

## NEWSLETTER

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## TAX UPDATE

### 1. Corporate Taxpayers' Most Common Pitfalls in the Financial Statements

The Revenue Department recently issues the list of corporate taxpayers' most common pitfalls spotted by the revenue officials in their financial statements as a warning for auditors. The department highlights these mistakes so that the corporate taxpayers can avoid these mistakes since the incorrect booking in financial statement could very well lead to the underpayment of taxes. Apparently, these most common pitfalls are the points where the revenue officials will be looking when they conduct any tax audit.

These are some of most common pitfalls in the financial statement spotted by the revenue officials.

1. The asset is booked in the financial statement, but list of asset related to the operation is missing.
2. The financial statement overbooks the value of an asset by including input VAT that is claimed back into the value of the asset.
3. Indication of the total amount of assets is not equal to the sum of the liabilities and shareholders' equity.
4. The financial statement does not show the cost of sale/service, which is irregular for business operation.
5. Expenses for sale and general administration are out of line with the reality, i.e. failure to book the annual auditor fee, failure to indicate the interest payable for overdraft and borrowing from a financial institution.
6. The financial statement lists assets without making the provision for depreciation or the financial statement makes the provision for depreciation, but calculates the depreciation only for some items of assets.
7. Inconsistent disclosure and insufficient disclosure in the notes to the financial statements.

For more details, please contact our lawyer for consultation.

## LEGAL UPDATE

### 2. Continued Exemption for Foreign Business Capital Requirement

In general to be qualified to do business in Thailand, a foreign owned company or a foreign company is required to maintain the minimum capital as set forth by the Foreign Business Act. This minimum capital requirement applies to foreign owned companies and foreign companies across the board except for the foreign owned companies and foreign companies that operate the business under a treaty that Thailand is a party. This exemption expired on August 30, 2009 and the Minister of Commerce issues the new Ministerial Regulation effectively to continue to provide the exemption to the minimum capital requirement for a foreign owned company/foreign company operating under the treaty that Thailand is a party. As a result, a US company or a US owned company operating under the Treaty of Amity will not be required to fulfill the minimum capital requirement yet.

For more details, please contact our lawyer for consultation.

### GENERAL COUNSEL SERVICES

### OUTSOURCED LEGAL SERVICES AT COST SAVING, FIXED RATE

General Counsel Services arrangement is a great solution for corporate companies who do not have in-house lawyers or have a stretched legal department, but require additional legal support in the cost-effective and flexible way.

NARIT & Associates proudly presents our General Counsel Services, unique outsourced in-house general counsel legal services, a new approach to your business at more affordable rates. General Counsel Services is a unique arrangement in which for a monthly fixed retainer fee, the clients are provided with the legal services that are traditionally rendered by the in-house legal counsels.

General Counsel Services brings the best of both worlds together, namely all the benefits and comfort of having in-house legal counsel as well as outsourcing flexibility and expertise of outside law firms. Corporate clients are benefited from an unlimited access to our legal advice, raising any legal questions to us as many as they wish.

#### LAW FIRM EXPERTISE AT A FIXED FEE

We offer the expertise of traditional international law firms at a fixed fee.

#### COST SAVING

Outsourced general counsel services costs the company less than hiring a fulltime in-house legal counsel. The lower costs and the other benefits of in-house general counsel can be achieved without the need to add another (expensive) person to the company payroll with its associated concerns and overhead costs.

#### HAND-ON SUPPORT

We provide full-time support from a team of experienced legal professionals in the most cost-effective way.

#### FLEXIBILITY

The company fully benefits from all flexibility and cost effectiveness of the outsourcing approach offered by our General Counsel Services.

#### CONTINUITY

Your outsourced general counsel from us is well acquainted with your business issues facing your company and consequently provides focused, relevant, practical, and cost effective legal advice that is becoming increasingly crucial to your business.

### **PART-TIME GENERAL COUNSEL**

If your legal needs do not justify hiring a full time in-house general counsel, all you need is part-time legal advice on various business issues, our General Counsel Services can fill the gap to satisfy your need.

### **EASY BUDGETING**

You can precisely and conveniently budget for legal fees, without worrying about the meter running or incurring additional costs.

### **IN-HOUSE ATTORNEY'S BENEFITS**

You have the advantages of an in-house attorney at a reasonable monthly rate.

### **AVAILABILITY OF TEMPORARY SERVICES**

Temporary general counsel services are also available to fill in the gap when your permanent general counsel takes her maternity leave, is on prolonged sick leave or leaves a job.

### **TAILOR MADE**

We structure our general counsel scheme based entirely on your particular needs. So your retainer scheme or project based scheme is tailor made to meet your particular needs.

## **OTHER LEGAL SERVICES**

- Corporate & Commercial**
- Construction**
- Contracts/Agreements**
- Employment**
- Insurance**
- Litigation & Dispute Resolution**
- Mergers & Acquisitions**
- Notarial Services**
- Private Clients**
- Real Estate**
- Work Permit & Immigration**

Please contact our attorney, should you require any legal assistance.

# NARIT & ASSOCIATES

Attorneys at Law

## LEGAL AND TAX SERVICES

B A N G K O K , T H A I L A N D

### FIRM PROFILE

NARIT & ASSOCIATES is international law firm based in Bangkok, Thailand with principal areas of practice on Corporate & Commercial, Mergers & Acquisitions, Tax Planning, Litigation & Dispute Resolution, Business Contracts/Agreements, Real Estate & Construction, Insurance and Employment.

We have experiences in advising our clients, from publicly held companies, Thai subsidiaries of multinational corporations to foreign and private investors, across a broad range of matters, including acquisitions of local companies, formation of joint venture companies, international sales, investment/divestment, distributorship, commercial contract tax planning, cross border tax planning, transfer pricing, remittance of profit and tax dispute.

As we aspire to be a fast growing legal service provider in Thailand, we are pleased to offer our high quality legal services at a very competitive rate, as compared to those of other international law firms.

Contact our lawyer to find out how we can help you.

### AREAS OF PRACTICE

- Corporate & Commercial
- Construction
- Contracts / Agreements
- Employment
- General Counsel Services for Corporate Clients
- Insurance
- Litigation & Dispute Resolution
- Mergers & Acquisitions
- Private Clients
- Real Estate
- Tax
- Work Permit & Immigration

For more detailed information,  
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