

# Connecting you to opportunities across Asia

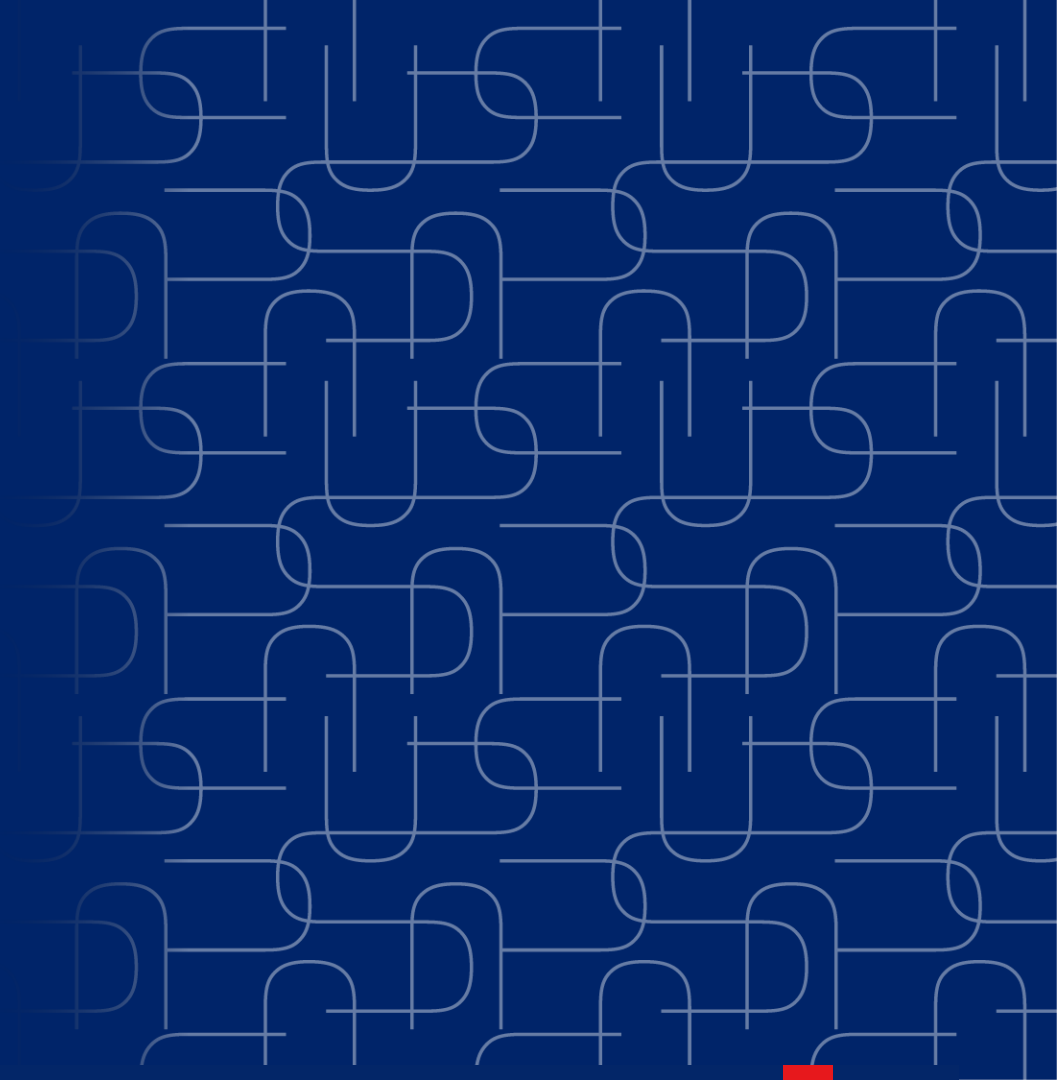
Investing into Thailand













Prepared by UOB Foreign Direct Investment (FDI) Advisory  
December 2021



# Thailand: Heart of ASEAN Economic Community



| Economy  | Labour   | Promoted S-Curve industries  | Economic Zones   |
|--|--|--|--|
| <b>US\$ 8,356</b><br>GDP per capita projection,<br>(Current prices, 2022)  | <b>38.5 million</b><br>Total labour force (2020)           |  Next-Generation Automotive  Automation & Robotics   | <b>75</b> Industrial Estates   |
| <b>4.5%</b><br>Real GDP growth projection<br>(Annual percent change, 2022) | <b>92.9%</b><br>Literacy rate (2020)                       |  Smart Electronics  Aviation & Logistics             | <b>10</b> Special Economic Zones (SEZs)  |
| <b>1.3%</b><br>Inflation rate projection<br>(Annual percent change, 2022)  | <b>49.3%</b><br>Tertiary education enrollment ratio (2016) |  Agriculture & Biotechnology  Biofuels & Biochemical | <b>Government Agencies &amp; Business Chambers</b>   |
| <b>'BBB+'</b><br>S&P Global Ratings (Thailand)                             | <b>THB15,200</b><br>Nominal wage (2019)                    |  Medical & Wellness Tourism  Digital                 | <ol style="list-style-type: none"> <li>1. Thailand Board of Investment (BOI)</li> <li>2. Thai Chamber of Commerce</li> <li>3. The Federation of Thai Industries</li> </ol> |
| <b>Free Trade Agreements (FTAs)</b>  |  |  Food for the future  Medical Hub                    |  |
| <b>14</b> Signed and in effect   | <b>1</b> Signed, yet to be effected                        | <b>24</b> In negotiations/ proposed  |  |

# Reasons to invest in Thailand



## Heart of ASEAN Economic Community

- Well-connected to the fast-growing Cambodia, Laos, Myanmar and Vietnam (CLMV) sub-region.
- World-class infrastructure for air, land, sea and rail connectivity.



## Young hardworking population

- Population of 66 million with 52 million middle class consumers.
- Competitive and highly skilled labour force.
- Increased focus on Science, Technology, Engineering and Mathematics (STEM) education.



## Competitive Business Cost

- Favourable trade and investment policies.
- Competitive prime office space in key cities in Thailand.
- Continuous efforts to streamline the investment process to improve Thailand's ease of doing business – ranked 21.

