

# Investment Climate Statement **Thailand**

July 2025

Mizuho Bank, Ltd  
Global Strategic Advisory Department

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**MIZUHO**

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I. Country Profile

II. Investment-related Information

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IV. Regulations, Incentives, Reference Information

# I. Country Profile

## I-1. Key Economic Indicators for Asia

Country/Region	Thailand	Vietnam	Indonesia	Philippines	Malaysia	Singapore
Population (millions)	70.3	101.3	281.6	113.2	33.5	6.0
Nominal GDP (USD 100 million)	5,264	4,595	13,963	4,616	4,196	5,474
Real GDP growth rate (y-o-y, %)	2.5	7.1	5.0	5.7	5.1	4.4
GDP per capita	7,492	4,536	4,958	4,079	12,541	90,674
Estimated GDP growth rate (2025, %)	1.8	5.2	4.7	5.5	4.1	2.0
Credit rating (S&P) as of Mar. 2025	BBB+	BB+	BBB	BBB+	A-	AAA
Country/Region	Japan	China	South Korea	Cambodia	Laos	Myanmar
Population (millions)	123.9	1,408.3	51.8	17.2	7.7	54.9
Nominal GDP (USD 100 million)	40,262	187,480	18,697	473	159	612
Real GDP growth rate (y-o-y, %)	0.1	5.0	2.0	6.0	4.3	– 1.1
GDP per capita	32,498	13,313	36,129	2,755	2,066	1,114
Estimated GDP growth rate (2025, %)	0.6	4.0	1.0	4.0	2.5	1.9
Credit rating (S&P) as of Mar. 2025	A+	A+	AA	n.a.	n.a.	n.a.

Note 1: Data are for 2024 estimates; estimated GDP growth rates for 2024 are IMF estimates (based on figures released in March 2025).

2: S&P rating criteria:

A : An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

BBB : An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

BB : An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments

Source: Compiled by the Global Strategic Advisory Dept. of Mizuho Bank, Ltd., (MHBK) based on IMF's World Economic Outlook Database March 2025 Edition

## I-2. Basic Data and Overview



### Basic Data

Population	70.3 million (approx. 56% of Japan's, FY2024, IMF estimate)
Square area	513,000 km <sup>2</sup> approx. (1.4 times Japan's size)
Capital	Bangkok (Population: 10.35 million, 2021, UN)
Language	Thai
Ethnicities	Thai (Chinese, Malay, etc.)
Religions	Buddhist 94%, Muslim 5%, Other 1%
Currency	Thai Baht (THB)
Politics	Constitutional monarchy Head of State: King Vajiralongkorn (Rama X); Legislature: Bicameral
GDP	Nominal GDP: USD 526.4 billion; Per capita GDP: USD 7,492 (FY2024, IMF estimate)
Real GDP growth rate	1.8% (FY2025, IMF estimate)
Major industries	Agriculture (rice, cassava, sugarcane, natural rubber) and manufacturing (automobiles, ICs, electrical products, food, textiles, clothing, etc.)

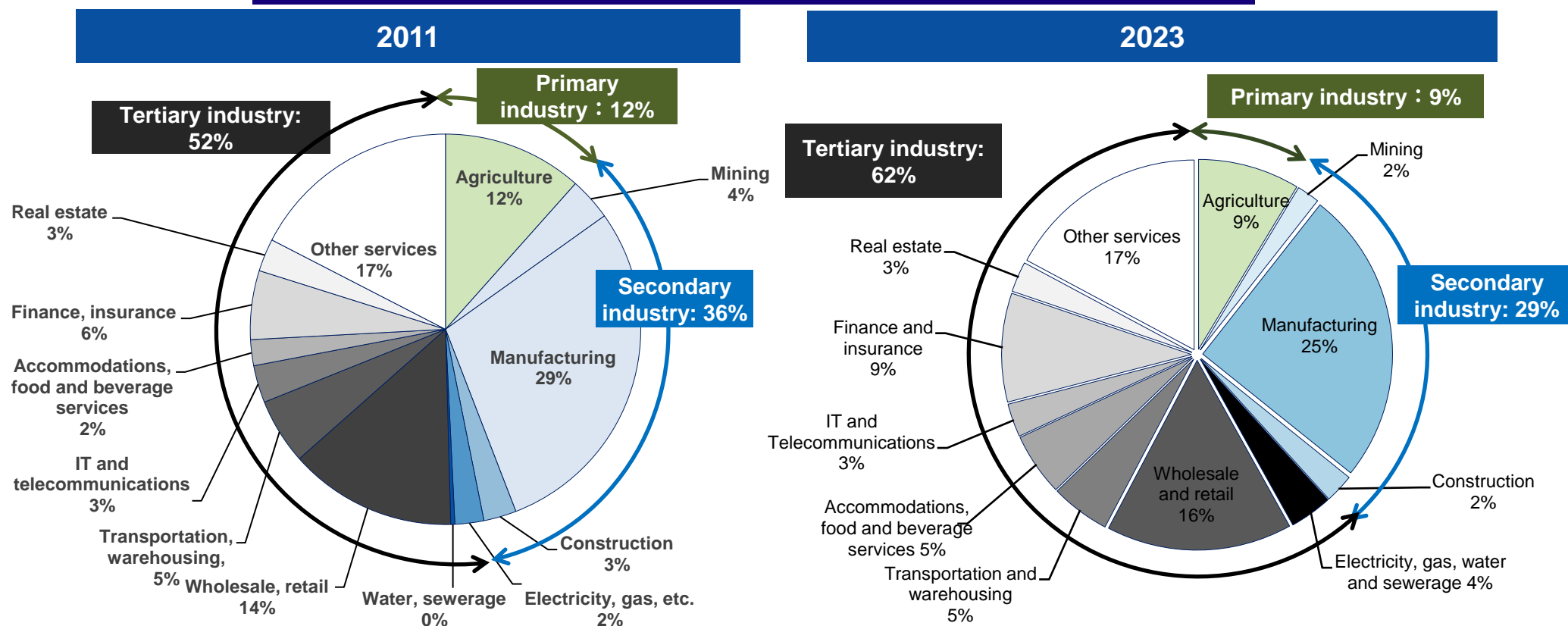
### Overview

- Located in the central part of the Indochinese Peninsula, the Kingdom of Thailand is one of the most industrialized countries in Southeast Asia.
- Since 1980, successful industrialization has been achieved through the introduction of foreign capital, notably including that from Japan.
- The Asian currency crisis that began in Thailand in 1997 had a serious impact on society, including neighboring countries, but the Thai economy recovered with support from the international community.
- Growth was low in 2014 due to anti-government protests, etc., but the GDP growth rate gradually recovered from 2015 onward. Growth was negative in 2020 due to COVID-19.
- In the May 2023 general election, the Move Forward Party and the Pheu Thai Party, a lineage of former Prime Minister Thaksin Shinawatra, won a landslide victory.
- The appointment of Cabinet ministers in April 2024 sparked a dispute. As a result, Prime Minister Srettha Thavisin, who was convicted by the Constitutional Court, resigned, and Paetongtarn Shinawatra was chosen as his successor.
- To reduce the accumulated household debt, which has become a long-standing problem, the government has introduced measures, such as forgiving loan interest to assist indebted people and providing digital grants.

# I-3. Economic Structure (Industry/Trade) (1): Industrial Structure

- In the 1980s, a rush of Japanese companies into Thailand led to development of the country's manufacturing industry, mainly in the automobile and electrical machinery sectors, and this drove Thailand's economic growth for a long time.
- The forms of business expansion have shifted from the traditional export-oriented type to the local market-oriented type and the cross-border supply chain.
- Reflecting the maturity of the economy, tertiary industry accounts for more than half of Thailand's GDP. Over the past 10 years, the share of tertiary industry in the GDP has increased by 10%, while the share of secondary and primary industry has decreased.

## GDP composition by industry (comparison of 2011 and 2023)

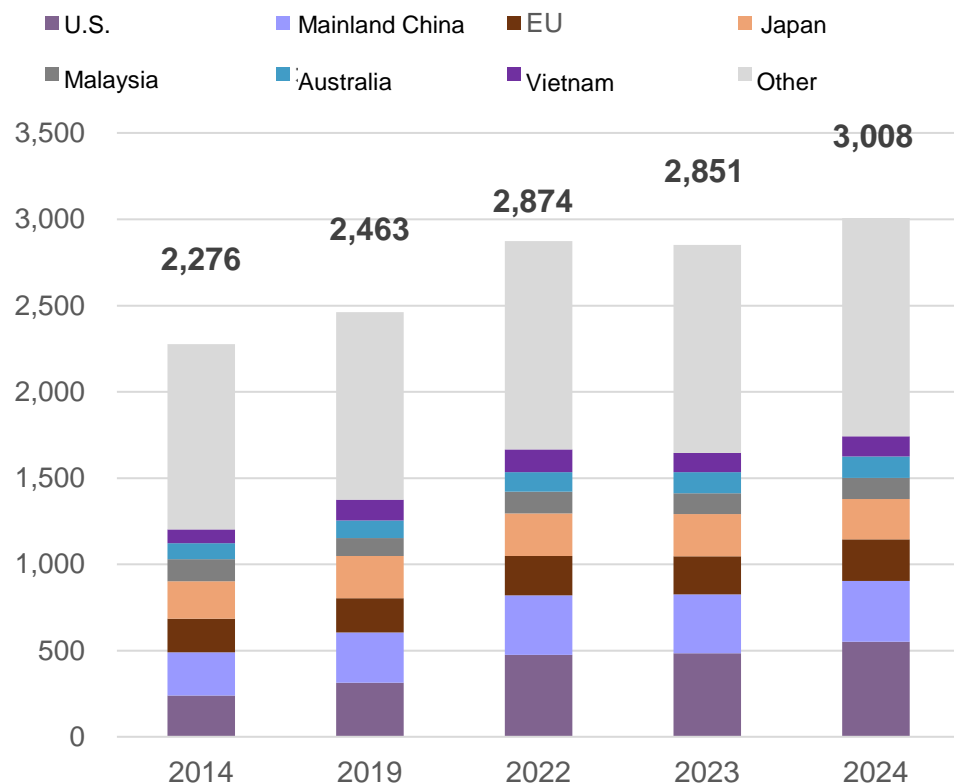


## I-3. Economic Structure (Industry/Trade) (2): Trend of Export Values

- Total exports increased steadily over the decade from 2014 to 2024, with the exception of 2020, which was affected by the COVID-19 pandemic. By country/region, the U.S., China, Europe, and Japan together accounted for over 40% of Thailand's exports, followed by Malaysia, Australia, and Vietnam.
- In terms of export items, a significant portion of the export value was contributed by industrial products, including machinery, precision instruments, electrical machinery, chemical products, and transportation equipment, mainly automobiles, as well as agriculture, forestry, and fishery products.

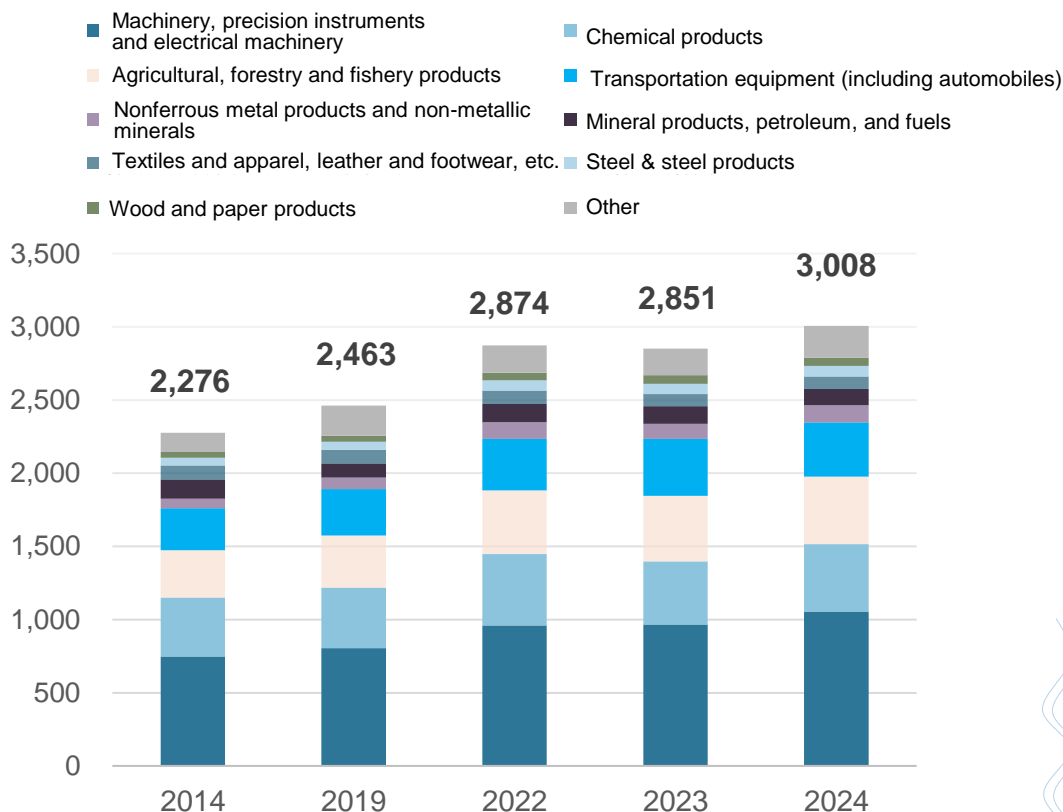
### Trend of exports by county and region

(USD 100 million)



### Trend of export value by product category

(USD 100 million)



### I-3. Economic Structure (Industry/Trade) (3): Breakdown of Export Values (by Country/Region and Export Item Category)

- The largest export destinations for Thailand's most significant exports, which include machinery, precision instruments, and electrical machinery, is the U.S. For other major export items such as chemical products and agricultural, forestry, and fishery products, Mainland China is the primary export destination.

