or service fees

(5) Capital expense or expense for the addition, change, expansion or improvement of an asset but not for repair in order to maintain its present condition.

(6) Fine and/or surcharge, criminal fine, income tax of a company or juristic partnership.

(7) The withdrawal of money without remuneration of a partner in a juristic partnership

(8) The part of salary of a shareholder or partner which is paid in excess of appropriate amount.

(9) Expense which is not actually incurred or expense which should have been paid in another accounting period except in the case where it cannot be entered in any accounting period, then it may be entered in the following accounting period.

(10) Remuneration for assets which a company or juristic partnership owns and uses.

(11) Interest paid to equity, reserves or funds of the company or juristic partnership itself.

(12) Damages claimable from an insurance or other protection contracts or loss from previous accounting periods except net loss carried forward for five years up to the present accounting period.

(13) Expense which is not for the purpose of making profits or for the business.

(14) Expense which is not for the purpose of business in Thailand.

(15) Cost of purchase of asset and expense related to the purchase or sale of asset, but only the amount in excess of normal cost and expense without reasonable cause.

(16) Value of lost or depleted natural resources due to the carrying on of business.

(17) Value of assets apart from devalued assets subject to Section 65 Bis.

(18) Expense which a payer cannot identify the recipient.

(19) Any expense payable from profits received after the end of an accounting period.

(20) Expense similar to those specified in (1) to (19) as will be prescribed by a Royal Decree.

## 5. Tax Rates

The corporate income tax rate in Thailand is 20 % on net profit (accounting periods 2015). However, the rates vary depending on types of taxpayers

Taxpayer	Tax Base	Rate (%)
1. Small company <sup>1</sup>	- Net profit from 300,000 not exceeding 3 million baht  - Net profit over 3 million baht	15%  20% (accounting periods 2015)
2. Companies listed in Stock Exchange of Thailand (SET)	Net profit	20% (accounting periods 2015)
3. Companies newly listed in Stock Exchange of Thailand (SET)	Net Profit	20% (accounting periods 2015)

4. Company newly listed in Market for Alternative Investment (MAI)	Net Profit	20% (accounting periods 2015)
5. Bank deriving profits from International Banking Facilities (IBF)	Net Profit	10%
6. Foreign company engaging in international transportation	Gross receipts	3%
7. Foreign company not carrying on business in Thailand receiving dividends from Thailand	Gross receipts	10%
8.. Foreign company not carrying on business in Thailand receiving other types of income apart from dividend from Thailand	Gross receipts	15%
9. Foreign company disposing profit out of Thailand.	Amount disposed.	10%
10. Profitable association and foundation.	Gross receipts	2% or 10%

**Notes:**

1. A small company refers to any company with paid-up capital less than 5 million baht at the end of each accounting period.

**6. Withholding Tax**

Certain types of income paid to companies are subject to withholding tax at source. The withholding tax rates depend on the types of income and the tax status of the recipient. The payer of income is required to file the return (Form CIT 53) and submit the amount of tax withheld to the District Revenue Offices within seven days of the following month in which the payment is made. The tax withheld will be credited against final tax liability of the taxpayer. The following are the withholding tax rates on some important types of income.

Types of income	Withholding tax rate
1.Dividends	10 %
2.Interest <sup>1</sup>	1 %
3.Royalties <sup>2</sup>	3%
4. Advertising Fees	2%
5. Service and professional fees	3 % if paid to Thai company or foreign company having permanent branch in Thailand; 5% if paid to foreign company not having permanent branch in Thailand
6. Prizes	5%

**Notes:**

1. Tax will be withheld on interest paid to associations or foundations at the rate of 10%.
2. Royalties paid to associations or foundations are subject to 10% withholding tax rate.
3. Government agencies are required to withhold tax at the rate of 1% on all types of income paid to companies.

## 6 – ACCOUNTING & REPORTING

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### Reporting Requirements

#### BOOKS OF ACCOUNTS AND STATUTORY RECORDS

Companies must keep books and follow accounting procedures as specified in the Civil and Commercial Code, the Revenue Code, and the Accounts Act. Documents may be prepared in any language, provided that a Thai translation is attached. All accounting entries should be written in ink, typewritten, or printed. Specifically, Section 12 of the Accounts Act of 2000 provides rules on how accounts should be maintained:

“In keeping accounts, the person with the duty to keep accounts must hand over the documents required for making accounting entries to the bookkeeper correctly and completely, in order that the accounts so kept may show the results of operations, financial position according to facts and accounting standards.”

#### ACCOUNTING PERIOD

An accounting period must be 12 months. Unless the Articles of Association state otherwise, a newly established company should close accounts within 12 months of its registration. Thereafter, the accounts should be closed every 12 months. If a company wishes to change its accounting period, it must obtain written approval from the Director-General of the Revenue Department.

#### REPORTING REQUIREMENTS

All juristic companies, partnerships, branches of foreign companies, and joint ventures are required to prepare financial statements for each accounting period. The financial statement must be audited by and subjected to the opinion of a certified auditor, with the exception of the financial statement of a registered partnership established under Thai law, whose total capital, assets, and income are not more than that prescribed in Ministerial Regulations. The performance record is to be certified by the company’s auditor, approved by shareholders, and filed with the Commercial Registration Department of the MOC and with the Revenue Department of the Ministry of Finance (MOF).

For a private limited company, the director is responsible for arranging the annual meeting of shareholders to approve the company’s audited financial statement within 4 months at the end of the fiscal year, and filing the audited statement and supporting documents, including a list of shareholders on the date of the meeting, to the Registrar no later than 1 month after the date of the shareholder meeting.