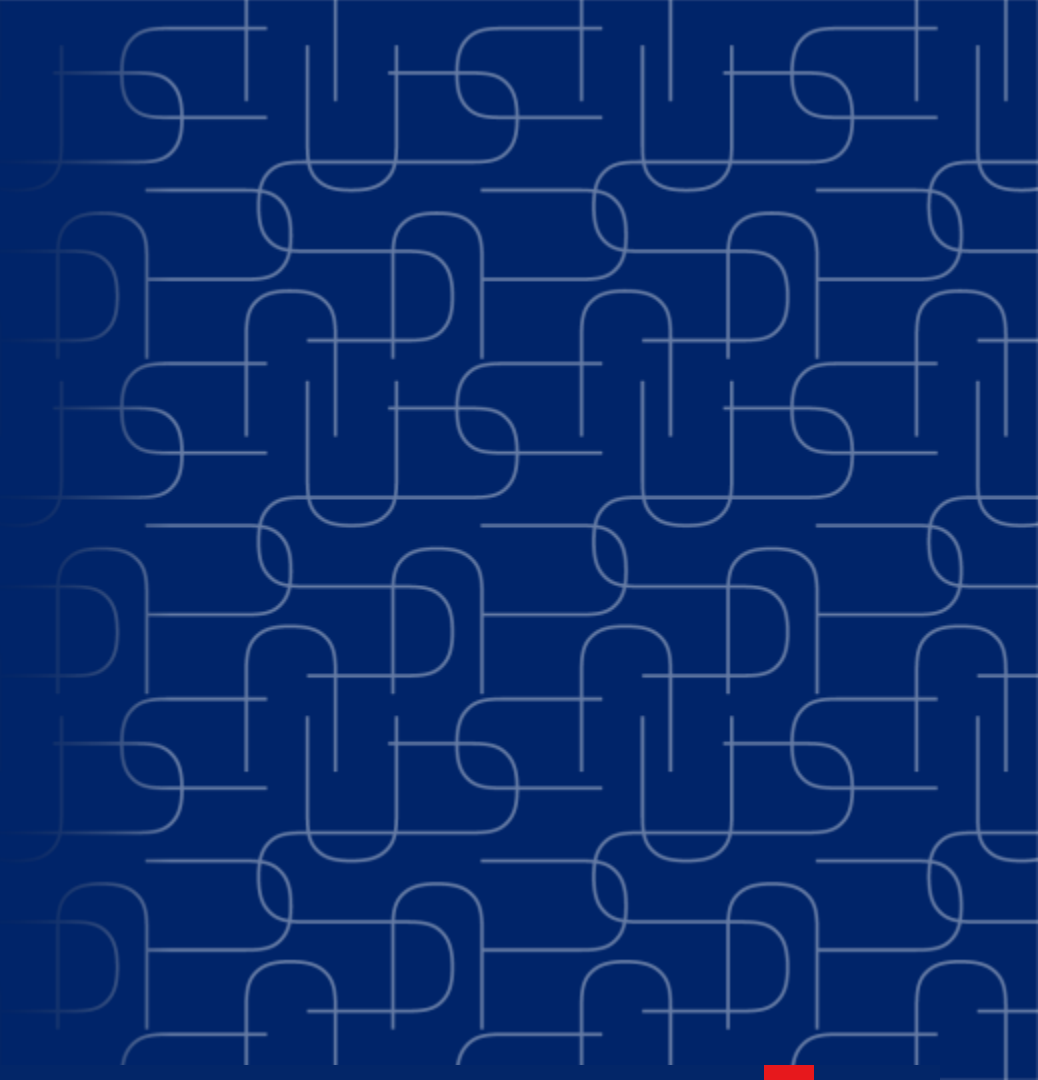


## Thailand 4.0 (Digital Economy)

- Pursuing Thailand 4.0 economic model to transform Thailand into a “value-based” digital economy.
- Thailand's Eastern Economic Corridor (Chachoengsao, Chonburi and Rayong).



## Taking the first steps into Thailand

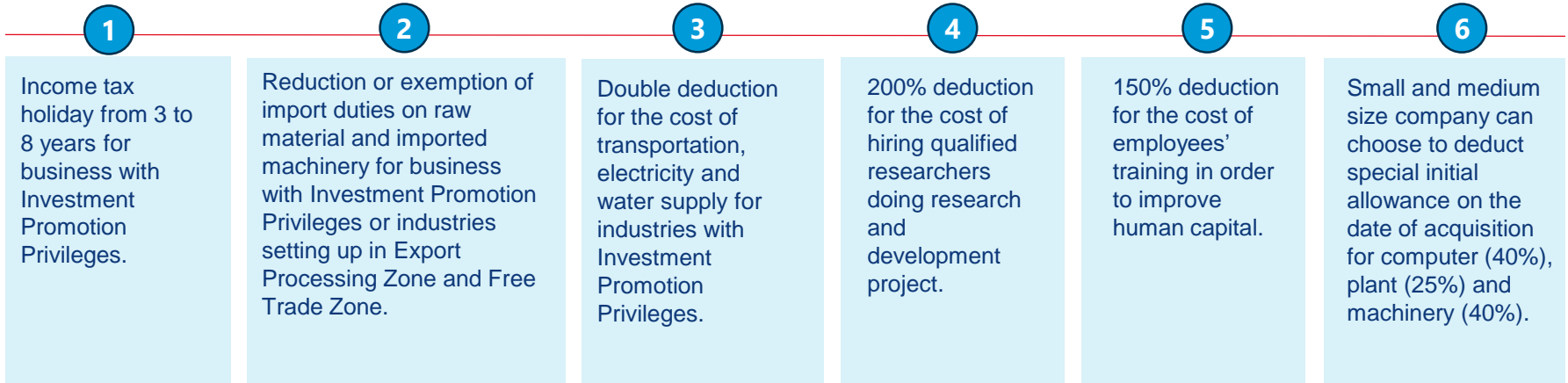


# Key Tax Profiles and Incentives

## Key tax profiles

| Corporate Income Tax (CIT) | Customs duties  | Interest Withholding Tax                        | Dividend Withholding Tax                           | Value Added Tax (VAT)   | Personal Income Tax (PIT)             |
|----------------------------|---|---|--|---|---------------------------------------|
| <b>20%</b>                 | <b>0% - 80%</b><br>Duties are levied on a specific or an ad valorem basis | Resident: <b>1%</b><br>Non-resident: <b>15%</b> | <b>10%</b><br>(For both Resident and Non-resident) | <b>7%</b><br>(Standard rate of VAT is 10%, but the rate is currently reduced to 7% until 30 September 2023) | <b>35%</b><br>(Progressive Tax Rates) |

