

# NEWSLETTER

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## INSIDE THIS EDITION

1. **Increase in Tax Deduction for Home Loan Interest** ..... 1
2. **Amendments to the Labor Protection Act, B.E. 2541 (1998)** .. 1
3. **Amendment to Limited Company Law** ..... 2
4. **Deposit Protection Institute Act** ..... 2
5. **Act on Protection of Benefits of Contractual Parties (Escrow)** ..... 2

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## REAL ESTATE TAX UPDATE

### 1. Increase in Tax Deduction for Home Loan Interest

The Revenue Department increases the maximum amount (cap) of tax deduction for home loan interest applicable to a married couple or co-owners of home (home with co-ownership) from Baht 50,000 to Baht 100,000. This increase applies to home loans granted by a real estate mutual fund, a financial institution or the government pension fund. For more information, please contact us.

## LABOR LAW UPDATE

### 2. Amendments to the Labor Protection Act, B.E. 2541 (1998)

The National Legislative Assembly enacted the Labor Protection Act No. 2 amending the Labor Protection Act, B.E. 2541 (1998). The Act introduces certain changes to the labor protection law. First, under the existing law, employers are prohibited from demanding or receiving any money as collateral for the proper performance or the damage from employees unless any of exceptions applies. Under the amended law, such prohibition covers not only the money but also other types of collaterals. Thus, employers are no longer allowed to request employees to provide any collateral for the proper performance or the damage even if such collateral is not the money.

Second, the Act also requires an employer to ensure that outsourced employees receive the benefits and welfares on an equitable and non-discriminatory basis with other employees of such employer. If this provision is challenged by outsourced employees, it will be interesting to see how the court interprets this provision because one of main reasons companies outsource is that they do not have to pay the outsourced workers as much as the companies pay their own regular employees.

Third, the Act gives the court the power to scale down any employment agreement, worker rules, regulation or order that gives an employer an unreasonable advantage. This means an employment agreement and other regulations are now subject to a court review. Forth, the Act imposes the prohibition on sexual harassment. For more information, please contact us.

## COMPANY LAW UPDATE

### 3. Amendment to Limited Company Law

The National Legislative Assembly enacted the Act Amending the Civil and Commercial Code. This Act amends the provisions pertaining to the limited company. The Act adopts these amendments:

- 1) A minimum number of shareholders are reduced from 7 to 3 persons;
- 2) The incorporation process is simplified and becomes less time consuming;
- 3) The notice of summoning of every general meeting of shareholders shall be published in a local paper and shall be sent by the registered mail to all shareholders; and
- 4) A registered partnership or a limited partnership may convert to a limited company.

For more information, please contact us.

## BANKING UPDATE

### 4. Deposit Protection Institute Act

In order to prevent the moral hazard problem among depositors, the Thai government will no longer guarantee the repayment of a deposit at every financial institution in full. In this regard, the National Legislative Assembly enacted the Deposit Protection Institute Act, revoking government's 100% guarantee on a deposit at financial institutions. There will be the limit on the amount the Deposit Protection Institute will guarantee. For more information, please contact us.

## LEGAL UPDATE

### 5. Act on Protection of Benefits of Contractual Parties (Escrow)

The National Legislative Assembly enacted the Act on Protection of Benefits of Contractual Parties (Escrow). This Act recognizes the concept of the escrow agent and regulates the escrow business. Only licensed escrow agents are allowed to engage in the escrow business. For more information, please contact us.

### TAX SERVICES

#### International Tax Planning

- Double Taxation Treaties
- Transfer Pricing
- Offshore Tax Planning
- Permanent Establishments
- Thin Capitalization
- Regional Operating Headquarters
- Structuring International Transactions, Operations, and Investments
- Remittance of Income Overseas i.e. Business Profits, Royalties, Interests & Dividends

#### Commercial Contract Tax Planning

- Use of tax exempted agreements/transactions
- Use of lowly taxed agreements/transactions
- Use of agreements that allow more expenses or depreciations
- Use of agreements that postpone tax payment
- Use of agreements that avoid advance payment of tax
- Separation of agreement
- Combination of agreements
- Use of double taxation treaties
- Structuring and use of least taxed entities

#### Tax Merger & Acquisitions

- Tax deal structuring
- Tax buy-side and sell-side due diligence
- Analysis on tax risks and opportunity

#### Thailand's Tax

- Corporate Income Tax
- Custom Tax
- Value Added Tax (VAT)
- Individual Income Tax
- Specific Business Tax
- Property Tax
- Exercise Tax

## FIRM PROFILE

**NARIT & ASSOCIATES** is a Bangkok-based international law firm 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.

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