

Client Alert

December 2019

Foreign Business Act – Further liberalization and streamlining ahead

A couple of developments outlined below could see further liberalization and streamlining for foreign investors.

Liberalization – removal of another four businesses

The Department of Business Development, Ministry of Commerce (“**MOC**”) is currently working to liberalize further businesses, in order to be consistent with the Thai government’s Thailand 4.0 program.

Based on latest information, which was also verbally confirmed with a high-ranking official at the MOC, the MOC proposes to remove the following four businesses from the scope of businesses restricted under the Foreign Business Act, which would mean that a Foreign Business License (“**FBL**”) would no longer be required:

1. Telecommunications business (type 1 license) in accordance with the Telecommunications Business Act
2. Treasury center in accordance with the Exchange Control Act
3. Certain aircraft maintenance
4. High value-added software development

Note that the above would remove the need to obtain an FBL, but licensing requirements under other laws would still remain.

Furthermore, effecting the liberalization would require the MOC to enact ministerial regulations, and it would be important to review the ministerial regulations for the exact scope of business that will be removed.

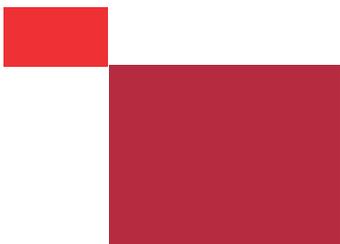
Streamlining – Foreign Business Certificate

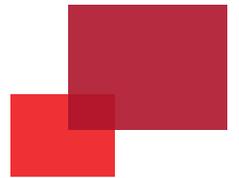
Currently, the Foreign Business Act requires a person who has been granted investment promotion from the Board of Investment (“**BOI**”) for a business that is restricted under the Foreign Business Act to notify the MOC in order to obtain a Foreign Business Certificate (“**FBC**”), which is the document that evidences that person’s exemption from having to obtain an FBL and means that person can operate the business based on the investment promotion obtained. The Foreign Business Act requires the MOC to issue the FBC within 30 days from receiving that notification.

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To streamline such process, the MOC and BOI are now working on linking databases, such that once a person has been granted BOI promotion, the MOC's database will be updated to reflect the BOI promotion, and that person need not submit notification to the MOC to obtain its Foreign Business Certificate.

We are monitoring developments in relation to the above and will keep you posted.