(USD 100 million)

#### Export breakdown (by country/region and export item category)

	Agricultural, forestry and fishery products	Mineral products, petroleum, and fuel	Chemical products	Wood and paper products	Fibers & textiles, clothing, leather, footwear, etc.	Steel and steel products	Non-ferrous metal products and non-metallic minerals	Machinery, precision instruments, electrical machinery	Transportation equipment (including automobiles)	Other	Country/region total
U.S.	47.8 (10.4%)	0.5 (0.5%)	71.9 (15.5%)	3.2 (5.6%)	16.9 (19.8%)	12.3 (17.4%)	17.4 (14.9%)	322.6 (30.6%)	25.1 (6.8%)	33.3 (15.3%)	551
Mainland China	106.5 (23.1%)	8.1 (7.3%)	90.5 (19.6%)	22.9 (39.3%)	8.2 (9.6%)	3.1 (4.4%)	22.5 (19.2%)	78.8 (7.5%)	8.5 (2.3%)	3.3 (1.5%)	352
EU	24.2 (5.3%)	0.2 (0.2%)	28.3 (6.1%)	1.3 (2.2%)	8.4 (9.9%)	4.2 (5.9%)	4.7 (4%)	132.1 (12.5%)	20.3 (5.5%)	18.7 (8.6%)	242
Japan	43.8 (9.5%)	1.2 (1.1%)	41.5 (9%)	2.2 (3.8%)	8.1 (9.4%)	5.5 (7.8%)	15.7 (13.4%)	87.3 (8.3%)	21.0 (5.7%)	6.7 (3.1%)	233
Malaysia	16.9 (3.7%)	14.4 (12.9%)	21.1 (4.6%)	2.5 (4.3%)	1.3 (1.5%)	3.4 (4.8%)	3.6 (3%)	35.6 (3.4%)	22.8 (6.2%)	1.8 (0.8%)	123
Australia	11.6 (2.5%)	1.8 (1.6%)	13.4 (2.9%)	0.7 (1.3%)	1.1 (1.3%)	2.8 (4%)	2.3 (2%)	20.6 (2%)	65.9 (17.8%)	2.8 (1.3%)	123
Vietnam	13.5 (2.9%)	10.1 (9%)	25.0 (5.4%)	3.9 (6.6%)	7.6 (8.8%)	2.4 (3.3%)	9.6 (8.2%)	27.5 (2.6%)	16.7 (4.5%)	1.5 (0.7%)	118
Other	197.5 (42.8%)	75.5 (67.5%)	171.0 (37%)	21.6 (37%)	33.9 (39.6%)	37.0 (52.4%)	41.3 (35.3%)	348.5 (33.1%)	189.5 (51.2%)	149.0 (68.6%)	1,265
Export items total	462	112	463	58	86	71	117	1,053	370	217	3,008

Note 1: Percentage of each export item category by export destination country and region; the cells with the highest percentage are shown in blue.

Note 2: "Other" represents the total trade value of countries/regions that are not separately aggregated in the source data, including Taiwan.

Export item classification is based on the two-digit HS code classification.

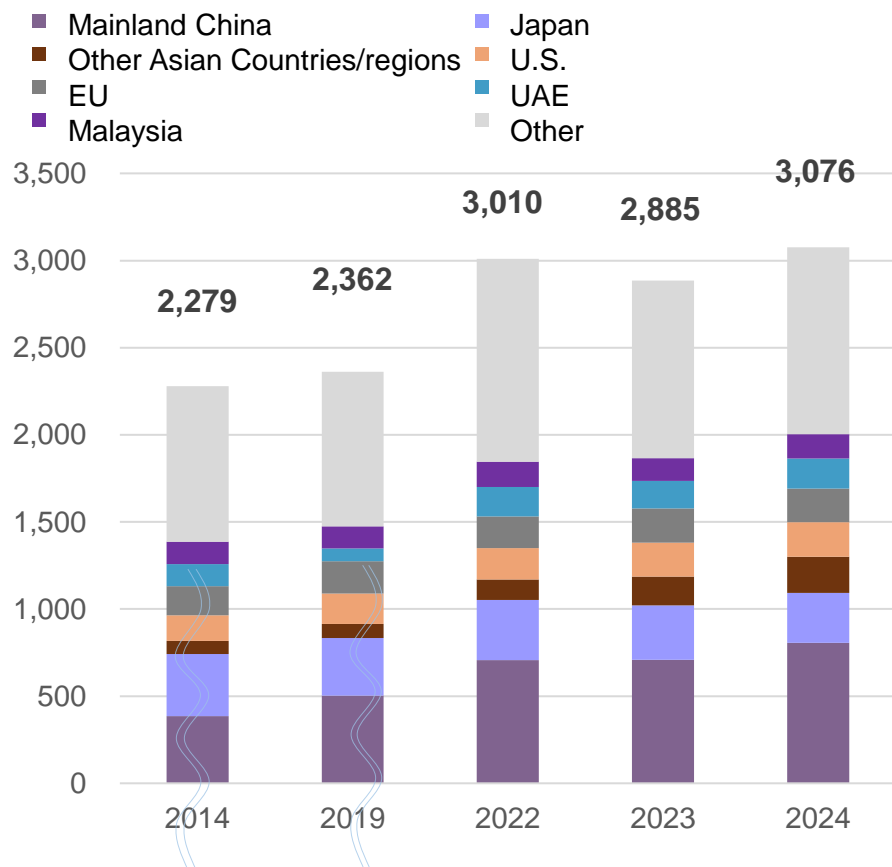


# I-3. Economic Structure (Industry/Trade) (4): Trend of Import Values

- Over the 10-year period from 2014 to 2024, the top exporter to Thailand shifted from Japan to China. While imports from Japan have remained stable, those from Mainland China have shown a continuous increase.
- In terms of import categories, machinery, precision instruments, and electrical machinery used in manufacturing, along with mineral products, petroleum, and fuel, have consistently accounted for about 50% of the total imports each year.

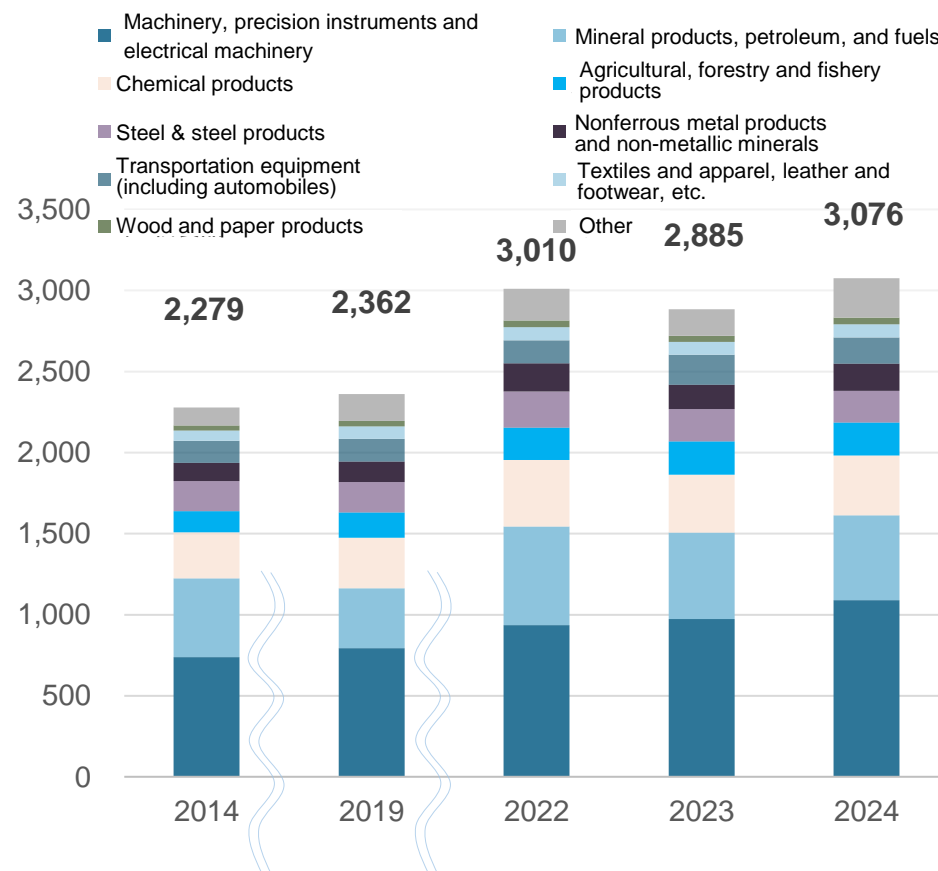
## Trend of imports by country and region

(USD 100 million)



## Trend of import value by product category

(USD 100 million)



## I-3. Economic Structure (Industry/Trade) (5): Breakdown of Import Values (by Country/region and Import Item Category)

- Imports from Mainland China are dominant for most items. In the transportation equipment sector, where Japan once held the largest share of exports to Thailand, Mainland China has surpassed Japan to become the leading exporter.
- The United Arab Emirates (UAE) is the main exporter of mineral products, petroleum, and fuels.

### Import breakdown (by country/region and import item category)

(USD 100 million)

	Agricultural, forestry and fishery products	Mineral products, petroleum, and fuel	Chemical products	Wood and paper products	Fibers & textiles, clothing, leather, footwear, etc.	Steel and steel products	Non-ferrous metal products and non-metallic minerals	Machinery, precision instruments, electrical machinery	Transportation equipment (including automobiles)	Other	Country/region total
Mainland China	29.4 (14.4%)	6.0 (1.2%)	112.4 (30.6%)	11.8 (28.8%)	34.4 (41.9%)	80.2 (41%)	56.6 (33.8%)	395.8 (36.3%)	45.8 (28.3%)	33.7 (13.9%)	806
Japan	4.1 (2%)	1.1 (0.2%)	38.7 (10.5%)	2.7 (6.7%)	3.9 (4.7%)	50.9 (26%)	24.2 (14.5%)	119.3 (10.9%)	31.7 (19.6%)	10.7 (4.4%)	287
Other Asian countries/regions	3.0 (1.5%)	0.1 (0%)	10.3 (2.8%)	0.5 (1.3%)	2.4 (2.9%)	7.3 (3.7%)	4.6 (2.8%)	176.4 (16.2%)	0.9 (0.6%)	0.9 (0.4%)	207
U.S.	12.2 (6%)	53.5 (10.2%)	26.5 (7.2%)	6.6 (16.3%)	2.9 (3.5%)	4.5 (2.3%)	6.7 (4%)	60.8 (5.6%)	18.4 (11.4%)	5.7 (2.4%)	198
EU	15.6 (7.6%)	1.0 (0.2%)	44.2 (12%)	4.3 (10.6%)	13.9 (16.9%)	6.5 (3.3%)	8.0 (4.8%)	63.5 (5.8%)	27.3 (16.9%)	9.1 (3.8%)	193
UAE	0.3 (0.1%)	159.6 (30.5%)	0.8 (0.2%)	0.0 (0%)	0.0 (0%)	0.8 (0.4%)	3.1 (1.9%)	0.2 (0%)	0.0 (0%)	8.8 (3.7%)	174
Malaysia	6.7 (3.3%)	39.7 (7.6%)	20.5 (5.6%)	2.0 (4.8%)	0.7 (0.8%)	5.8 (2.9%)	6.7 (4%)	48.2 (4.4%)	5.4 (3.3%)	2.7 (1.1%)	138
Other	133.0 (65.1%)	262.1 (50.1%)	114.1 (31%)	12.9 (31.5%)	24.0 (29.2%)	39.8 (20.3%)	57.4 (34.3%)	226.7 (20.8%)	32.1 (19.9%)	170.5 (70.4%)	1,072
Import items total	204	523	367	41	82	196	167	1,091	162	242	3,076

Note 1: Percentage of each import item category by import destination country and region; the cells with the highest percentage are shown in blue.

Note 2: "Other" represents the total trade value of countries/regions that are not separately aggregated in the source data, including Taiwan.  
Import item classification is based on the two-digit HS code classification.

## I-4. Economic and Industry Characteristics

- In manufacturing, the automotive and electrical/electronic industries have a strong presence.
  - Recently, Thailand has continued to actively attract investment to foster advanced industries under the economic vision laid out in Thailand 4.0.\*
  - The agriculture, forestry, fisheries, and service industries are also important means of earning foreign currency.
- \* While Thailand's growth process has focused on agriculture (stage 1), light industry (stage 2), and heavy industry (stage 3), the national strategy is to move to the fourth stage of development where high value-added goods and services are created continuously through innovation and productivity improvement.

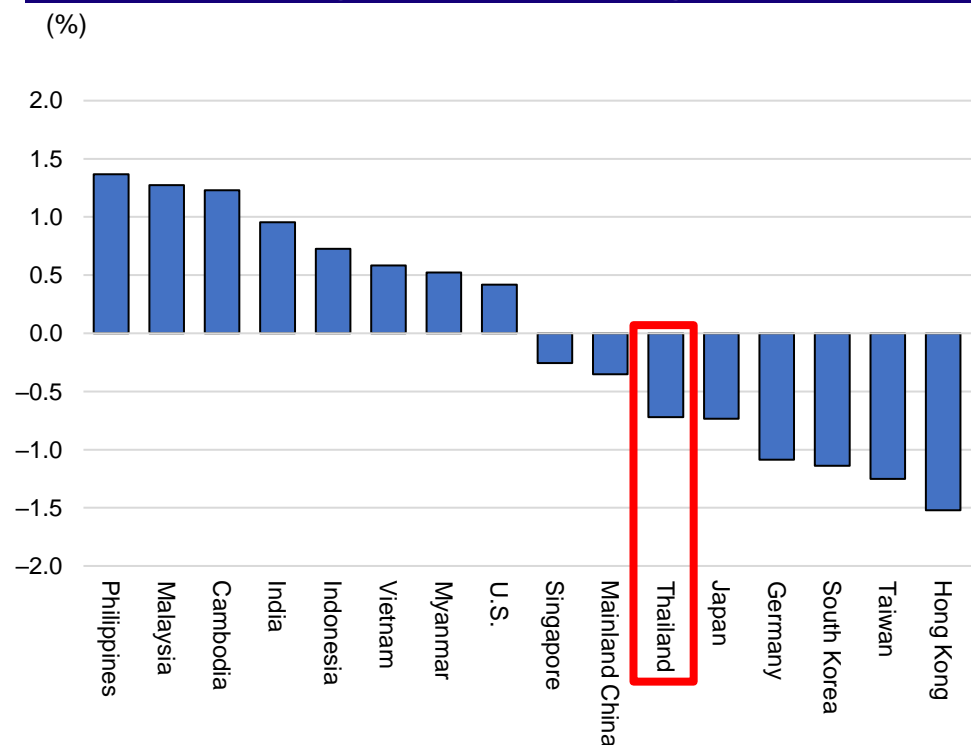
### Characteristics and trends of major industries

	Manufacturing	Agriculture, forestry, and fisheries	Service
Characteristics	<ul style="list-style-type: none"> <li>✓ Functions as the core base for auto production in Asia (the Detroit of Asia). Japanese manufacturers are unrivalled (90% of auto production).</li> <li>✓ The main exports are consumer appliances, HDDs, integrated circuits, and semiconductors. Among ASEAN members, Thailand has an advantage in its consumer appliance sector's well-developed parts industry.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Even in recent years, this industry remains a major employer, accounting for just under 10% of nominal GDP and about 30% of the working population.</li> <li>✓ Major export crops are rice, cassava, sugar cane, and natural rubber.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The service industry is subject to foreign investment restrictions with some exceptions. Entry with a majority of foreign capital is prohibited, in principle. However, entry with 100% foreign capital is possible for retailers and wholesalers with a minimum capital exceeding a certain amount.</li> <li>✓ The tourism industry is one of the country's major industries and focuses on measures to attract tourists.</li> </ul>
Recent trends	<ul style="list-style-type: none"> <li>✓ In 2024, the slower economic growth of the overall manufacturing industry was partly due to sluggish business related to automobiles and electronics.</li> <li>✓ Thailand's Office of Industrial Economics (OIE) has identified five promising manufacturing sectors for 2025: 1) food and beverages, 2) petroleum products, 3) containers, 4) consumer appliances, and 5) HDDs.</li> </ul>	<ul style="list-style-type: none"> <li>✓ In rice production, Thailand remained sixth in the world from 2018 to 2023.</li> <li>✓ Cassava, sugarcane, and other crops are gaining attention as biofuels.</li> <li>✓ The Thai government is supporting the advancement of agriculture using ICT and promoting "smart agriculture."</li> </ul>	<ul style="list-style-type: none"> <li>✓ International tourism income in 2019 was approximately JPY 9 trillion. A full-scale rebound from the impact of COVID-19 was not achieved. As a result, income reached only about JPY 8.23 trillion in 2024.</li> <li>✓ As of the end of 2024, the number of foreign tourists reached to 35.55 million, a rebound to a level of 39.80 million in 2019. The target for 2025 was set at 40 million.</li> </ul>

# I-5. Issues in Economic Development

- According to United Nations statistics, the working-age population is projected to decline by an average of 0.7% over the next 10 years. This is one of the factors that could lead to negative economic growth.
- The World Bank assesses that Thailand lags behind other countries, such as Vietnam and Malaysia, in terms of human capital development, which is a foundation for economic growth. In response, the government has designated the education sector as a priority industry and has introduced measures, including providing tax incentives to companies that offer advanced skill training and courses.
- In the capital, Bangkok, traffic congestion has become a social problem. Although improvements to transportation infrastructure, including expanding the railway network, are underway, there is still a long way to go.

