

NEWSLETTER

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BANKING UPDATE

1. Bank of Thailand Relaxes Foreign Exchange Control Regulations

In order to give more flexibility to Thai Businesses and to tackle the appreciation of Thai Baht, the Bank of Thailand relaxes the foreign exchange control as follows:

1. The dollar holding period of Thai exporters is extended from 120 days to 360 days;
2. Thai parent companies are allowed to remit the fund out of Thailand to invest or loan the money to their overseas affiliated companies up to US\$ 100 Million per year;
3. Thai subsidiary companies are allowed to remit the fund out of Thailand to invest or loan the money to their overseas parent companies up to US\$ 100 Million per year; and
4. Thais are allowed to remit the fund out of Thailand to acquire the real estate overseas up to US\$ 5 Million per year.

For more information, please contact us.

TAX UPDATE

2. Specific Business Tax Reduction

To promote the expansion of businesses of financial institutions, the government has reduced the rate of the specific business tax to 0.01% for certain income from the banking business, the finance business, the securities business and the credit foncier business.

The Royal Decree Re Reductions of Revenue Taxes (No 469) is enacted to reduce the specific business tax rate for certain types of incomes including interest from inter-bank loans, profit from forward contract, interest, discount or profit from purchasing/selling debt instruments and profit from foreign currency exchange subject to certain terms and conditions.

For more information, please contact us.

3. New Consumer Law Introduces the Exception to Limited Liability of Companies' Shareholders

The National Legislative Assembly enacted the Consumer Procedural Act (the "Act"). The Act establishes the special procedure for a consumer case, which is a simplified procedure to make it easier for a consumer to take a legal action against a business operator. The Act makes the following changes.

1. Exception to Limited Liability of Companies' Shareholders

This Act adopts the significant exception to the concept of limited liability of companies' shareholders. Generally, both a limited company and a public limited company are companies limited by shares, in which the liability of shareholders is limited to the price of the shares. However under this Act, in case where a defendant is a corporate entity, when a plaintiff (consumer) requests the court to call in or the court deems appropriate to call in, the court has the power to call in a shareholder or a person who has the power to control the operations of such corporate entity or any person who receives the property from such corporate entity to be a co-defendant in a consumer case and such co-defendant shall be jointly liable to the plaintiff (consumer) with such corporate entity for the debt that such corporate entity owes to the plaintiff (consumer) according to the lawsuit filed by the consumer (plaintiff) if any of the following circumstances occurs:

1. A corporate entity is formed or operated in bad faith;
2. There is the conduct of a corporate entity that is defrauding a consumer; or
3. There is the removal or the transfer of any property of a corporate entity to any person and the remaining property that the corporate entity has, is insufficient to pay/cover the debt owed to a consumer according to the lawsuit.

The above provision does not apply if a shareholder or a person with the power to control the operation of a corporate entity can prove that he or she is unaware of such action or in case of a transferee of the property, if a transferee can prove that he or she receives the property in good faith and pays the consideration for such property.

2. Simplified Procedure

The Act allows a consumer to file the plaint against a business operator verbally without the need to pay the court, which is exempted by this Act.

3. Exception to Written Evidence Requirement

This Act provides the exception to the written evidence requirement as required by the laws, which makes it possible for a consumer to file a lawsuit against a business operator even if a consumer does not have any written evidence or does not comply with any formality as required by the laws.

4. Liability for Defective Products

In the event that a consumer files a lawsuit against a business operator based on a defective product, if the court believes that such defect occurs during the delivery of the product and such defect cannot be remedied, the court has the power to order the business operator to replace the defective product in question with a new product.

5. Punitive Damage

This Act also introduces the concept of the punitive damage in a consumer case. In a consumer case, the Court may award the punitive damage in addition to the compensatory damage.

Business operators should now carefully study these additional risks imposed by this Act on the businesses so that business operators can properly evaluate whether there is a need for adjusting the price of a product/service to reflect these additional risks or not.

For more information, please contact us.

TAX UPDATE

4. Taxpayers Need to Hold RMF Units until Age of 55 Years Old to Get Extra Tax Deduction for RMF Units Purchased from March 1, 2008

In September 2007, the Cabinet approves the draft of the Ministerial Regulation issued by virtue of the Revenue Code changing the holding period of Retirement Mutual Funds ("RMF") from 5 years to the age of 55 years old. The Minister of Finance just issued the Ministerial Regulation. For the RMF units purchased from March 1, 2008 and thereafter, taxpayers will need to hold RMF units until the age of 55 years and for the period of 5 years in order to get an extra tax deduction.