## Key tax incentives



# Common types of business set up in Thailand



| Representative Office (RO) & Regional Operating Headquarter (ROH)  | Branch Office   | Private & Public Limited Company   | Joint Venture   |
|--|---|--|---|
| <ul style="list-style-type: none"> <li>Limited to non-trading activities only and business may not conduct profit-making activities.</li> <li>Cannot render services to any person other than its head office or affiliated/group companies</li> </ul> | <ul style="list-style-type: none"> <li>Branch status</li> <li>May conduct certain business in Thailand through Branch office and may derive revenue.</li> </ul> | <ul style="list-style-type: none"> <li>Most popular form of business type but Foreign investors are generally limited to only 49% ownership.</li> <li>Requires a minimum of three promoters for a private limited company, and 15 for public companies. Each promoter must be among the company's initial shareholder upon registration.</li> <li>Private limited company: at least 25% of par value of subscribed shares must be paid.</li> <li>Public limited company: 100% of par value of subscribed shares must be fully paid.</li> </ul> | <ul style="list-style-type: none"> <li>This contract-based arrangement is usually in the form of private limited company, with more than 50% Thai shareholding. If most shareholders are Thai, the Joint Venture business will not be subject to the restrictions of the Foreign Business Act (FBA).</li> <li>Using a nominee acting Director for the foreign investor is not permitted.</li> </ul> |

**For foreign investors to obtain 100% ownership, they will require:**

- A Foreign Business License (FBL) – Refer to Appendix A;
- Obtain promotion from the Board of Investment (BOI); or
- Register through the Treaty of Amity (for US citizens only).

# Quick guide on company's registration

for private limited company



## Phase 2

Filing of Memorandum of Association with the DBD in the Ministry of Commerce.

- Reserve shares and deposit paid-on capital
- Prepare the Memorandum of Association (MOA), Articles of Association, appoint and determine powers of directors.



## Phase 4

Obtain taxpayer ID number for the company from Thailand Revenue Department.

- Tax registration must be done within 60 days of incorporation or the start of business operations.



## Phase 1

Choose a business structure and register an Account

- Search and reserve the company name with the Department of Business Development (DBD) in the Ministry of Commerce.
- Print out the Notice of Reservation



## Phase 3

Register the Company and submit working regulations (if any).

- Company Directors submit the application to establish the company within 3 months of the date of the Statutory Meeting, together with Company's registration fees.