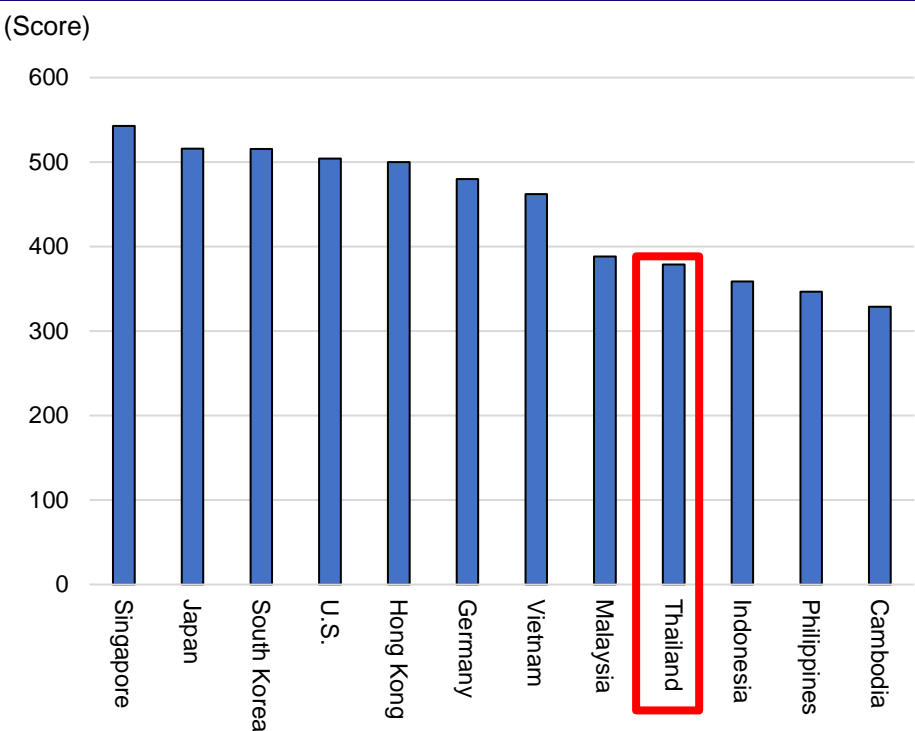
Increase in the working-age population (expected average from 2024 through 2033)



Note: Working-age population refers to people aged 15 to 64.

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from the UN

Average reading literacy score of PISA\* (2022)



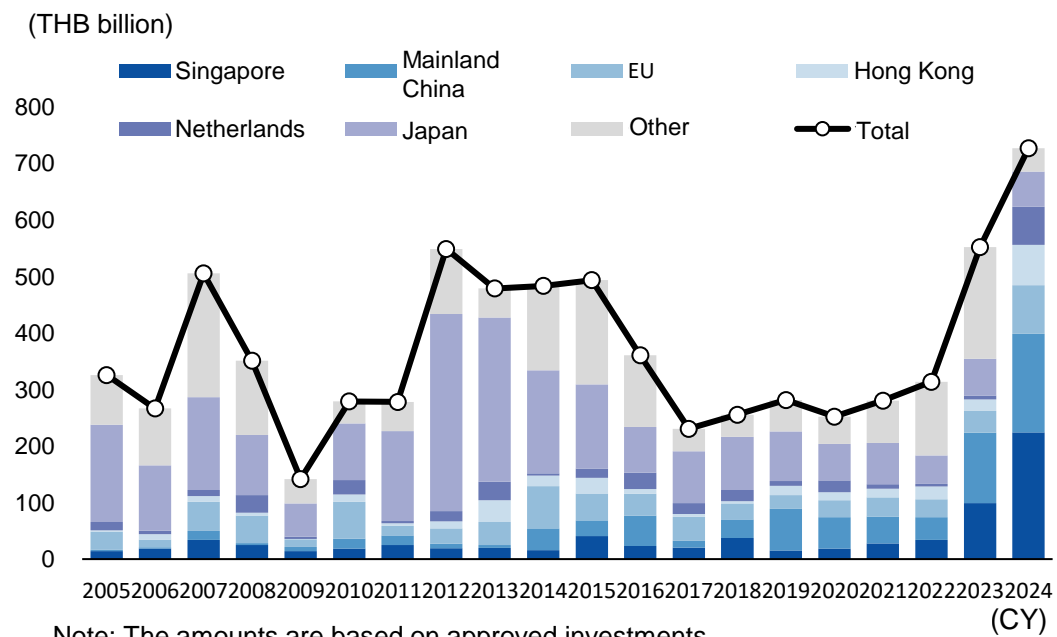
\* Programme for International Student Assessment (PISA) by OECD

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from the UN

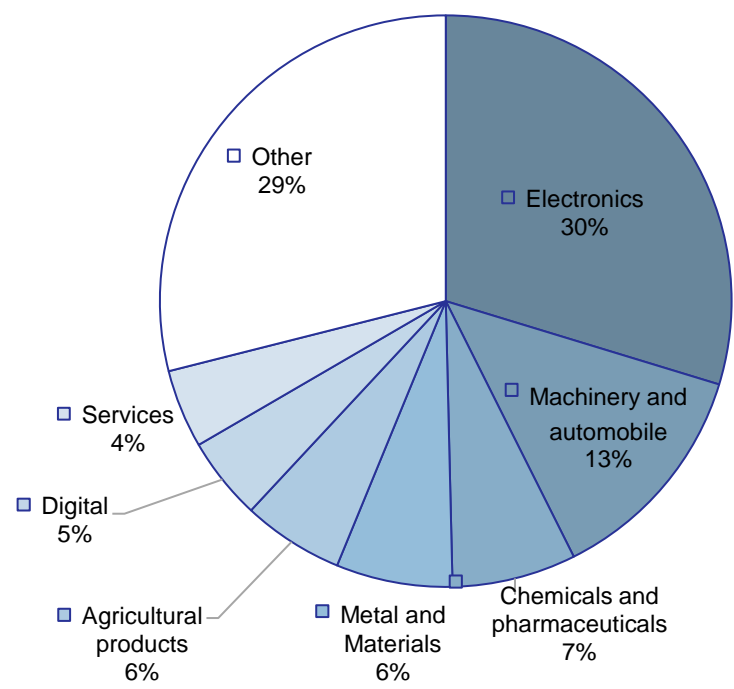
# I-6. Foreign Direct Investment (FDI) (1): Inward Investment

- The amount of approved investment from foreign countries rose significantly in 2024, marking the second consecutive year of growth since 2022. According to data published by the Thailand Board of Investment (BOI), the amount of approved foreign investment in 2024 increased by 35% from the previous year to approximately THB 1.14 trillion, which is the highest level since 2014.
- By country, Singapore ranked first, with approximately THB 224.3, an 120% increase from the previous year. By industry, the amount of investment applications in the digital sector, including data centers and cloud services, saw significant growth. (In practice, most of these investments were made by companies from other countries through their regional headquarters in Singapore.)
- In December 2024, the Thai government established the Semiconductor Committee and has promoted measures to encourage investment in the digital and electronics sectors.
- Since 2023, amid slower economic growth and overproduction in China, companies that target the ASEAN market have aggressively pursued large-scale investments in Thailand. In addition, in order to adapt to changing supply chains triggered by U.S.-China relations and to avoid geopolitical risks, there has been a trend of relocating production sites for certain products to be exported to the U.S. to Thailand. As a result, the amounts of investments from China have increased.

FDI flow trends by country/region



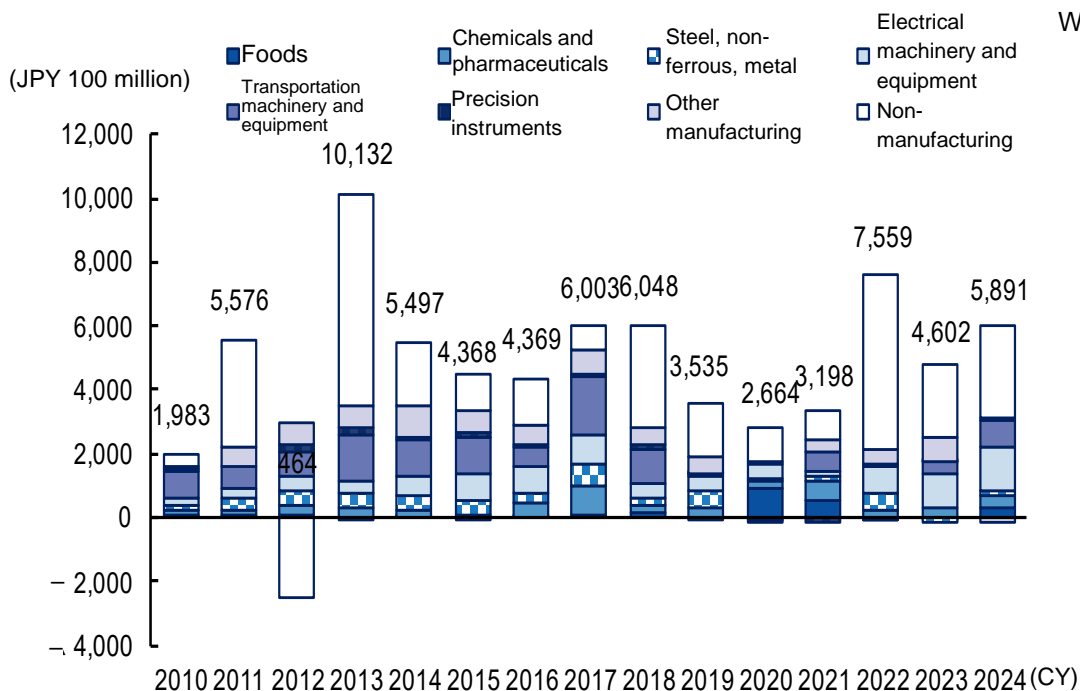
FDI by industry (2024)



## I-7. Foreign Direct Investment (FDI) (2): Investment from Japan

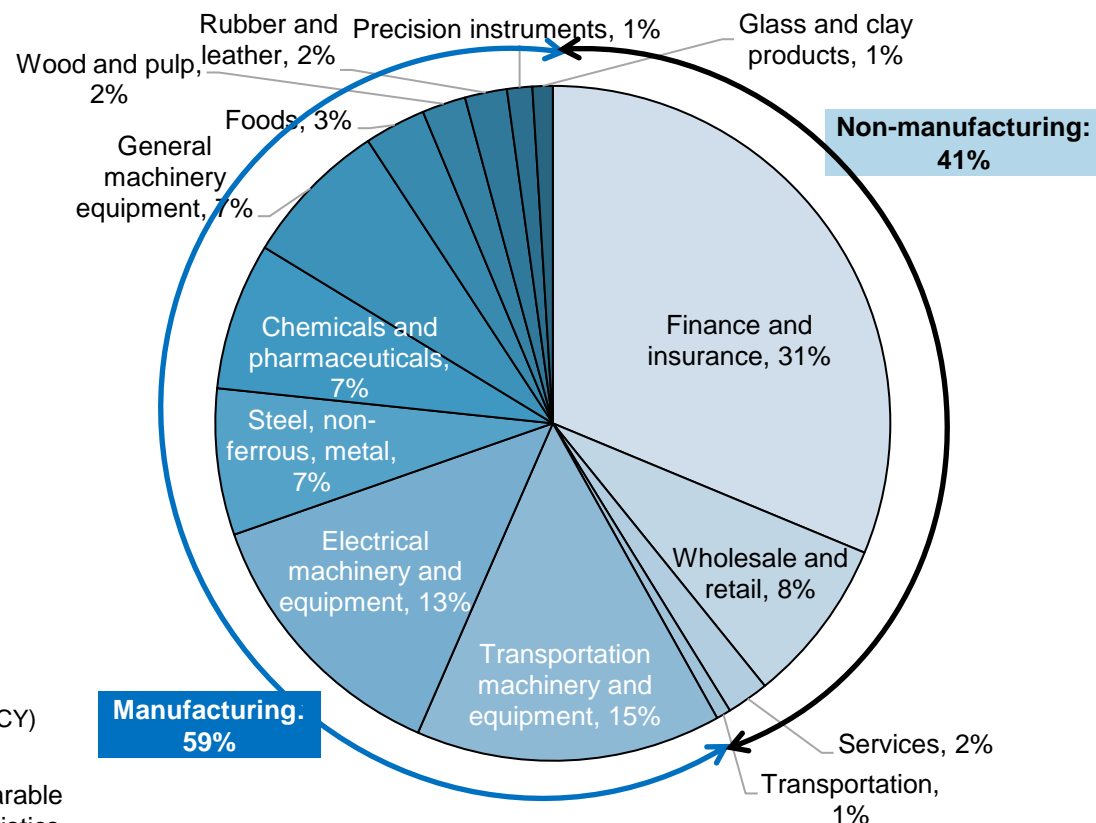
- The amount of investment from Japan has rebounded since 2021, following a temporarily downturn caused by the spread of COVID-19.
- In terms of balance by industry, the majority of investments has been made by manufacturers of transportation equipment, mainly automobiles, as well as electrical machinery and other devices.
- In November 2020, Thailand signed the Regional Comprehensive Economic Partnership (RCEP), which came into effect on January 1, 2022. On the other hand, the country has been reviewing the pros and cons of joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP11) but has not signed it, as of this writing.

