

NARIT & ASSOCIATES
Attorneys at Law

LEGAL AND TAX SERVICES
BANGKOK, THAILAND



Protecting Clients' Interests
from our
Economic Crisis Legal Response Desk

Weathering the Storm

Economic Crisis Legal Response Desk

The economic contagion has threatened Thailand into economic recession, and just like others impacted by global meltdown, Corporate Thailand braces itself for the turbulences and challenges that stem from the economic distress. Management is preparing to take some vigorous measures in order to maintain its competitiveness and finally thrives under this market turmoil.

Stepping up on behalf of Corporate Thailand buffeted by the current market turmoil, NARIT & Associates has responded quickly to form the Economic Crisis Legal Response Desk, with the main objective is to provide counsel and advocacy to help our clients in Corporate Thailand weather the storm and protect their interests affected by new realities, challenges and risks framed by today's market condition.

With our interdisciplinary and collaborative approach, our Economic Crisis Legal Response Desk is better able to adapt to the fast changing legal needs of our clients by delivering forward thinking advice and practical solutions Corporate Thailand needs to succeed this difficult circumstance.

Workforce Downsizing Management

As demands for goods and services immediately shrink due to the economic recession in the United States and Europe, many Thai firms are left with excessive capacity, which leads to management decision to cut costs by way of workforce downsizing.

Workforce downsizing management in distressed economy particularly presents difficult challenges for Corporate Thailand. Making employees redundant should be handled with care in accordance with the Thai labor laws to mitigate the litigation risk, which could result in higher termination costs.

From our Economic Crisis Legal Response Desk, we work with clients to develop retention strategic solutions which help employers manage and minimize their exposure arising out of downsizing. Our solutions offer advice on termination, severance payment, unfair termination, and options to avoid potential dispute.

Tax Compliance on Termination

Moreover, the Thai tax law requires employers to treat the tax on the payments related to the termination of employment differently from the regular payroll tax. Therefore, companies should have some understanding on this termination tax issue. In the end, knowing exactly how much each laid off worker will get after the tax definitely helps the human resources department handle the redundancy better.

Our experienced tax lawyers can guide clients on the tax treatment of the severance and related payments upon termination of employment.



For information contact:

Narit Direkwattanachai
LLM (U of Cambridge, UK)
narit@naritlaw.com
+66 86 785 0793

Watch Out for Outstanding Account Receivables

When the invoice payments are falling behind, it is more important than ever for companies to have a proactive strategy in place to expedite the payment of company's account receivables, especially during this troubled credit market when cash is tight and that bankruptcy may come into the picture anytime.

As the cash-strapped customer has defaulted on its payment, debt collection should be pursued in a timely manner. We guide clients in exploring options when the customer cannot pay in cash but is willing to transfer any other asset instead of cash payment. Writing off any bad debt for the tax purpose is also lengthy and complicate. We advise clients on various tax issues related to bad debt write-off.

Bankruptcy and Asset Recovery

Although the bankruptcy risk is not prominent yet as Thai firms tend to have lower debt-to-equity ratios after the 1997 Asian financial crisis, but we never know what is going to happen in the next several months.

In the event that the firm becomes bankrupt or seeks the reorganization protection similar to the US Chapter 11 provisions, all creditors need to take certain actions to secure the rights in the outstanding debts. Our lawyers help creditors pursue without delay and secure their claims for repayment of debts from such bankrupt firm or the firm under reorganization.

Raising Cash

In troubled times, many firms may choose to raise the cash to preserve the liquidity through sale of non-core businesses and assets when other windows for financing may not be open.

The Economic Crisis Legal Response Desk is in place to assist clients on the sale of non-core business and assets. In this challenging market, we counsel clients, often using creative approach to structure and execute the disposal transactions smoothly and safely in the tax efficient manner.

M&A in Downturn: Buying low on Distressed Assets/Businesses

While others are struggling to survive, some firms with strong balance sheet and cash in hand are actually waiting for this opportunity to buy distressed assets or businesses at the attractive price. Management looks at this acquisition during downturn as part of corporate strategy, either to seek immediate access in new market, to strengthen its position in the existing market or to generate the growth from the capacity expansion at the lower cost. NARIT & Associates helps clients capitalizing on this buying opportunity throughout each stage of acquisition.

In addition of corporate and commercial aspects of acquisition, we can advise the tax planning prior to acquisition of the businesses and assets in Thailand. In the event where a Thai company wishes to acquire the businesses overseas, we can help structure the acquisition in the tax efficient way, taking full advantage of unilateral elimination of double taxation.

About the Firm

NARIT & Associates is an 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, commercial dispute, international sales, investment/divestment, distributorship, commercial contract tax planning, cross border tax planning, transfer pricing, remittance of profit, tax dispute, and employment termination.

For more information, please visit www.naritlaw.com



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