

NEWSLETTER

No. 21
Edition August 2008

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REAL ESTATE UPDATE

1. Condominium Developer Can No Longer Charge a Condominium Purchaser the Assignment Fee When the Purchaser Transfers the Right to a Third Party

Under the Condominium Act (No. 4), B.E. 2551 (2008), a condominium developer can no longer charge a condominium purchaser the assignment fee, which typically ranges from Baht 20,000 to Baht 100,000, when a condominium purchaser transfers the right to purchase a condominium unit under a condominium sale & purchase agreement to any third party. Purchaser's right to purchase a condominium unit under a condominium sale & purchase agreement entered into with a condominium developer must be freely transferable to any third party.

For more information, please contact us.

TAX UPDATE

2. Tax Cut for Existing Listed Companies Comes Into Effect

In an effort to stimulate the growth and recover the economy, as part of the economic stimulus package the Government grants the tax privileges to the existing listed companies in either Stock Exchange of Thailand (SET) or Market for Alternative Investment (MAI). The Royal Decree Re Reductions of Revenue Taxes (No. 475) is enacted recently to reduce the corporate income tax rate from 30% to 25% on the net profit of up to Baht 300 Million for the existing listed companies in the Stock Exchange of Thailand (SET) and to reduce the corporate income tax rate from 30% to 20% on the net profit of up to Baht 20 Million for the existing listed company in the Market for Alternative Investment (MAI).

For more information, please contact us.

TAX UPDATE

3. Extension of Listing Deadline for Tax Rate Reductions for Newly Listed Companies

The Royal Decree Re Reductions of Revenue Taxes (No. 467) reduces the corporate income tax rate from 30% to 25% for the companies who list the shares in the Stock Exchange of Thailand (SET) in 2007 and 2008, and reduces the corporate income tax rate from 30% to 20% for the companies who list the shares in the Market for Alternative Investment (MAI) in 2007 and 2008. In an effort to stimulate the growth and recover the economy, the government extends the deadline for listing from 2008 to 2009 for companies who list their shares in both the Stock Exchange of Thailand (SET) and the Market for Alternative Investment (MAI).

For more information, please contact us.

TAX UPDATE

4. Accelerated Depreciation for Computer Program, Machine, Equipment of Machine and SME's Property Becomes Effective

The Royal Decree Re Depreciation and Amortization of Properties (No. 473) is enacted to provide the accelerated depreciation for computer program, machine and equipment of machine and property of a small-and-medium enterprise. This is a part of the economic stimulus package.

For more information, please contact us.

TAX SERVICES – MERGERS & ACQUISITIONS TAX STRUCTURING

Our tax lawyers are familiar with mergers and acquisitions deals. We have substantial experiences in representing clients in acquisitions, sales, mergers and restructures of businesses.

A tax consequence of the proposed transaction is one of the major factors that the parties need to understand prior to making the deal. The consideration from the tax perspective can significantly weight in on how the parties would like to structure their deal, either the share sale or the business/asset sale with the payment in either cash or share (or sometimes combinations of both).

FOR ACQUIRER/BUYER

We advise acquirers/buyers on the tax status of target companies and the tax consequence of the proposed transaction so that acquirers/buyers can make the decision on whether the acquisition should be the business/asset sale or the share sale.

Our effort is made to save the transaction costs for clients. In addition, we advise acquirers/buyers on depreciation and amortization strategies in the deal structure that provide substantial tax advantages once they assume control of the purchased business as well as the tax aspects of financing the purchase.

Looking forward to the future, acquirers/buyers of the business want to acquire the business in the structure that will give them the substantial tax saving when acquirers/buyers exit/sell/dispose the business in the future.

We help acquirers/buyers select the tax efficient structure that suits their needs. In achieving these objectives for our clients, we employ certain tax saving strategies.

FOR SELLER

As far as tax is concerned, normally the most important issue for the sellers is how to find the legitimate ways to minimize the capital gain tax, VAT, specific business tax, stamp duties and official fees imposed on the sale of business.

Our extensive experiences help us achieve these aims for our clients. It is crucial for sellers to find a tax planning strategy fits the circumstance of their transaction to save the tax, otherwise sellers will find themselves with the huge tax liabilities, which come primarily from realization of the capital gain and the transfer of assets.

FOR MERGERS & RESTRUCTURE

Normally, when companies merge with each other or one company transfers the business to another company, the tax consequences from their merger or business transfer will be numerous, from corporate income tax, VAT, specific business tax, stamp duties and official fees.

Without the proper tax planning, more or less the merger or the business transfer will end up with the significant tax liabilities. These tax liabilities primarily arise from the deemed capital gain and the imposition of VAT/specific business tax on asset transfer.

Therefore, it is important for the relevant parties to structure a merger deal or a business transfer deal in the most tax efficient manner. Our firm can help clients structure the mergers deal or the restructure deal in the least possibly taxed way.

OTHER TAX SERVICES

- International Tax Planning**
- Property/Real Estate Taxes**
- Commercial Contract Tax Planning**
- Investment Tax Incentives**
- Finance and Securities Taxes**
- Corporate Tax Compliance**
- Transfer Pricing**
- Tax Restructuring**
- Tax Dispute**
- International Expatriate Services**
- Wealth Tax Management**

Please contact our attorneys, should you require any tax assistance.

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.

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