### FDI flow trends from Japan to Thailand



Note 1: Data before 2013 and data from 2014 onward are not directly comparable due to a change in the standard for Balance of Payments (BOP) statistics.  
 Note 2: The amounts are based on investments actually made.

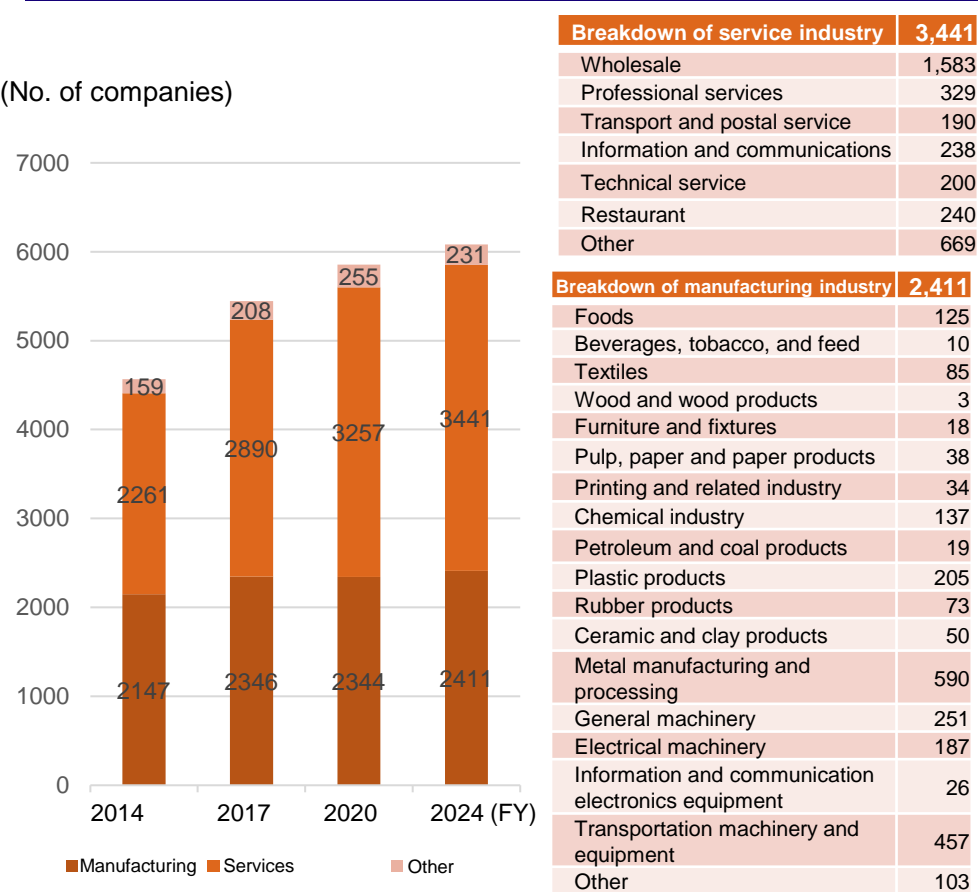
### Balance of Japan's investments in Thailand (2023)



# I-8. Foreign Direct Investment (FDI) (3): Trends Involving Japanese Companies Operating in Thailand

- The number of Japanese companies in Thailand continues to increase steadily. According to JETRO's survey in December 2024, 6,083 Japanese companies were operating in Thailand.
- JBIC's FY2024 questionnaire about promising countries showed that Thailand ranked higher despite a slightly lower share of votes, while China ranked lower.
- As the number of Japanese companies planning expansion is smaller compared with other countries, Japanese companies need to review their future business strategies.

Changes in the number of Japanese companies operating in Thailand (2024)

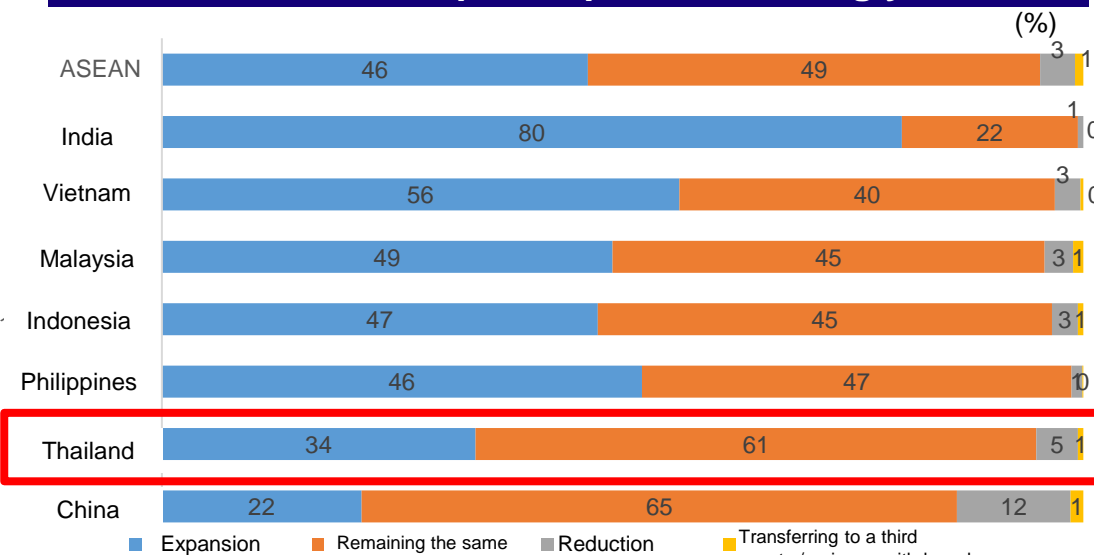


Note: "Japanese companies" refer to Japanese companies or companies with a 10% or more investment share from Japanese investors.

Questionnaire about promising counties/regions

FY2020 survey		FY2021 survey		FY2022 survey		FY2023 survey		FY2024 survey	
Share	(%)	Share	(%)	Share	(%)	Share	(%)	Share	(%)
China	47	China	47	India	40	India	49	India	599
India	46	India	38	China	37	Vietnam	30	Vietnam	31
Vietnam	37	U.S.	33	U.S.	32	China	28	U.S.	26
Thailand	31	Vietnam	30	Vietnam	29	U.S.	27	Indonesia	25
U.S.	28	Thailand	22	Thailand	23	Indonesia	25	Thailand	19
Indonesia	27	Indonesia	19	Indonesia	21	Thailand	22	China	17
Philippines	10	Philippines	9	Malaysia	8	Mexico	11	Mexico	11
Malaysia	10	Mexico	9	Philippines	8	Philippines	9	Malaysia	7
Mexico	9	Malaysia	8	Mexico	7	Malaysia	7	Philippines	7
Myanmar	7	Taiwan	6	Taiwan	6	Germany	5	Germany	6

Business development plan for coming years





## I-9. Potential as an Investment Destination

- Thailand offers attractions such as enhanced infrastructure, a geographical advantage as the center of the Mekong region, and clusters of supporting industries.
- For priority industries designated by the government, investment incentive systems have been strengthened.
- Thailand faces issues of a declining birthrate and aging population, rising labor costs, and a shortage of skilled workers. The government has introduced initiatives to address these challenges.
- The political situation in Thailand is peculiar. The current administration is mainly composed of the Pheu Thai Party, the former Thaksin faction, and the pro-military party, while the People's Party (former: the Move Forward Party), despite winning the most seats in the general election, became the opposition. Historically, growing dissatisfaction with the general election outcome and intensified political disputes led to mass demonstrations and protest campaigns. There are concerns that, if the political turmoil continues, it could negatively affect foreign direct investment.
- Participation of Chinese companies in the Thai market may intensify competition, while there are risks, such as the possibility of the border dispute with Cambodia disrupting supply chains.

### Investment attractions / growing industries

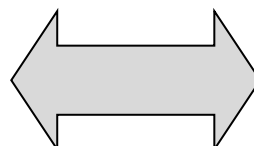
Cluster of supporting industries

Enhanced infrastructure

Enactment of investment-related legislation

High consumer purchasing power

Geographical advantage



### Points to note for investment (issues)

Rising labor costs

Lingering risk of recurrence of demonstrations and coups

Development of skilled workers

Buildup of household debt

Competition intensified by Chinese companies' market participation

Risk of supply chain disruption due to the border dispute with Cambodia



## II. Investment-related Information

## II-1. Labor-related Information (1): Visas and Employment Regulations

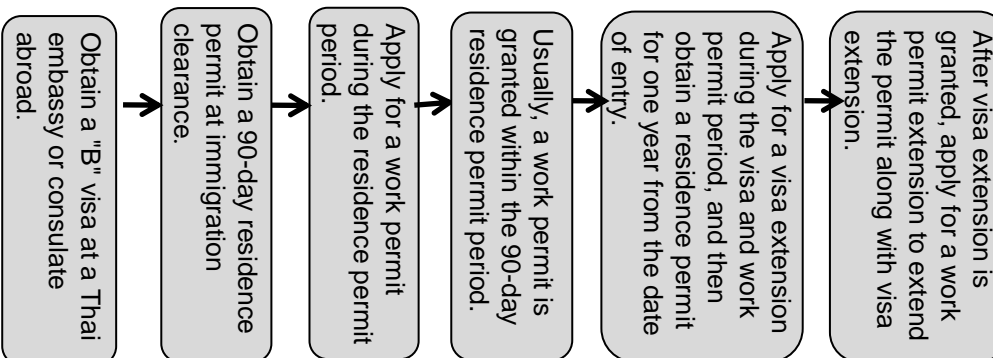
- Foreign nationals need to obtain a "B" visa (i.e., a non-immigrant business visa) and a work permit to work in Thailand. In principle, at least four Thais nationals need to be employed to extend one foreigner's visa.
- In February 2018, the Smart Visa began to be issued to foreign nationals. It exempts visa recipients from the obligation of acquiring a work permit and the requirement to submit a residence report every 90 days, if certain conditions are fulfilled (e.g., being an advanced technical specialist or an investor). In June 2022, a long-term resident (LTR) visa system was introduced for the purpose of attracting wealthy foreigners and investors to Thailand. As a result, it is now possible to apply for a visa that is valid for 10 years if certain requirements are met.
- In March 2025, the Thailand Investment and Expat Service Center (TIESC) was established. Foreign nationals who meet certain requirements, such as being a foreign employee of a company authorized by the BOI, can apply for both a visa and a work permit simultaneously through the TIESC.

### Acquisition of a visa, etc., and points to note

#### Work visa and work permit

- ✓ Foreign nationals need to obtain both a "B" visa and a work permit to work in Thailand. A "B" visa is required to enter Thailand, while a work permit is required to work in Thailand.
- 1. "B" visa  
Based on the *Immigrant Act* of Thailand, foreign nationals need to obtain a visa from the Thai Immigration Bureau as according to purpose of entry.
- 2. Work permit  
Based on Thailand's *Alien Work Permit Act*, foreign nationals must obtain a work permit from the Ministry of Labour (Employment Bureau).
- ✓ These are issued by different authorities but are institutionally paired. A "B" visa can be renewed only when a work permit is renewed.

#### General acquisition flow



### Employment/dismissal regulations in Thailand

- ✓ In the case of dismissal for company reasons, the employer must pay dismissal allowance depending on the length of service.
- ✓ Companies employing 10 or more employees are obliged by law to prepare work regulations in Thai. The *Labour Protection Act* of Thailand specifies the minimum work regulations as follows:

Article 108, Paragraph 1 of the *Labour Protection Act*: Employers (companies) employing 10 or more employees must establish work regulations in Thai. The work regulations must contain at least the following details.

- (1) Work days, normal work hours, and break time
- (2) Principles on leave and granting leave
- (3) Principles on overtime work and holiday work
- (4) Day and place of payment of wages, overtime allowance, holiday allowance, and holiday overtime allowance
- (5) Principles regarding vacation and granting vacation
- (6) Discipline and sanctions for discipline violations
- (7) Petitioning
- (8) Dismissal, dismissal allowance, and special dismissal allowance

- ✓ In October 2025, following a revision to the *Labour Protection Act*, in order to protect workers, companies employing 10 or more employees will be obliged to either join a labor welfare fund or establish a provident fund.