## Phase 5

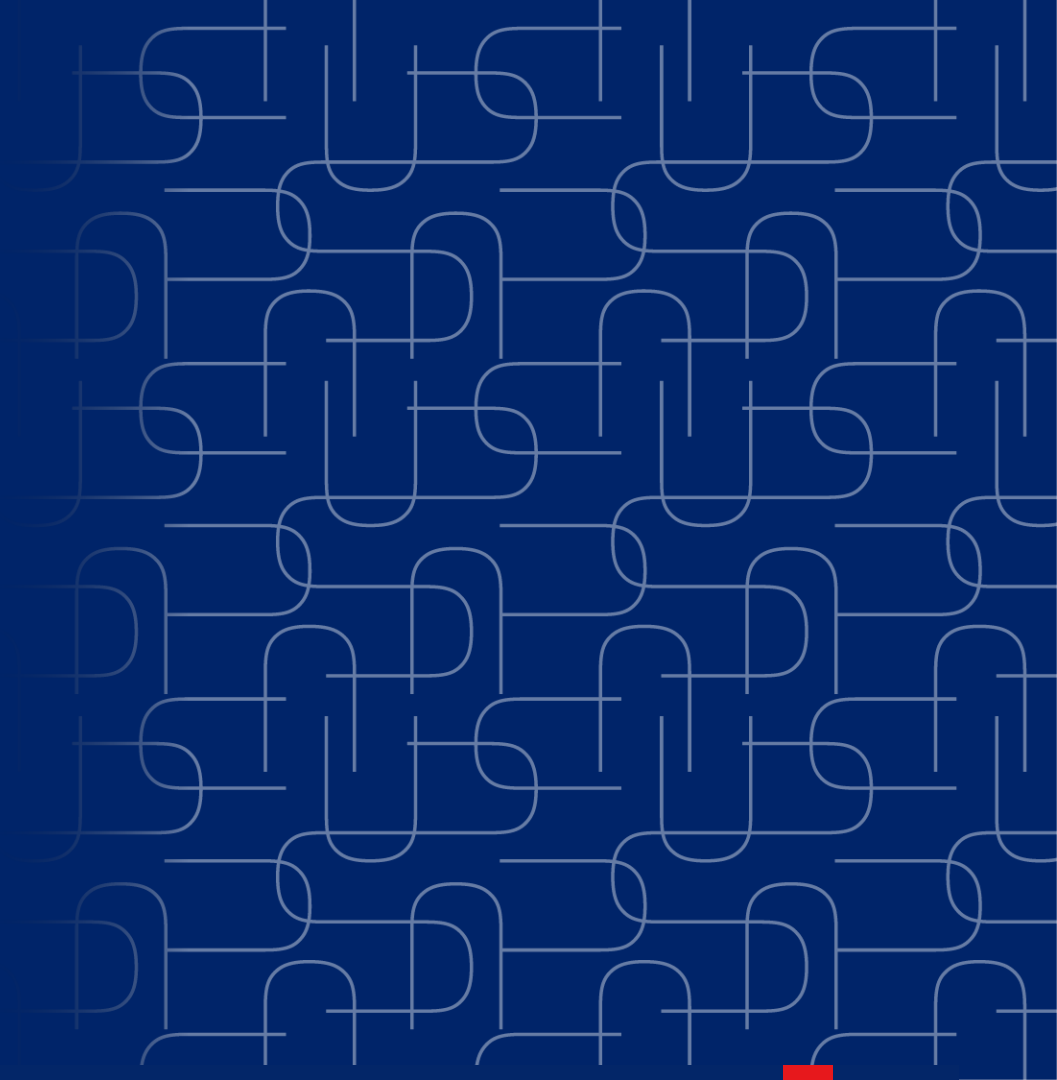
Open a bank account and start business







UOB is right by you for your  
investment into Thailand



# About UOB Group



**UOB is committed to building lasting relationships with our customers, through product and market expertise, and our promise to always do what is right.**

Founded in August 1935 by a group of Chinese businessmen and Datuk Wee Kheng Chiang, grandfather of the present UOB Group CEO, Mr. Wee Ee Cheong.

Today, UOB Group operates in 19 countries and territories across the world, and is well established in Southeast Asia. UOB is rated among the world's top banks: 'Aa1' by Moody's and 'AA-' by Standard & Poor's and Fitch Ratings.

With UOB's deep regional connectivity and strong ecosystem of partners, we are well-placed to support you in your company's internationalisation journey.

| UOB Group Credit Rating                | Moody's Investors Service | Standard & Poor's | Fitch Ratings |
|--|---------------------------|-------------------|---------------|
| <b>Issue Rating (Senior Unsecured)</b> | Aa1                       | AA-               | AA-           |
| <b>Outlook</b>                         | Stable                    | Stable            | Stable        |
| <b>Short Term Debt</b>                 | P-1                       | A-1+              | F1+           |

\*Updated as of Dec 2021

| Subsidiaries Credit Ratings | Malaysia  | Indonesia   | Thailand    | China                    |
|-----------------------------|-----------|-------------|-------------|--------------------------|
| <b>Long Term Rating</b>     | AAA (RAM) | AAA (Fitch) | AAA (Fitch) | A+ (Fitch)<br>AAA (CCXI) |
| <b>Outlook</b>              | Stable    | Stable      | Stable      | Stable                   |
| <b>Short Term Rating</b>    | P1 (RAM)  | F1+ (Fitch) | F1+ (Fitch) | F1+ (Fitch)              |

- RAM = Rating Agency Malaysia Berhad
  - CCXI (China Chengxin Int'l Credit Rating Co)
- Click [here](#) to find the latest ratings.

# Where We Operate

## Over 500 branches and offices in Asia Pacific, Europe and North America

Most diverse regional franchise among Singapore banks; effectively full control of regional subsidiaries

Integrated regional platform improves operational efficiencies, enhances risk management and provides faster time-to-market and seamless customer service

### Asia

- In Asia, we operate through our head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and offices across the region.