For more information, please contact us.

5. Office Moving

We are pleased to announce our office moving with effective on February 5, 2008 to our new office location as detailed below. Please kindly direct all inquiries, calls or mailing correspondences to our new contact info.

NEW CONTACT INFO

OFFICE ADDRESS:

65/31 Chamnan Phenjati Business Center
2nd Floor, Rama IX Road
Huay Khwang, Huay Khwang
Bangkok 10320

TEL: +66 86 785 0793

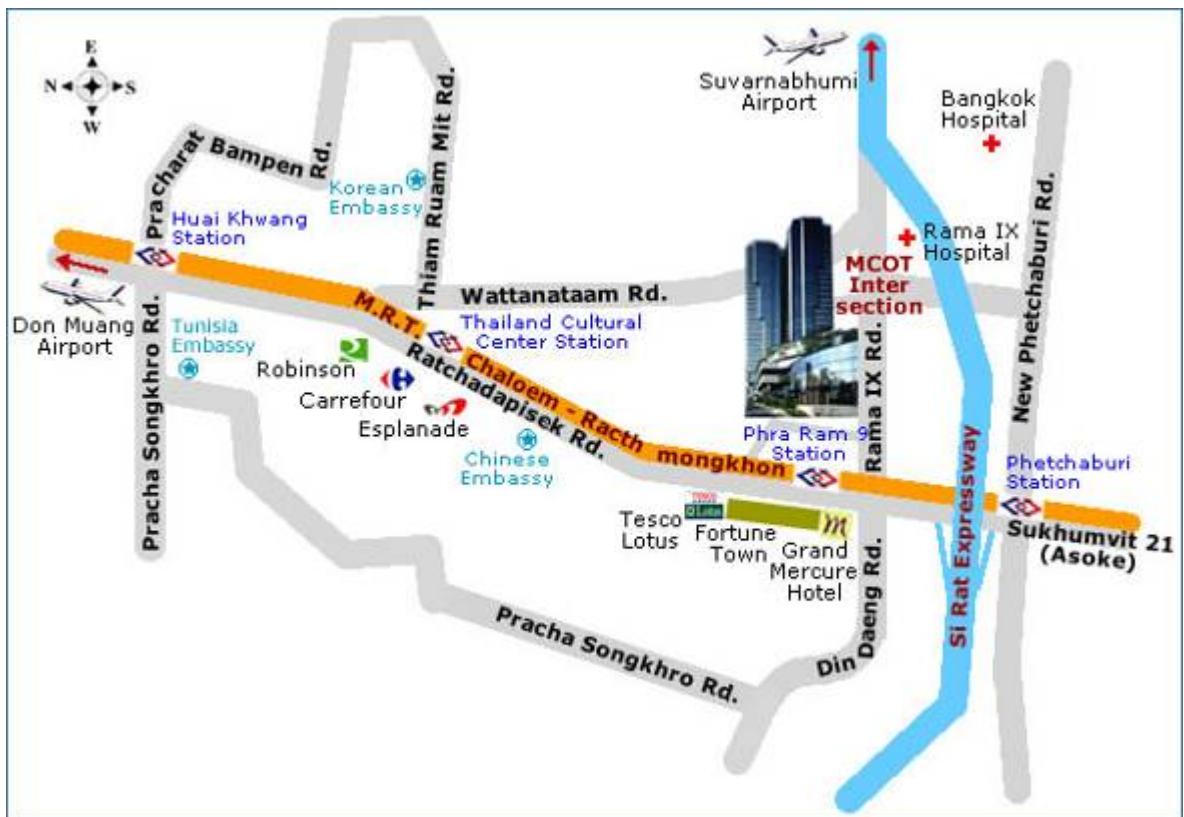
+66 2248 2872

FAX: +66 2248 2873

E-MAIL: enquiry@naritlaw.com

WEBSITE: www.naritlaw.com

OFFICE MAP



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.

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

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For more detailed information,
please visit our website at

www.naritlaw.com

CONTACT INFO

OFFICE ADDRESS:
65/31 Chamnan Phenjati Business Center
2nd Floor, Rama IX Road
Huay Khwang, Huay Khwang
Bangkok 10320

TEL: +66 86 785 0793
+66 2248 2872
FAX: +66 2248 2873
E-MAIL: enquiry@naritlaw.com
WEBSITE: www.naritlaw.com