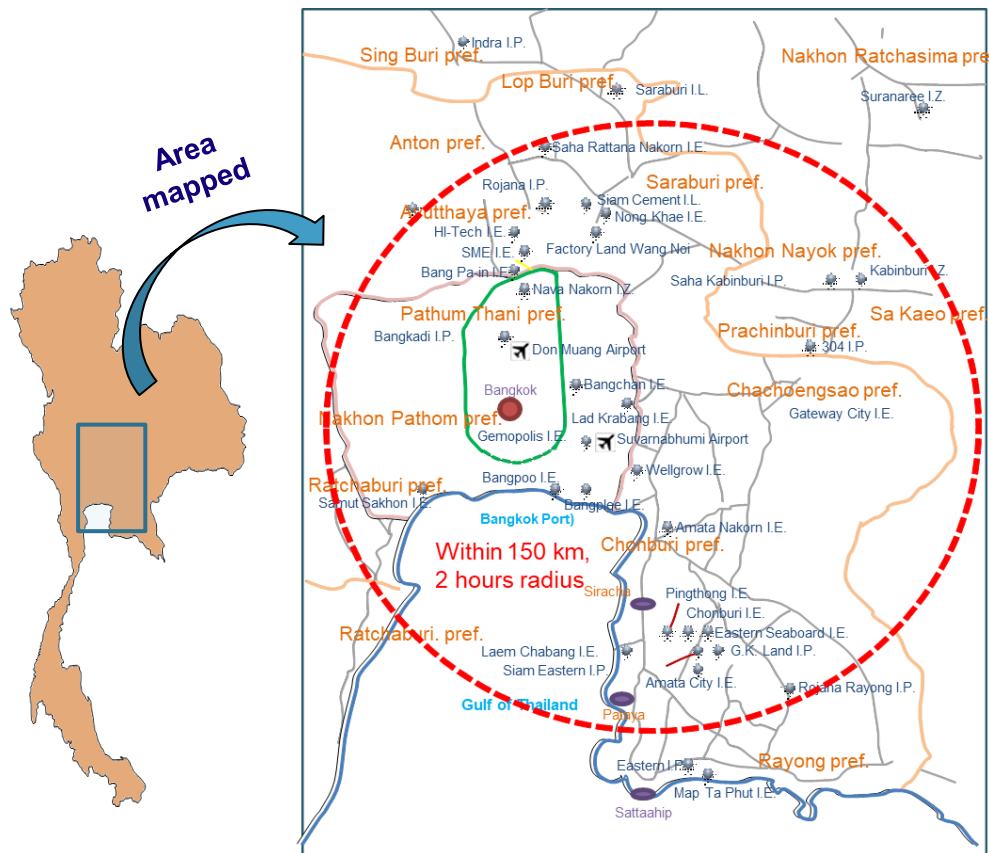
## II-1. Labor-related Information (2): Labor Cost

(USD/month)

Country/region		Japan	China	Hong Kong	Taiwan	South Korea	Singapore	Malaysia	Thailand	
City		Tokyo	Shanghai	Shenzhen	Hong Kong	Taipei	Seoul	Singapore	Kuala Lumpur	Bangkok
Manufacturing	Workers' wages (general worker)	2,024	832	415	2,138	1,212	2,426	2,195	490	437
	Engineers	2,636	1,434	519	3,536	1,586	2,745	3,108	917	781
	Managers	4,221	2,217	1,036	4,889	2,264	3,678	4,909	1,773	1,622
Non-manufacturing	Staffs' wages (general level)	2,050	1,291	1,024	2,639	1,490	2,181	3,094	1,023	844
	Managers' wages	3,838	2,625	1,987	4,556	2,479	3,533	5,585	2,179	1,709
	Shop staffs' wages (Apparel)	2,784	—	1,450	1,702	1,068	2,933	1,638	754	386
	Shop staffs' wages (Food)	2,286	—	721	2,005	996	1,887	1,404	530	386
Legal minimum wage		7.95/hour	375/month	329/month	5.1/hour	828/month (or 5.52/hour)	1,564/month	—	408/month	10.16 to 11.40/day
Bonus payments (fixed bonus + variable bonus)		4.63 months' base salary	2.24 months' base salary	1.54 months' base salary	1.90 months' base salary	3.34 months' base salary	2.55 months' base salary	2.32 months' base salary	2.08 months' base salary	2.68 months' base salary
Social security burden ratio (Employer's burden ratio)		13.202% to 25.252%	32.66 to 36.02%	19.74 to 33.49%	(1) 5% Less than 30,000 HKD monthly salary (2) 1,500 HKD 30,000 HKD and more monthly salary	13.96%	10.7% to 30.1%	17%	14.45 to 14.95%	5%
Nominal wage increase rate		2.5% (2024)	6.9% (2022)	5.9% (2022)	3.0% (2023)	1.57% (January to July 2023)	5.07% (2022)	5.2% (2023)	Management: 5.88% Non-management: 5.56% (2023)	0.45% (2023)
Country/region		Indonesia	Philippines	Vietnam	Cambodia	Laos	Myanmar	India		
City		Jakarta	Manila	Hanoi	Ho Chi Minh	Phnom Penh	Vientiane	Yangon	New Delhi	Mumbai
Manufacturing	Workers' wages (general worker)	475	314	278	329	243	115	148	448	337
	Engineers	600	478	520	619	453	203	351	673	543
	Managers	1,295	1,042	1,121	1,215	1,049	672	713	1,359	1,490
Non-manufacturing	Staffs' wages (general level)	545	567	797	759	656	336	508	735	696
	Managers' wages	1,289	1,472	1,688	1,537	1,398	751	1,381	1,850	1,777
	Shop staffs' wages (Apparel)	296 to 395	324	—	249 to 322	250 to 350	128	86 to 119	178 to 262	—
	Shop staffs' wages (Food)	296 to 460	324	—	237 to 249	250 to 500	91	86 to 110 (meals and a dorm provided) 119 to 143 (commutable employees)	178 to 297	190.3 to 297.3
Legal minimum wage		333/month	10.66 to 11.31/day	206/month (or 0.99/hour)	206/month (or 0.99/hour)	204/month	73.1/month	2.29/day	Unskilled: 215/month Semi-skilled: 237/month Skilled: 261/month	Unskilled: 183/month Semi-skilled: 169/month Skilled: 156/month
Bonus payments (fixed bonus + variable bonus)		2.26 months' base salary	1.84 months' base salary	1.6 months' base salary	1.6 months' base salary	1.08 months' base salary	1.01 months' base salary	1.44 months' base salary	1.08 months' base salary	1.35 months' base salary
Social security burden ratio (Employer's burden ratio)		10.24 to 11.74%	9.5%	21.5% (social insurance premiums) 17.5% (foreign workers)	21.5% (social insurance premiums) 17.5% (foreign workers)	5.4%	6% (monthly salary 4.5 million LAK or less) 270,000 LAK (monthly salary over 4.5 million LAK)	Age 60 or under: 7% Over age 60: 7.5%	13%	13%
Nominal wage increase rate		3.38% (2024)	5.74 to 6.11% (2024)	—	—	—	—	—	8.0% (2023)	25.0% (2023)

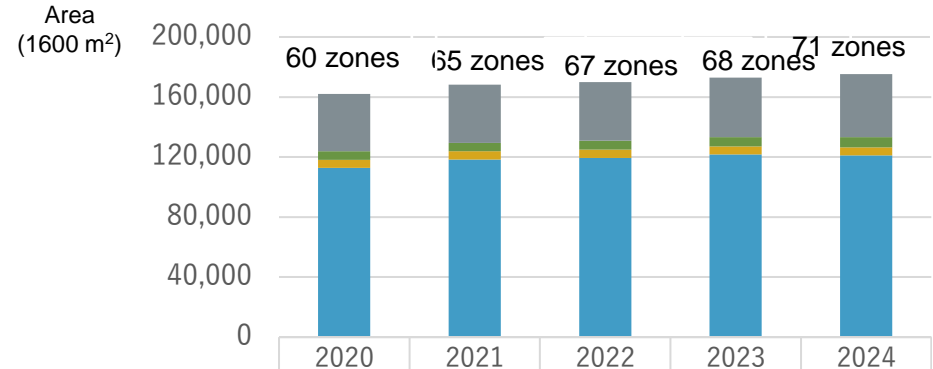
## II-2. Key Industrial Parks

- Since 1980, the demand for industrial land has increased rapidly mainly in the Bangkok metropolitan area, and industrial parks have been actively created and developed mainly by the private sector. There are 89 industrial parks as of 2023, providing plenty of options.
- Foreign-affiliated companies can also purchase land through the use of the investment promotion system,\* and there is no regulation requiring the land to be returned after a certain period of time.
- The manufacturing industry is concentrated in the suburbs of the Bangkok metropolitan area which has good access to ports (including many river ports and deep-sea ports), and this shortens domestic transportation and delivery distances, contributing to lower logistics costs.



\*In principle, foreigners (including corporations) are not allowed to acquire land. However, companies receiving BOI promotion and companies located in industrial parks approved by the Industrial Estate Authority of Thailand (IEAT) may acquire land, regardless of the percentage of foreign investment.

### Changes in the cumulative area of industrial parks and the number of industrial parks (as of June 2025)



	2020	2021	2022	2023	2024
Other	38,217	38,900	39,105	39,819	42,127
Commercial and residential area	5,745	5,559	5,998	6,021	6,761
IEAT area	5,395	5,488	5,488	5,501	5,333
General Industrial Zones (GIZ)	112,721	118,407	119,492	121,697	121,177

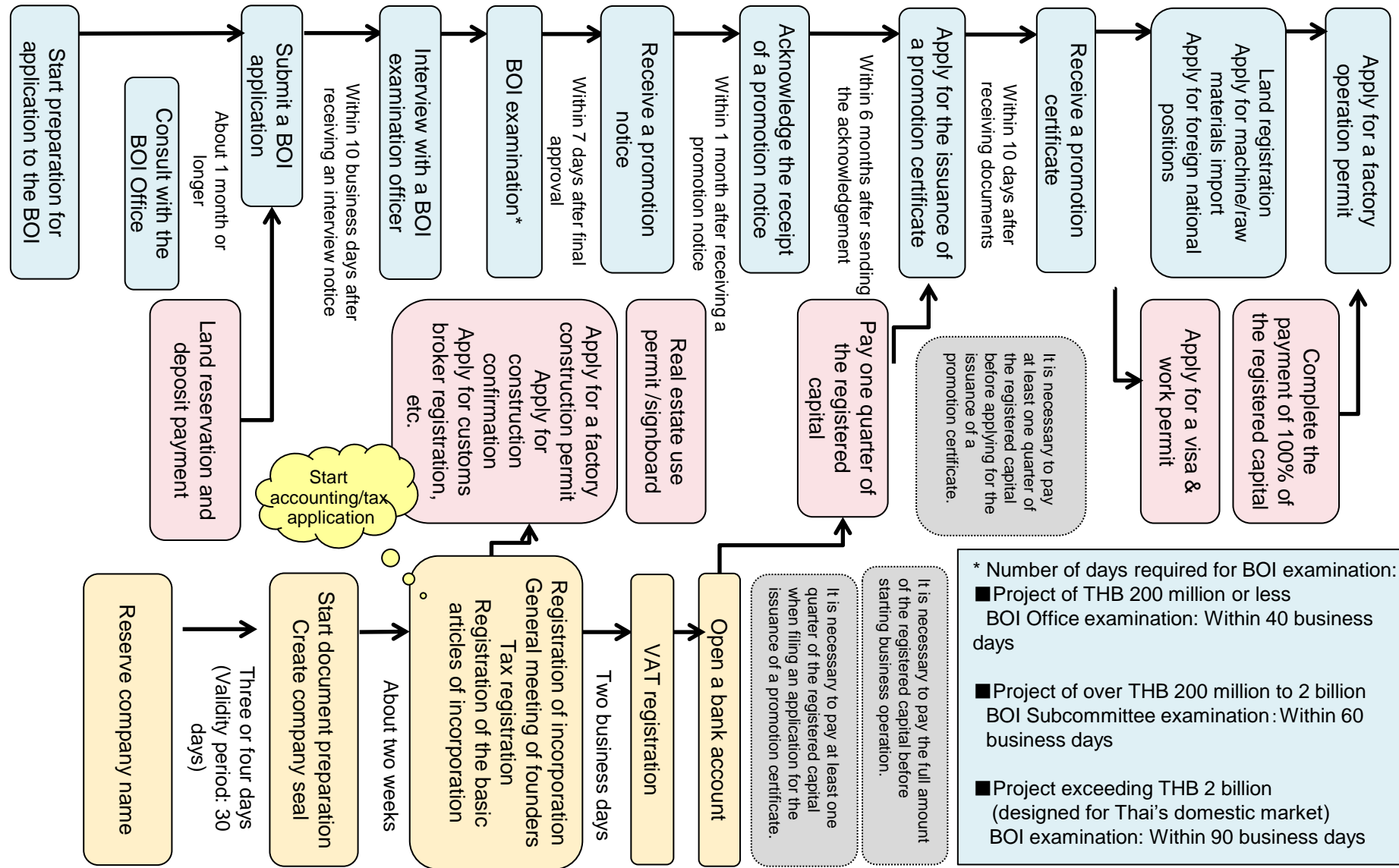
### III. Establishing a Local Subsidiary

## III-1. Business Models

	1. Subsidiary	2. Branch	3. Representative office	4. Regional office
<b>Summary</b>	<ul style="list-style-type: none"> <li>✓ Subsidiaries are established in compliance with Thai laws. They have a separate corporate status from their Japanese head offices and have independence as a business operator.</li> <li>✓ There are restrictions on the investment ratio in industries subject to foreign capital regulations.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Branch offices are established so that the Japanese head office can engage in business activities, etc., in Thailand. Their corporate status is dependent on the head office.</li> <li>✓ In general, except for industries such as financial institutions, expansion into Thailand using branches is not allowed.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Representative offices are the bases of foreign corporations established for collecting information on the Japanese head office's goods and services in Thailand and for inspecting items exported to Japan.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Regional offices are offices established by a foreign corporation. They control branches or affiliated companies located in Thailand and its surrounding area.</li> </ul>
<b>Sales activities</b>	<b>Possible</b> (Subsidiaries have independence as a business operator.)	<b>Possible</b> (A branch office of a foreign corporation is established for the purpose of conducting business that produces operating income.)	<b>Impossible</b> (Business activities with the aim of receiving operating profit are not permitted.)	<b>Impossible</b> (Regional offices are not permitted to derive income from their activities.)
<b>Foreign Business License (FBL)</b>	<b>Necessary</b> (If the industry is subject to foreign capital regulations) (Permission of the director-general of the Department of Business Development at the Ministry of Commerce might be required depending on the type of business, the investment structure, and whether or not investment incentives are applicable, etc.)	<b>Necessary</b> (Because this entity is subordinate to the head office, it is subject to foreign capital regulations, and the permission of the director-general of the Department of Business Development at the Ministry of Commerce is required. The valid period is five years, at maximum.)	<b>Unnecessary</b> (However, in order to satisfy the requirements for the preparation and submission of accounting documents under accounting law, a representative office must obtain a registration number and notify the Thai authorities of the business offices in Thailand in accordance with the notifications of the Department of Business Development at the Ministry of Commerce.)	<b>Unnecessary</b> (However, in order to satisfy the requirements for the preparation and submission of accounting documents under accounting law, a representative office must obtain a registration number and notify the Thai authorities of the business offices in Thailand in accordance with the notifications of the Department of Business Development at the Ministry of Commerce.)
<b>Taxes</b>	<b>Ordinarily, corporate tax of 20%</b>	<b>Ordinarily, corporate tax of 20%</b>	<b>No corporate tax</b> (Tax declarations [showing no taxable income] must be filed even though there is no corporate tax levied because there is no corporate income.)	<b>No corporate tax</b> (No corporate tax is levied, as regional offices are not permitted to derive income from their activities.)
<b>Initially required remittance amount</b>	Foreign-owned companies must have a minimum capital of THB 2 million or more (capital transfer of THB 2 million per foreign national required as a prerequisite for issuing a work permit). However, companies that have acquired a Foreign Business License (FBL) in a regulated industry under the <i>Foreign Business Act</i> are required to have THB 3 million or more. The BOI regulates the minimum capital depending on the type of business. Company registration is possible with paid-in capital of 25% or more. However, in the case of the BOI, paid-in capital of 100% is required to start operations.	Branches are obligated to bring foreign currency equivalent to THB 3 million or more.	Remittance of capital equivalent to THB 2 million is required	Remittance of capital equivalent to THB 2 million is required
<b>Period for establishment</b>	1 to 1.5 months if the data and documents that should be prepared are submitted smoothly; about 200 days if BOI application is required (For details, see page 18.)	About 200 days	About 1 month	About 1 month