### Rest of the World

- Steadily making our mark in the rest of the world and looking to strategically increase our presence, especially in China and India
- Focus on building an onshore presence, coupled with strong connectivity back to Southeast Asia, where our core value proposition lies



Note: Figures in parenthesis denotes number of branches in respective countries

# Unrivalled platform in ASEAN

UOB, with our deep roots and wide reach in Southeast Asia, is well placed to help companies understand the opportunities in local markets, develop their entry strategies and navigate the complexities of doing business in the region.



## HQ in Singapore

Incorporated in 1935  
63 branches



## Brunei

Established in 2001  
1 branch



## Indonesia

Incorporated in 1956  
172 branches



## Malaysia

Incorporated in 1993  
45 branches



## Myanmar

Incorporated in 2015  
1 branch



## Philippines

Incorporated in 1999  
1 branch



## Thailand

Incorporated in 2005  
152 branches



## Vietnam

Incorporated in 1995  
2 branches

# About UOB Thailand



**UOB Thailand is the second largest subsidiary under UOB group, rooted in Thailand that brings financial expertise and connectivity to its customers**



UOB Thailand is a regional bank rooted in Thailand that brings financial expertise and connectivity to its customers. We are the seven-largest commercial bank in Thailand and the second-largest subsidiary of UOB.

We are among the top-ranking banks in Thailand by Moody's Investors Service (Baa1 for Long-Term rating), Fitch Ratings (AAA(tha) for National Long-Term rating). UOB Thailand provides a nationwide network of more than 150 branches and 375 automated teller machines.

## **Our Products and Services**

With our strong foothold in the region, UOB understands the Asian corporate culture and business mindset and is well-placed to create opportunities by linking our customers to their counterparts in Asia. UOB Thailand provides a wide range of financial services: Personal Financial Services, Commercial and Corporate Banking, and Treasury Services.



# Connecting you to opportunities across Asia

About FDI Advisory

# UOB Foreign Direct Investment Advisory Unit



First regional bank to set up a FDI Advisory unit in 2011 to serve as a one-stop service for foreign companies looking to set up regional operations.



Dedicated team of local FDI Advisers across 10 FDI centres<sup>1</sup>, who are able to provide in-market insights to help you unlock the region's potential.



Complete ecosystem of strategic partnership to provide seamless and integrated market entry support.



China Desks set up in Singapore, Indonesia, Malaysia, Thailand and Vietnam to support Chinese enterprises' internationalisation.



## 10 FDI Centres



Hong Kong SAR



Mainland China



India



Myanmar



Indonesia



Singapore



Japan



Thailand

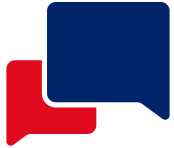


Malaysia



Vietnam

# Our beyond banking services



Market consultancy



Guide on setting up a business



Regional HQ and Financial Treasury Centres (FTC) advisory



Share information on incentives and grants

## Supported by our eco-partners



Tax advisory



Legal and regulatory advisory



Connect with local business communities and government agencies



# Our strategic ecosystem partnerships



## Complete Ecosystem Partnerships

- Government Investment Promotion Agencies
- Legal / Tax Advisory
- Market / HR Consultancy
- Company Secretariat Firm
- Industrial and Business Space