For a foreign company, i.e. branch office, representative office or regional office, and excluding joint ventures, the Manager of the branch office must submit a copy of the financial statement to the Registrar no later than 150 days after the end of the fiscal year. Approval of the shareholder meeting is not required. For a public limited company, the director is responsible for arranging the annual meeting of shareholders to approve the audited financial statements of a company within 4 months at the end of the fiscal year.

A copy of the audited financial statement and annual report, together with a copy of the minutes of the shareholder meeting approving the financial statement, should be certified by the director and submitted to the Registrar, along with a list of shareholders on the date of the meeting, no later than 1 month after approval at the shareholder's meeting. In addition, the company is required to publish the balance sheet for public information in a newspaper for a period of at least 1 day within 1 month of the date it was approved at the shareholder's meeting.

### ACCOUNTING PRINCIPLES

In general, the basic accounting principles practiced in the United States are accepted in Thailand, as are accounting methods and conventions sanctioned by law. The Institute of Certified Accountants and Auditors of Thailand is the authoritative group promoting the application of generally accepted accounting principles.

Any accounting method adopted by a company must be used consistently and may be changed only with approval of the Revenue Department. Certain accounting practices of note include:

**Depreciation:** The Revenue Code permits the use of varying depreciation rates according to the nature of the asset, which has the effect of depreciating the asset over a period that may be shorter than its estimated useful life. These maximum depreciation rates are not mandatory. A company may use a lower rate that approximates the estimated useful life of the asset. If a lower rate is used in the books of the accounts, the same rate must be used in the income tax return.

**Accounting for Pension Plans:** Contributions to a pension or provident fund are not deductible for tax purposes unless they are actually paid out to the employees, or if the fund is approved by the Revenue Department and managed by a licensed fund manager.

**Consolidation:** Local companies with either foreign or local subsidiaries are not required to consolidate their financial statements for tax and other government reporting purposes, except for listed companies, which must submit consolidated financial statements to the Securities and Exchange Commission of Thailand.

**Statutory Reserve:** A statutory reserve of at least 5% of annual net profit arising from the business must be appropriated by the company at each distribution of dividends until the reserve reaches at least 10% of the company's authorized capital.

**Stock Dividends:** Stock dividends are taxable as ordinary dividends and may be declared only if there is an approved increase in authorized capital. The law requires the authorized capital to be subscribed in full by the shareholders.

### AUDITING REQUIREMENTS AND STANDARDS

Audited financial statements of juristic entities (i.e. a limited company, registered partnership, branch, representative office, regional office of a foreign corporation, or joint venture) must be certified by an authorized auditor and be submitted to the Revenue Department and to the Commercial Registrar for each accounting year.

However, for a registered partnership with registered capital of less than five million baht, total revenue of no more than 30 million baht, and total assets of no more than 30 million baht, financial statement does not need to be certified by an authorized auditor.

Auditing practices conforming to international standards are, for the most part, recognized and practiced by authorized auditors in Thailand.

## 7 – UHY REPRESENTATION IN THAILAND

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#### CONTACT DETAILS

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Total staff: 41

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#### ABOUT US

Our synergy, our success: we are a dynamic accounting and advisory firm providing a full range of services to a broad variety of clients, integrated with IT and legal advisory departments.

#### BRIEF DESCRIPTION OF FIRM

Our synergy, our success: Yongyuth Accounting and Son Co. Ltd is a dynamic accountancy and business advisory firm providing accounting, tax, corporate and financial advisory services to private clients, corporates, professional practices, and not-for-profit organisations, integrated with dedicated IT and legal advisory departments.

#### SERVICE AREAS

Accounting & Outsourcing  
Payroll & Social Security  
Audit & Assurance  
Tax Advisory & Compliance  
Legal Advisory  
Business Services  
Labour Consultancy  
Information Technology

#### SPECIALIST SERVICE AREAS

Due diligence  
Valuation of Business and Shares  
Mergers and Acquisitions  
Environmental audit and consultancy

#### PRINCIPAL OPERATING SECTORS

Consumer Trading  
Manufacturing  
Professional Services  
Education  
Construction



The network  
for doing  
business



Property & Real Estate  
Printing  
Spa & Beauty  
Health  
Sport & Entertainment  
Online business  
Delivery services

#### LANGUAGES

Thai, English.

#### CURRENT PRINCIPAL CLIENTS

Confidentiality precludes disclosure in this document.

#### OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

We work closely not only with UHY network in Asia Pacific region but also with our network in Australia, US, UK, Singapore, Hong Kong

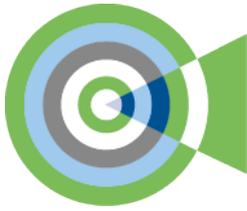
#### BRIEF HISTORY OF FIRM

Our history spans two generations over four decades and features several significant developments, starting from a family owned and developed firm to formal registration and international network membership. We are currently located in Bangkoknoi Bangkok.

The firm was started in 1967 by husband and wife Mr. Yongyuth Jaakonun and Ms. Wilawan Jaakonun. Through 40 years of dedicated teamwork, together with the recognition and support of our valued clients, the firm has grown into two strong entities – Yongyuth Accounting and Son Co. Ltd. (YAS) and Saman Audit and Corporate Services Co. Ltd (SAS) – and is now passing onto the next generation of leaders to take the firm onto the next stage of growth: Mr. Saman Jaakonun and Mrs. Panit Mokarakorn.

The firm joined UHY in 2012, adopting the UHY brand at the same time.





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## LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

To find out how UHY can assist your business, contact any of our member firms.

You can visit us online at [www.uhy.com](http://www.uhy.com) to find contact details for all of our offices, or email us at [info@uhy.com](mailto:info@uhy.com) for further information.

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