## III-2. Procedure to Establish a Local Subsidiary

- Procedure for establishing a Japanese company's local subsidiary (application to the BOI and the subsidiary establishment schedule)





### III-3. Local Expenses

Item	Monthly cost	Remarks
Office rent	(1) Times Square: 20 (Asok area, 230 m <sup>2</sup> or more) (2) Exchange Tower: 37 (Asok area, 250 m <sup>2</sup> or more)	<ul style="list-style-type: none"> <li>Management fees included for both buildings</li> </ul>
Service apartment	(1) Serviced apartments: 1,017–1,787 (Phrom Phong area, 54–96 m <sup>2</sup> , including management fees) (2) Apartments: 2,618–3,697 (Phrom Phong area, 170–210 m <sup>2</sup> , including management fees)	<ul style="list-style-type: none"> <li>There is no need to pay brokerage fees to real estate companies.</li> <li>Corporate contracts are limited because apartment owners' tax processing is complicated.</li> <li>There are many service apartments thanks to the construction boom. Rents vary by area, distance to the main street, space, building age, etc.</li> </ul>
Commercial electricity charge	<ul style="list-style-type: none"> <li>Basic monthly charge: USD 9.6</li> <li>Charge per 1 kWh: (1) USD 0.16 (2) USD 0.08</li> </ul>	<ul style="list-style-type: none"> <li>12 to 24 kV</li> <li>Charges vary depending on the usage time zone. (1) Peak time (09:00–22:00 on Monday to Friday) (2) Off-peak time (22:00–09:00 on Monday to Friday and on Saturday/Sunday/national holiday)</li> </ul>
Residential electricity charge	<ul style="list-style-type: none"> <li>Basic monthly charge: USD 0.76</li> <li>Charge per 1 kWh: (1) USD 0.10 (2) USD 0.13 (3) USD 0.14</li> </ul>	<ul style="list-style-type: none"> <li>Charges vary depending on the amount of use. (1) 1–150 kWh/month (2) 151–400 kWh/month (3) 401 kWh or more/month</li> </ul>
Commercial water charge	<ul style="list-style-type: none"> <li>Basic monthly charge: USD 2.77</li> <li>Charge per 1 m<sup>3</sup>: USD 0.29–0.49</li> </ul>	<ul style="list-style-type: none"> <li>Charges vary depending on the amount of use.</li> </ul>
Residential water charge	<ul style="list-style-type: none"> <li>Basic monthly charge: USD 1.39</li> <li>Charge per 1 m<sup>3</sup>: USD 0.26–0.45</li> </ul>	<ul style="list-style-type: none"> <li>Charges vary depending on the amount of use.</li> </ul>



## IV. Regulations, Incentives, Reference Information

## IV-1. Regulations for Foreign Investors (1)

- The entry of foreign-owned companies (with more than 50% foreign capital) is regulated in 43 industries divided into the three categories shown below on the right-hand side.

### Restrictions on foreign investment

#### **Foreign Business Act**

- ✓ The manufacturing industry is basically exempt from foreign investment restrictions.
- ✓ In some industries, there are restrictions on majority investment by foreign companies.

#### **Land Ownership**

- ✓ In principle, foreigners are not allowed to acquire land.
- ✓ However, companies receiving BOI promotion and companies located in industrial parks approved by the Industrial Estate Authority of Thailand (IEAT) may acquire land, regardless of the percentage of foreign investment.
- ✓ Under the *Land Code Amendment Act* amended in May 1999, it is possible to acquire a land area of 1 rai (1,600 m<sup>2</sup>) or less for residential use if certain conditions, such as investment of THB 40 million or more, are met.

### Regulated industries

#### **1. Foreign businesses prohibited from entry (9 industries): Mass media, etc.**

- ✓ Businesses that foreigners are not allowed to operate for special reasons

#### **2. Foreign businesses prohibited in principle but allowed with the permission of the Minister of Commerce after approval by the Cabinet (13 industries)**

- ✓ Businesses related to national security: Aircraft, domestic land transportation, marine air transportation, etc.
- ✓ Businesses related to the protection of culture and crafts: Thai arts, and arts and crafts trade, etc.
- ✓ Businesses related to the protection of environmental resources: Sugar production from sugarcane, etc.

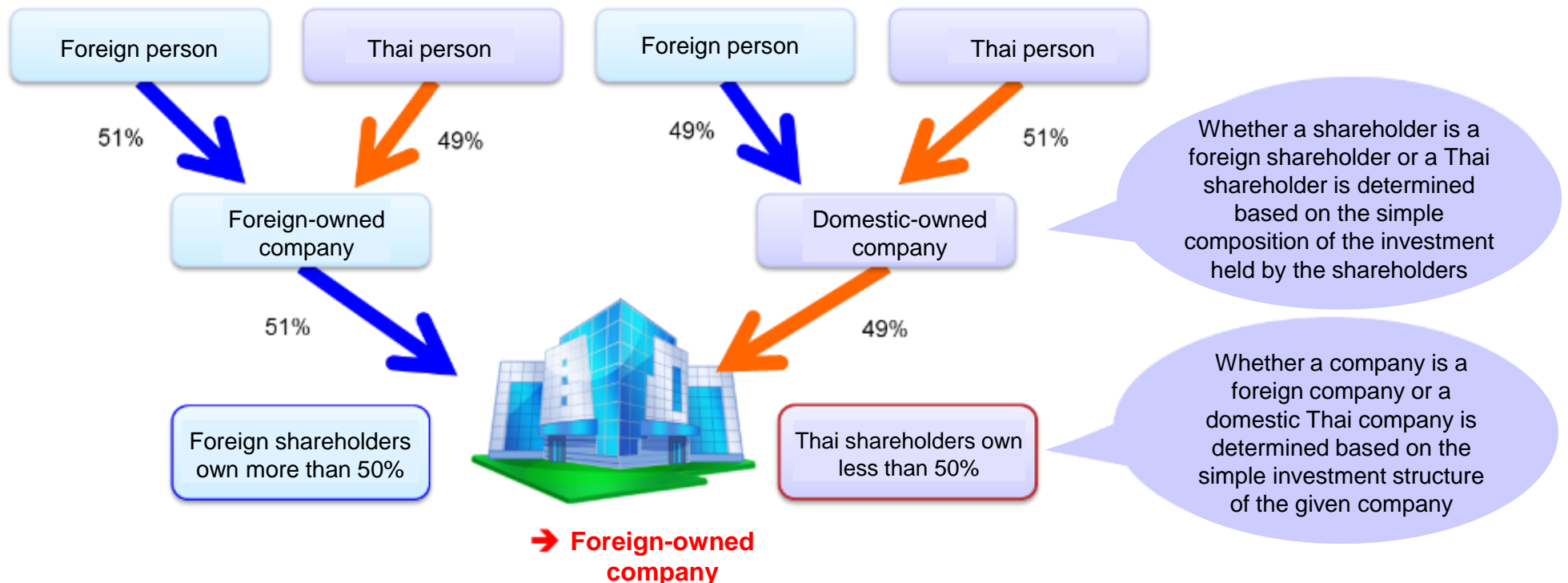
#### **3. Business areas where local companies cannot compete with foreign companies (21 industries)**

- (However, entry is allowed if approved by the director-general of the Department of Business Development of the Ministry of Commerce with the approval of the Foreign Business Committee)
- ✓ Retail businesses and legal or accounting services, etc., with capital of less than THB 100 million or capital of less than THB 20 million per store

## IV-1. Regulations for Foreign Investors (2)

### ■ The definition of a foreigner is as follows.

1. A natural person who is not a Thai national (i.e., is a foreign national), or
2. A legal entity that is not registered in Thailand (i.e., is a foreign corporation), or
3. A legal entity which is registered in Thailand (Thai corporation), and
  - (1) at least 50% of its capital stock is held by a foreign national or a foreign corporation
  - (2) the legal entity is a limited partnership or registered ordinary partnership in which a foreign national is the manager or co-manager, or
4. A legal entity that is registered in Thailand (Thai corporation) with at least 50% of its capital stock held by a foreign national under 1, 2, and/or 3 above.



## IV-1. Regulations for Foreign Investors (3)

Regulated industries	Type of business
List 1 Industries	(1) Newspaper publishing, television or radio broadcasting, (2) rice farming, field work, and landscaping, (3) animal husbandry, (4) forestry and wood processing from natural forests, (5) fishing in territorial waters of Thailand and its economic zones, (6) extraction of Thai herbs, (7) trading and auctioning of Thai antiques and antiquities, (8) business of making and casting Buddhist statues and making monks' bowls, and (9) land transactions
List 2 Industries	<p><b>Category 1: Businesses related to national security</b></p> <p>(1) Businesses manufacturing, selling, or maintaining the following goods: (a) firearms, ammunition, gunpowder, or explosives, (b) parts of firearms, ammunition, or explosives, (c) weapons, military ships, aircraft, or vehicles, (d) all accessories or components of military equipment</p> <p>(2) Domestic land, sea, or air transportation, including domestic air transportation</p> <p><b>Category 2: Businesses affecting arts, culture, traditional customs, and handicrafts</b></p> <p>(1) Trade in antiques associated with Thai industrial arts or handicrafts, (2) manufacture of wood carvings, (3) business of sericulture, Thai silk paper making, Thai silk bedding, or Thai silk textile printing, (4) manufacture of musical instruments for Thai music, (5) manufacture of gold, silver, metalwork inlay, bronze, or lacquer ware, (6) manufacture of crockery or pottery associated with the cultural arts of Thailand</p> <p><b>Category 3: Businesses that affect natural resources or the environment</b></p> <p>(1) Sugar manufacturing using sugarcane as a raw material, (2) salt field businesses, including salt fields using underground saltwater, (3) rock salt mining businesses, (4) mining industry, including blasting and crushed stone, (5) carpentry businesses for the purpose of making furniture or household goods</p>
List 3 Industries	(1) Rice polishing, grinding of rice and other grains, (2) aquaculture, (3) forestry, (4) manufacture of plywood, veneer, chipboard and hardboard, (5) manufacture of lime, (6) accounting, (7) legal services, (8) architectural design, (9) engineering, (10) construction (excluding construction of public facilities and telecommunication facilities for the development of social infrastructure requiring the use of special machinery, technology, and expertise with a minimum capitalization of at least THB 500 million from foreign nationals), (11) brokerages and agencies (excluding (i) brokerages and agencies of securities; futures trading of agricultural products or financial securities, (ii) trading necessary for manufacturing; brokerages or agencies for product discovery; and services necessary for manufacturing and technical services within the same company, (iii) brokerages, agencies, domestic or foreign market development and sales for the sale and purchase of Thai domestic and imported products with a minimum capital of THB 100 million, (12) auction businesses (excluding auctions via international bidding), (13) domestic trade of local agricultural products or agriculture-related products for which there is not yet any governing law (excluding agricultural futures trading on the Thai agricultural futures market where no delivery of agricultural products occurs in Thailand), (14) retail trade ( <u>minimum capital of less than THB 100 million, or minimum capital of less than THB 20 million per outlet</u> ), (15) wholesale trade ( <u>minimum capital of less than THB 100 million per outlet</u> ), (16) advertising, (17) hotel businesses, excluding hotel management, (18) travel agencies, (19) food and beverage sales, (20) plant seed, seedling, and breeding businesses, and (21) other service businesses. However, those specified by ministerial regulation are excluded.*

\* The following finance-related businesses and businesses to which special laws and certain back-office operations apply are exempted from foreign investment restrictions according to ministerial regulations.

Finance-related businesses: (1) Securities and other businesses under the *Securities and Exchange Act*, (2) derivatives business under the *Derivatives Act*, (3) trustee business under the *Trust for Transactions in the Capital Market Act*, (4) commercial banking business, (5) representative office of a foreign bank, (6) life insurance business, (7) non-life insurance business, (8) provision of Islamic banking services, (9) banking agent, (10) provision of escrow account services and escrow agency services, (11) management of private equity repurchase transactions, (12) acceptance of insurance applications and collection of insurance premiums, export deposits, and loan guarantees, (13) provision of financial services to financial institutions, companies in financial groups, the Bank of Thailand, or Thai government agencies, (14) leasing of real estate, (15) purchase or transfer of debt through financing transactions, (16) provision of cash management services, (17) provision of document preparation services related to customers' businesses, (18) receipt of, or handling applications for, payments, and (19) management of purchases on installment plans or leasing operations.

Businesses covered by special laws: (1) Asset management businesses to which laws on asset management companies apply, (2) foreign corporations' representative office service businesses related to international trade operations according to the *Regulations of the Office of the Prime Minister Governing Establishment of Visa and Work Permit Service Centre B.E. 2540* (1997), (3) foreign corporations' regional office service businesses related to international trade operations according to the *Regulations of the Office of the Prime Minister Governing Establishment of Visa and Work Permit Service Centre B.E. 2540* (1997), (4) service providers contracted by government agencies under the *Budgetary Procedures Act*, and (5) service providers contracted by state-owned enterprises under the *Budgetary Procedures Act*.

Certain back-office services: (1) Monetary loans to affiliates and group companies in Thailand, (2) leasing of office space to affiliates and group companies (including incidental utility services), and (3) advisory services to affiliates and group companies in the areas of business management, marketing, human resources, and information technology.

## IV-1. Regulations for Foreign Investors (4)

### Exemption system

- (1) Foreigners who operate businesses with permission from the Thai government
- (2) Foreigners who operate businesses based on trade treaties, etc. Example: *Thai-US Treaty of Amity and Economic Relations* (concluded in 1966)

U.S. companies can engage in businesses where foreign capital is regulated without being subject to the *Foreign Business Act*, even if they are majority-owned by U.S. capital, except in some industries (i.e., the six sectors of telecommunications, transportation, management of resources for others, banks handling deposits, pursuit of profits from land and natural resources, and domestic trading of Thai agricultural products).

- How to qualify for application of the *Thai-US Treaty of Amity and Economic Relations*

- (1) The company must be incorporated in Thailand or in the U.S.
- (2) The majority of the shares must be held by shareholders with U.S. nationality.
- (3) The majority of the directors must be U.S. or Thai.
- (4) If one person is given the right of representation (signing authority), he/she must be a U.S. or Thai national.
- (5) If co-signers are required, the majority of the signers must be U.S. or Thai nationals.

Note: In addition to the above, certification by the U.S. Embassy in Thailand is required.