# For more information



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# Thank you



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# Thank You

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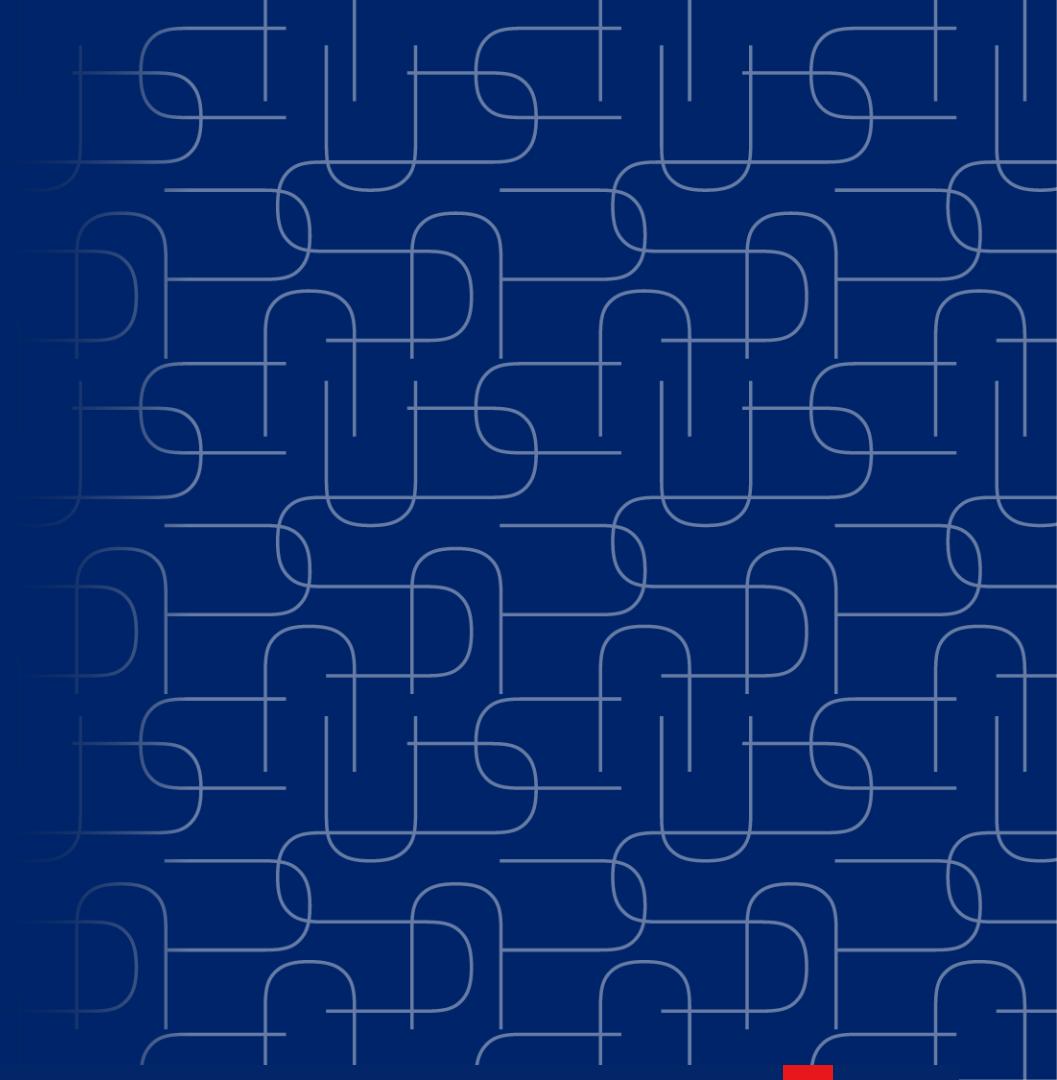
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# Appendices



# Appendix A – Definition of a Foreign Company



According to the Foreign Business Act of 1999 (FBA), the term foreigner means:

1. Natural person not of Thai nationality.
2. Juristic person not registered in Thailand.
3. Juristic person registered in Thailand having the following characteristics:
  - a. Having half or more of the juristic person's capital shares held by persons under (1) or (2) or a juristic person having the persons under (1) or (2) investing with a value of half or more of the total capital of the juristic person.
  - b. Limited partnership or registered ordinary partnership having the person under (1) as the managing partner or manager.
4. Juristic person registered in Thailand having half or more of its capital shares held by the person under (1), (2) or (3), or a juristic person having the persons under (1), (2) or (3) investing with the value of half or more of its total capital.



# Appendix B – Prohibited businesses

The Foreign Business Act of 1999 has identified the following list of business activities in which foreign investors are completely prohibited:

1. Newspaper business, radio-broadcasting station or radio/television business.
2. Farming, cultivation or horticulture.
3. Animal husbandry.
4. Forestry and timber conversion from natural forests.
5. Fisheries, especially fishing in Thai territorial waters and in specific economic areas of Thailand.
6. Extracting Thai herbs.
7. Trade and auction sale of Thai antiques or objects of historical value.
8. Making or casting Buddha images and alms bowls.
9. Trading in land.