- (3) Exemptions under the *Investment Promotion Act*, etc.
  - (i) Foreigners who have obtained approval for promotion under the *Investment Promotion Act* (BOI-approved companies)
  - (ii) Foreigners who have obtained an export license from the Industrial Estate Authority of Thailand (IEAT) under the *Industrial Estate Authority of Thailand Act*
- (4) Japan-Thailand Economic Partnership Agreement
  - (i) Wholesale or retail of goods produced in Thailand by the company or its group companies: Up to 75% Japanese investment (in the case of auto-related sales companies, goods produced in Japan may also be handled)
  - (ii) Maintenance or repair of goods produced in Thailand by the company or its group companies: Up to 60% Japanese investment
  - (iii) Logistics consulting business : Japanese investment up to 51%
  - (iv) Advertising business: Japanese investment: up to 50%

Foreigners who are exempt must notify the director-general of the Department of Business Development at the Ministry of Commerce and obtain a Foreign Business Certificate.

## IV-2. Investment Promotion Systems (1)

- The main investment promotion system in Thailand consists of the basic incentives given according to the type of industry and technology.
- In addition, additional incentives are granted for projects that contribute to the improvement of Thailand's competitiveness, decentralization of industry, and industrial land development.
- Providing relief to qualifying companies with the introduction of the global minimum tax in 2023

### Incentive package

		Tax incentives			Non-tax incentives
		Exemption from corporate income tax	Exemption from machinery import tax	Exemption from raw materials import tax	
A	New A1+	10–13 years (no maximum)	●	●	●
	A1	8 years (no maximum)	●	●	●
	A2	8 years	●	●	●
	A3	5 years	●	●	●
	A4	3 years	●	●	●
	B	—	●	●	●

### Measures taken in connection with the introduction of the global minimum tax

- ✓ On March 7, 2023, Thailand approved the introduction of a global minimum tax system, which is scheduled to take effect in 2025. Under this system, any multinational group with consolidated sales exceeding 750 million euros will be subject to additional taxation in the country where the ultimate parent company resides, etc., if the effective tax rate in the country where the foreign subsidiary is located is less than 15%, until the effective tax rate reaches 15%.
- ✓ It has been pointed out that since the effective tax rate for companies receiving BOI benefits is below 15%, the ultimate parent company will be taxed up to 15% in the country where the ultimate parent company resides, etc. The BOI plans to implement the following relief measures to mitigate the impact on such companies.

	Existing BOI beneficiary companies	New BOI benefit applicants (on and after March 20, 2023)
Relief measures	Providing an option to convert from the current tax exemption to a 50% reduction in the regular corporate income tax rate, resulting in the application of a reduced corporate income tax rate of 10%	Providing an option to choose one of the following: i. Tax exemption with the flexibility to convert to a tax reduction scheme ii. Tax reduction
Applicable period	Twice the remaining full-year preferential period, up to a maximum of 10 years	Tax Exemption Scheme: Standard tax exemption periods applied according to the types of BOI businesses Tax Reduction Scheme: Twice the standard tax preferential period, up to a maximum of 10 years

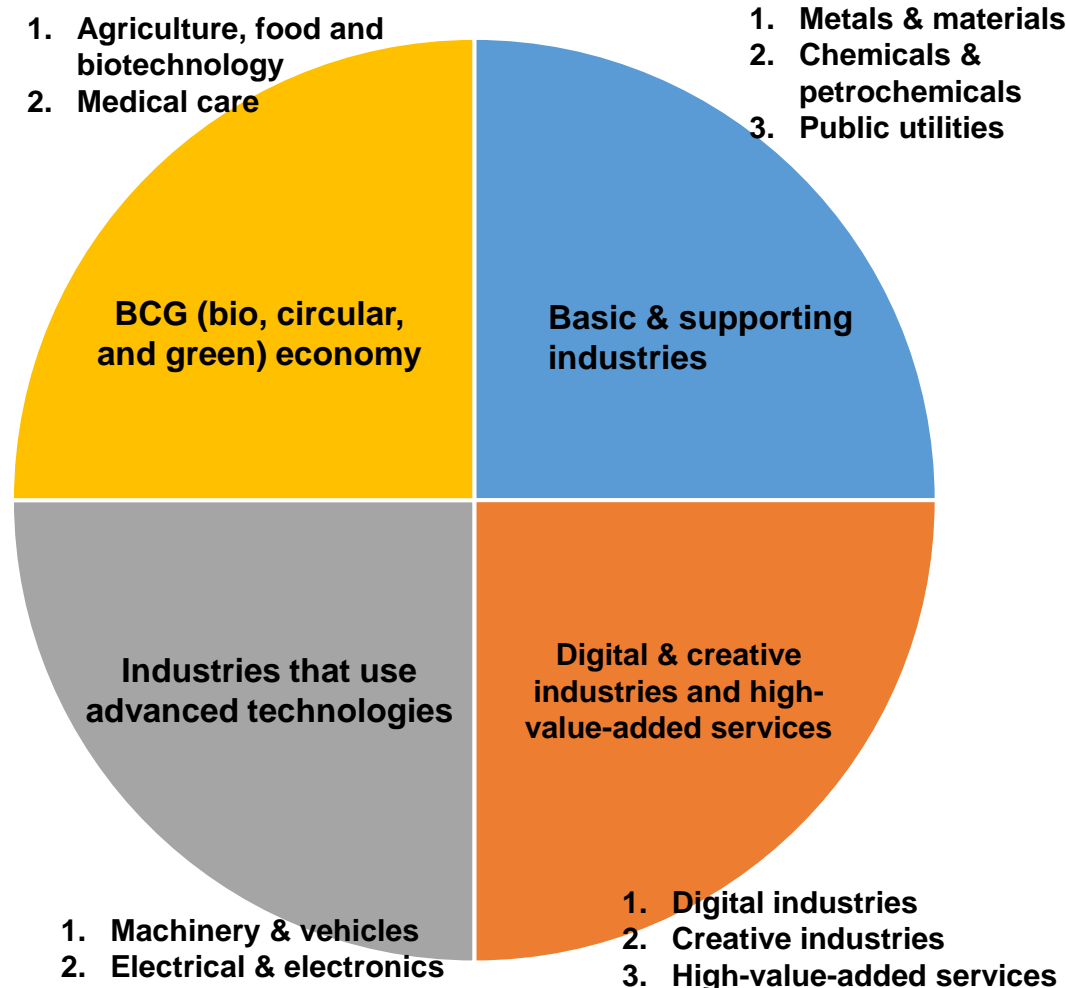
## IV-2. Investment Promotion Systems (2)

- Changes to the incentive packages based on business type were announced in November 2022.
- In total, 409 business types in 10 categories are eligible for the incentive, and more may be added to the list.

### Features of industries receiving the incentives

A	<b>New A1+</b>	Upstream industry and targeted technology development projects (biotechnology, nanotechnology, and advanced materials technology) using advanced technology and innovation acquired via technology transfer in cooperation with academic and research institutions
	<b>A1</b>	Knowledge-based businesses with a primary focus on critical R&D that improves Thailand's long-term competitiveness
	<b>A2</b>	Infrastructure projects that contribute to the development of Thailand, projects with little or no investment in Thailand yet, and projects that use advanced technology to create value-added
	<b>A3</b>	Projects that use advanced technologies that are important for Thailand's development, although there are already a few investments in Thailand
	<b>A4</b>	Businesses that add value to domestic raw materials and strengthen the supply chain, although the technology is not as advanced as A1–A3
	<b>B</b>	Supporting industries that do not use advanced technology but are important to the value chain

### Eligible business types (as of December 8, 2022)





## IV-3. Corporate Law

### ■ Public companies are regulated by the *Public Limited Companies Act* and private companies by the *Civil and Commercial Code*

	Content
Capital system	<ul style="list-style-type: none"> <li>✓ The minimum capital for foreign companies (with a majority of foreign capital) is at least THB 2 million. However, for industries that are regulated under the <i>Foreign Business Act</i> and are required to obtain special approval, the minimum capital is at least THB 3 million, in principle. When approval has been obtained under the <i>Foreign Business Act</i>, borrowing is limited to 7 times the capital. However, as a special temporary measure in response to COVID-19, there is an exemption (from September 18, 2020 to June 30, 2023) for financial service providers (excluding financial institutions in the <i>Financial Institution Business Act</i>) that receive financing from financial institutions or special financial institutions based on the <i>Financial Institution Business Act B.E. 2551</i> (2008) and provide credit card financing, personal loans, leasing, hire purchases (installment sales contracts with title reserved), motorcycle hire purchases, or motor vehicle registration financing services. Thai companies (with a majority of Thai capital) are not subject to minimum capital rules.</li> <li>✓ Ownership of treasury stock is prohibited.</li> <li>✓ In principle, capital is freely transferable. However, restrictions on transfer may be established in a company's articles of incorporation or bylaws.</li> </ul>
Regulations on general meetings of shareholders	<ul style="list-style-type: none"> <li>✓ Annual general meeting of shareholders <ul style="list-style-type: none"> <li>• The first general shareholders' meeting after incorporation must be held within six months of the registration of the company's incorporation. Thereafter, it must be held once a year within four months after the end of the fiscal year.</li> </ul> </li> <li>✓ Extraordinary general meeting of shareholders <ul style="list-style-type: none"> <li>• Directors are permitted to call a general meeting at their discretion if they deem it necessary.</li> <li>• In the event of loss of half of the company's capital, the directors are required to call an extraordinary general meeting without delay to report the loss to the shareholders.</li> </ul> </li> </ul>
Regulations on directors	<ul style="list-style-type: none"> <li>✓ Since Thailand's <i>Civil and Commercial Code</i> does not specify the number of directors, a privately held company needs only one director at minimum. However, it should be noted that the ratio of Thai directors may be regulated depending on the type of business (e.g., transportation, warehousing, etc.). There is no obligation to establish a board of directors.</li> <li>✓ A public company must have at least five directors, and at least half of them must have a place of residence in Thailand. A board of directors must be established, and a board meeting must be held at least once every three months.</li> </ul>
Regulations on voting rights	<ul style="list-style-type: none"> <li>✓ As a general rule, resolutions are passed by a show of hands. If two or more shareholders demand a resolution by a vote before a resolution is passed by a show of hands, the resolution is passed by a vote. In the case of a vote, each share has one vote, whereas in the case of a show of hands, each shareholder present has one vote.</li> </ul>
Regulations on settlement of accounts	<ul style="list-style-type: none"> <li>✓ At least once a year, a balance sheet and income statement for the fiscal year in question must be prepared. The financial statements must be audited by an auditor and submitted to the general meeting of shareholders within four months of the end of the fiscal year. The directors must submit the financial statements adopted by the general meeting of shareholders to the Ministry of Commerce within one month of the general meeting of shareholders.</li> </ul>
Regulations on dividends	<ul style="list-style-type: none"> <li>✓ In principle, dividends must be approved at a general meeting of shareholders, but if the directors determine that the company's profits are sufficient to pay dividends, they can pay dividends during the term without a resolution at a general meeting of shareholders.</li> <li>✓ If a dividend resolution is passed at a general meeting of shareholders or at a meeting of the board of directors, the dividend must be paid within one month of the date of the resolution.</li> </ul>
Capital increase, capital reductions, mergers	<ul style="list-style-type: none"> <li>✓ Capital increases can be implemented only by way of shareholder allotment, in which new share subscription rights are allotted to existing shareholders in proportion to the number of shares they hold.</li> <li>✓ Capital can be reduced by reducing either the face value or the number of shares, and only up to 3/4 of the registered capital can be reduced.</li> <li>✓ The only method of merger is a merger into a new company. The new company's capital is equal to the total capital of the merged companies.</li> </ul>
Regulations on legal reserve	<ul style="list-style-type: none"> <li>✓ Must accumulate 1/20 of profit for each dividend until the amount reaches 1/10 or more of the registered capital</li> <li>✓ Withdrawal of this reserve and capitalization are not permitted, and it cannot be used until the company is liquidated.</li> </ul>
Capital remittance considerations	<ul style="list-style-type: none"> <li>✓ While remittances to local banks are possible, it may take several days to receive the funds (same-day deposits are possible when using Mizuho Bank).</li> </ul>



## IV-4. Foreign Exchange Controls (1)

- Thailand's Ministry of Finance has the ultimate responsibility and supervisory authority over currency exchange rate control, while the Bank of Thailand (BOT) is entrusted by the Minister of Finance with the practical operations involved in currency exchange rate control.

### Trade transactions

Trade transactions	1. Standard settlement methods	<ul style="list-style-type: none"> <li>✓ Standard settlement methods include (1) advance remittances, (2) import letters of credit, (3) bills of exchange (D/P, D/A), and (4) deferred payment settlements; the currency is not specified for payment or receipt of settlements.</li> </ul>
	2. Opening an import letter of credit (L/C)	<ul style="list-style-type: none"> <li>✓ Companies are free to open import letters of credit; to open a letter of credit, a company applies to a bank to open one by presenting invoices and other documents.</li> <li>✓ If the cargo requires an import license from Thailand's Ministry of Commerce, it shall be attached.</li> </ul>
	3. Export transactions	<ul style="list-style-type: none"> <li>✓ Exporting companies must settle within 360 days from the date of export (loading date) if the value of a single export is USD 1 million or more.</li> <li>✓ Companies receiving foreign currency as payment for exports must immediately deposit the received foreign currency into a baht or foreign currency account.</li> <li>✓ In the case of offsetting against foreign debt, the foreign exchange bank may approve a waiver of receipt of export proceeds, in which case the exporter must report to the BOT via the foreign exchange bank in the prescribed form.</li> </ul>
	4. Import transactions	<ul style="list-style-type: none"> <li>✓ Importers are free to withdraw foreign currency from their foreign currency deposit accounts for settlement of imports.</li> <li>✓ Importers are free to issue L/C's without the permission of the authorities.</li> <li>✓ Importers are required to notify the foreign exchange bank of the purpose of the transaction at the time of import settlement (or at the time of opening the L/C) and submit invoices and other transaction forms and ID.</li> </ul>