# Appendix C – Conditional businesses (cont.1)

The Foreign Business Act of 1999 has identified the following list of business activities in which foreign investors may only with prior Cabinet approval.

## **Group 1 - Businesses related to National Safety or Security**

1. Manufacturing, distribution, repair or maintenance of:
  - a. Firearms, ammunition, gunpowder, and explosive materials.
  - b. Components of firearms, ammunition, and explosive materials.
  - c. Armaments, ships, aircraft, or military vehicles.
  - d. Equipment or parts of any type of war equipment.
2. Domestic land transportation, water transportation, or air transportation, including domestic aviation.

# Appendix C – Conditional businesses (cont.2)

The Foreign Business Act of 1999 has identified the following list of business activities in which foreign investors may only with prior Cabinet approval.

## **Group 2 - Businesses Having Impacts on Arts, Culture, Traditions, Customs and Folklore**

### **Handicrafts**

1. Trading of antiques or artifacts that are Thai works of art or Thai handicrafts.
2. Wood carving.
3. Silkworm rearing, manufacture of Thai silk, Thai silk weaving, or Thai silk printing.
4. Manufacturing of Thai musical instruments.
5. Manufacturing of gold-ware, silverware, nielloware, bronzeware, or lacquerware.
6. Making bowls or earthenware which are of Thai art and culture.

## **Group 3 – Businesses Having Impacts on Natural Resources or the Environment**

1. Manufacturing of sugar from cane.
2. Salt farming, including rock salt farming.
3. Mining of rock salt.
4. Mining, including stone quarrying or crushing.
5. Timber processing for making furniture and utilities.

# Appendix D – Conditional businesses (cont.1)



of which Thai Nationals are not yet ready to compete with Foreign Investors

The Foreign Business Act of 1999 has identified the following list of business activities in which foreign investors must apply for and obtain a Foreign Business Licence (FBL) prior to commencing the activity.

- Rice milling and flour production from rice and plants.
- Fisheries, specifically breeding of aquatic creatures.
- Forestry from re-planting.
- Production of plywood, veneer, chipboard or hardboard.
- Production of lime.
- Accountancy.
- Legal services.
- Architecture.
- Engineering.
- Construction, except:
  - Construction of infrastructure in public utilities or communications requiring tools, technology or special expertise in such construction, except where the minimum foreign capital is 500 million baht or more.
  - Other construction, as prescribed in regulations.

# Appendix D – Conditional businesses (cont.2)

of which Thai Nationals are not yet ready to compete with Foreign Investors

The Foreign Business Act of 1999 has identified the following list of business activities in which foreign investors must apply for and obtain a Foreign Business Licence (FBL) prior to commencing the activity.

- Agency or brokerage, except:
  - Brokerage or agency of securities or service related to future agricultural commodities futures or financial instruments or securities.
  - Brokerage or agency for the purchase/sale or procurement of goods or services necessary to production or providing services to affiliated enterprises.
  - Brokerage or agency for the purchase or sale, distribution or procurement of markets, both domestic and overseas for the distribution of products made in Thailand or imported from overseas in the category of international business, with minimum foreign capital of not less than 100 million baht or more.
  - Other brokerage or agency activities, as stipulated in ministerial regulations.
- Auctioneering, except:
  - Auctioneering in the manner of international bidding, not being auctions of antiques, ancient objects or artifacts that are Thai works of art, Thai handicrafts or antique objects, or with Thai historical value.
  - Other types of auctioneering, as stipulated in ministerial regulations.
- Domestic trade in local agricultural products not prohibited by law.

# Appendix D –Conditional businesses (cont.3)



of which Thai Nationals are not yet ready to compete with Foreign Investors

The Foreign Business Act of 1999 has identified the following list of business activities in which foreign investors must apply for and obtain a Foreign Business Licence (FBL) prior to commencing the activity.

- Retailing all categories of goods having of less than 100 million THB capital in total or having the minimum capital of each shop of less than 20 million baht.
- Wholesaling, all categories of goods having minimum capital of each shop less than 100 million baht.
- Advertising.
- Hotel operation, excluding hotel management.
- Tourism.
- Sale of food and beverages.
- Planting and culture of plants.
- Other services, except those prescribed in the ministerial regulations.