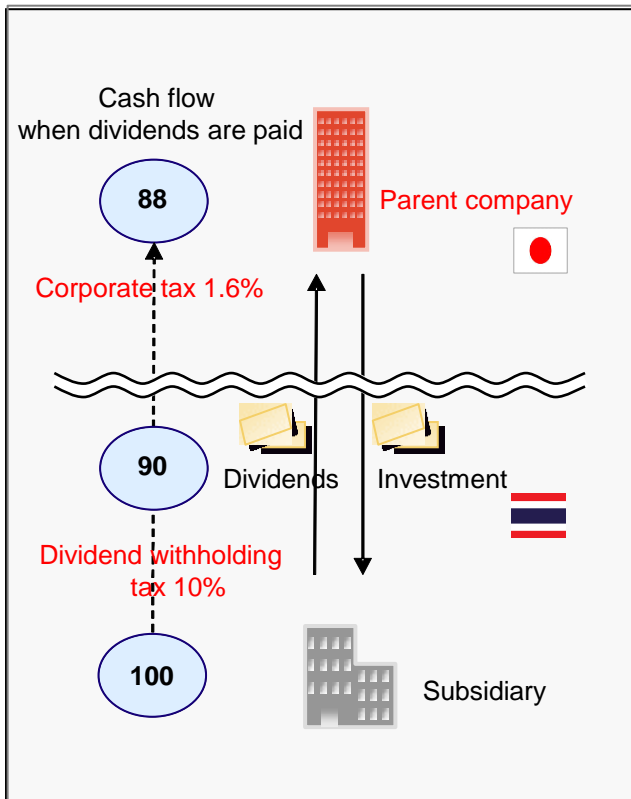
## IV-4. Foreign Exchange Controls (2)

### Non-trade and capital transactions

Non-trade transactions	1. Outgoing remittances	<p>(1) Non-trade transactions (transactions related to the provision of services such as insurance and transportation) can be freely paid in baht or foreign currency, in principle. Some transactions (e.g., payments for foreign exchange transactions and futures transactions in foreign countries) require prior approval of the BOT.</p> <p>(2) Prior approval of the BOT is not required for remittance of royalties and dividends, repayment of loans, return of profits, etc.</p> <p>(3) Prior BOT approval is not required for remittance of loans to persons residing outside of Thailand. The amendment effective May 13, 2022, also eliminates the maximum amount per remittance. However, for remittances of USD 200,000 or more per remittance, documents showing the remitter's ID and the purpose of the foreign exchange transaction must be submitted to the foreign exchange bank.</p> <p>(4) Regarding the obligation to submit transaction forms and other documents at the time of overseas remittance, there is an exemption for corporations registered in Thailand that meet the requirements of the BOT (i.e., a clear forex risk management policy, appropriate governance and internal control system, and international transactions totaling USD 1.5 billion or more over a three-year period). Corporations that meet these requirements are called "qualified companies." Qualified companies are not required to submit transaction forms or IDs to their banks for payment of goods, repayment of loans, remittance of profits, and purchase of overseas real estate.</p> <p>(5) Investments in foreign companies or foreign affiliates in which a Thai company owns more than 10% of the shares do not require prior approval of the BOT.</p> <p>(6) When remitting funds to acquire real estate abroad or lease rights to real estate abroad, or for the cost of decorating real estate abroad, the foreign exchange bank must be notified of the purpose of the transaction, and transaction forms such as invoices and ID must be submitted. In addition, under the amendment effective May 13, 2022, prior approval by the BOT is no longer required regardless of the amount of the remittance.</p>
	2. Incoming remittances	✓ No restrictions on receiving baht from abroad
	3. Receipt of foreign currency	✓ A company receiving foreign currency of USD 1 million or more must deposit such foreign currency in a baht-denominated or foreign currency-denominated account within 360 days from the date of transaction; however, exemption from that provision can be requested from the BOT.
Capital transactions		<p>✓ Foreign investment in Thailand may be either direct investment and asset management investment; non-residents may lend foreign currency to residents without restriction.</p> <p>✓ Capital and loans may be freely brought into Thailand but must be deposited into an authorized bank or foreign currency deposit account within a specified period; for foreign investment with promotion granted by the BOI, various promotion policies and special incentives are available.</p> <p>✓ Remittances of investment funds to the home country and repayments of foreign currency-denominated loans from overseas can be freely remitted on the condition that documentary evidence is submitted.</p>

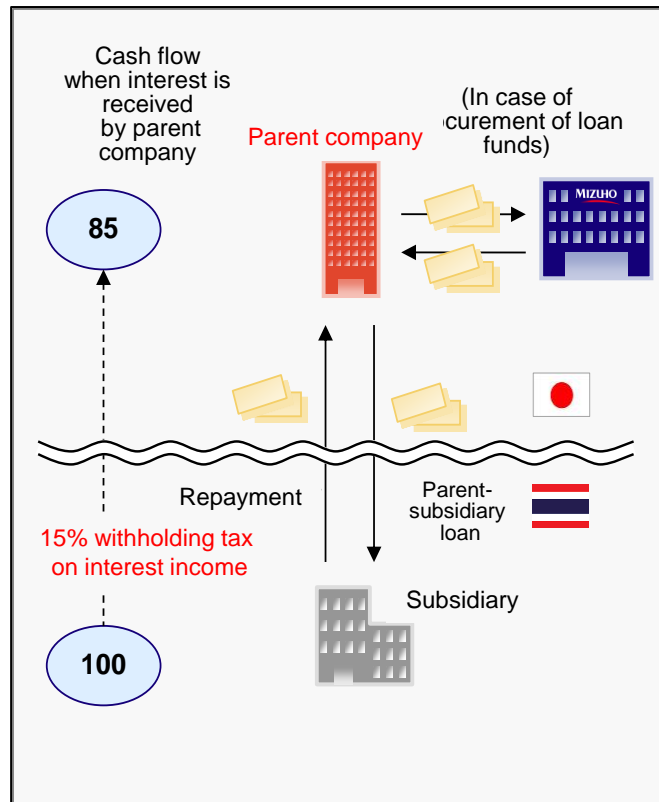
## IV-5. Financing

### Capital increase



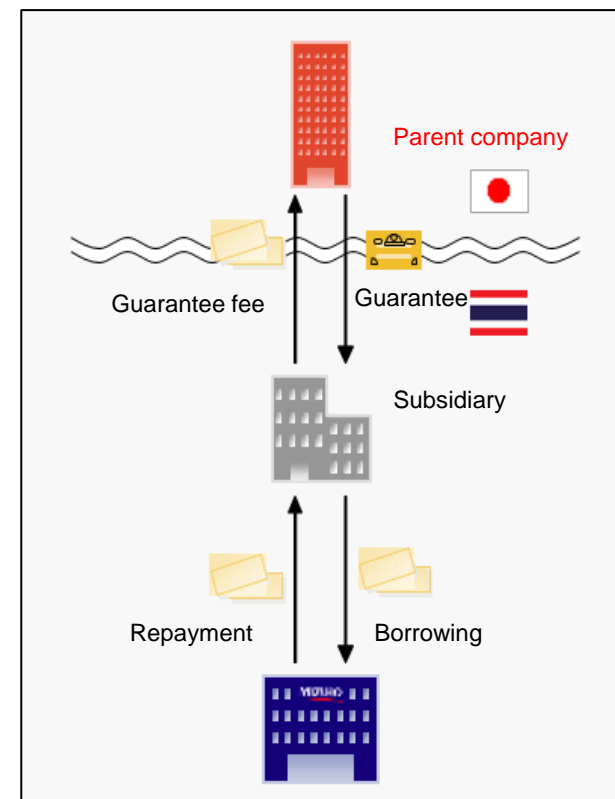
- ✓ Attention must be given to investment ratio regulations.
- ✓ A capital increase requires a special resolution at a general shareholders' meeting. It will be necessary to hold general shareholders' meetings and follow procedures for registration of changes in the shareholders' list.
- ✓ The difficulty of recovering principal in the case of company liquidation, etc., is high (excluding the sale of equity shares).

### Parent-subsidary loan



- ✓ There is a relatively high degree of freedom in setting interest rates, conditions, etc.
- ✓ When setting interest rates, it is necessary to consider transfer pricing taxation.
- ✓ The fact that a 15% withholding tax is imposed on interest must be considered.

### Local borrowing



- ✓ Foreign exchange risk can be avoided by borrowing in local currency.
- ✓ In some cases, it is necessary to provide a guarantee from the parent company.
- ✓ Compared with other methods, procurement costs may be higher.

## IV-6. Fund Management

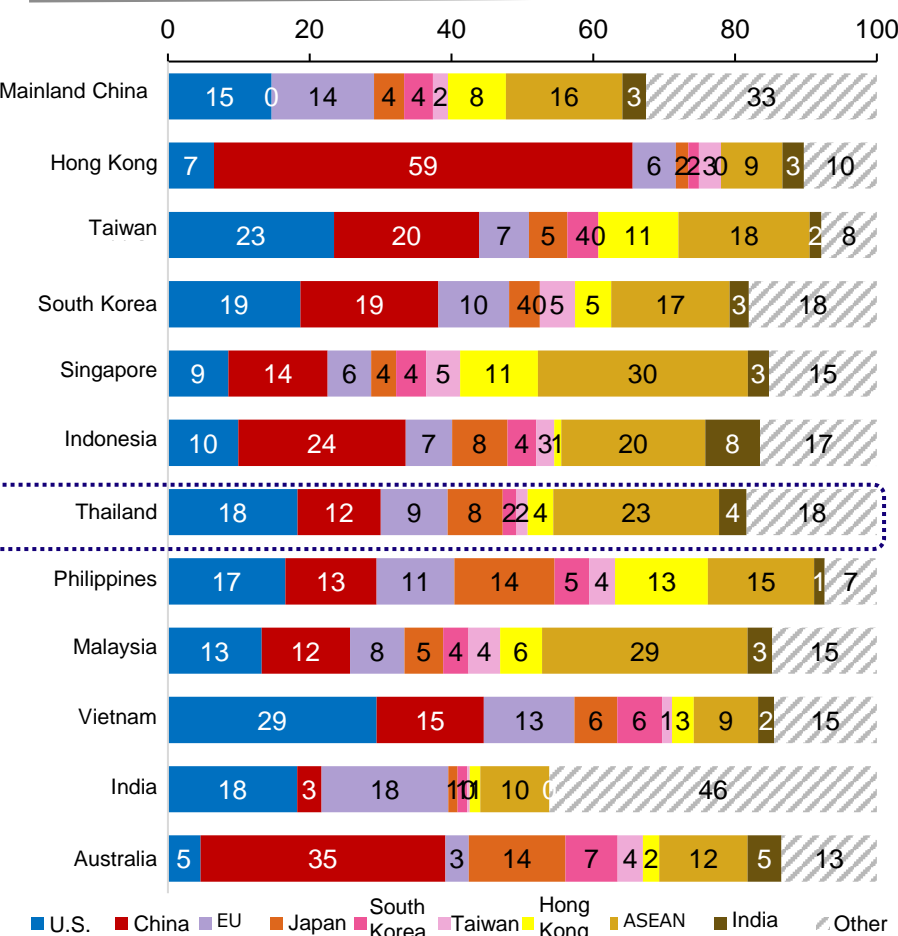
Regulations on fund management			
	Loans	Dividends	Investment
Owner of capital	<ul style="list-style-type: none"> <li>✓ Subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>✓ Ownership shifts from the subsidiary to the parent company.</li> <li>✓ If a dividend policy has not been established, considerable effort is required to persuade the subsidiary.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Ownership shifts from the subsidiary to the investee.</li> <li>✓ Instead, the subsidiary holds shares in the investee.</li> </ul>
Capital source	<ul style="list-style-type: none"> <li>✓ Surplus funds</li> </ul>	<ul style="list-style-type: none"> <li>✓ Not exceeding cumulative profit</li> <li>✓ In general, not exceeding the current year's profit (if a dividend policy is in place)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Surplus funds</li> </ul>
Timing	<ul style="list-style-type: none"> <li>✓ Can be extended once a loan agreement is concluded</li> </ul>	<ul style="list-style-type: none"> <li>✓ A resolution on dividend payment needs to be adopted. (In general, after the end of a fiscal year; interim dividends can be paid within the limit of cumulative profit.)</li> <li>✓ Dividends need to be paid within one month from the resolution.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Can be made after concluding a share transfer agreement or other relevant agreement</li> </ul>
Tax costs	<ul style="list-style-type: none"> <li>✓ Corporate tax on interest income received</li> <li>✓ Specific business tax: 3.3% of the interest</li> <li>✓ Withholding tax on interest on the Japan side: 20.42%</li> </ul>	<ul style="list-style-type: none"> <li>✓ Withholding tax on dividends to Japan: 10%</li> <li>✓ When the Japanese parent company receives dividends, a system exists to exclude dividends received from gross profit.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Withholding tax rate on dividends depends on the invested country's tax system.</li> <li>✓ Corporate tax on dividends received may be exempt if certain conditions are met.</li> <li>✓ In a case of share transfer, tax on gains from share transfer may apply.</li> <li>✓ Stamp tax may apply.</li> </ul>
Regulations	<ul style="list-style-type: none"> <li>✓ Thai companies do not need a lending license.</li> <li>✓ Foreign companies require a lending license (not required for lending to affiliates in Thailand).</li> <li>✓ Both Thai and foreign companies need to pay separate attention to foreign exchange control regulations.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Earnings available for dividends need to be considered.</li> <li>✓ Statutory capital needs to be accumulated.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Attention needs to be paid to the invested country's regulations on foreign investment.</li> <li>✓ For foreign companies holding 1% or more ownership, an annual report must be submitted to the Ministry of Commerce.</li> <li>✓ Attention needs to be paid to foreign exchange control regulations.</li> </ul>

# IV-7. Recent Topics: Impact of Trump's Tariff Policy

Strictly Confidential

- The Trump administration announced a tariff policy imposing a 36% tariff on Thailand. As this policy has a significant impact on the Thai economy, which exports a large volume of goods to the U.S., the government has introduced measures to reduce the trade surplus with the U.S. and to prevent indirect exports from China through Thailand by tightening checks on certificates of origin and other related measures.
- While there are opportunities for the relocation of production sites from China to Thailand and for increased investment in Thailand by Chinese companies, the inflow of cheap Chinese products poses a potential risk of having negative impact on the Thai economy.

Export destinations of major countries/regions (2024; %)



Source: Compiled by MHRT based on trade-related statistics of each country/region

Trade and investment relations with the U.S., China, and other countries

Trade and investment relations with foreign countries/regions	
U.S.	<ul style="list-style-type: none"><li>Exports to the U.S. account for about 20% of Thailand's total export value. Products exported to the U.S., such as electronic equipment and automobile parts, are expected to be significantly affected by the tariffs, leading to weaker product competitiveness and lower export value.</li><li>The government has introduced initiatives to increase import of U.S. products, such as LNG and agricultural products, to reduce the trade surplus, which is a key factor in tariff negotiations. The government has also reviewed the rules for issuing certificates of origin to prevent indirect export from China.</li></ul>
China	<ul style="list-style-type: none"><li>China is Thailand's second-largest export destination and largest source of imports.</li><li>Imports from China consist largely of electronic equipment, machine equipment, and chemical products. In addition, a large volume of cheap Chinese products that cannot be exported to the U.S. due to the tariff policy may flow into Thailand.</li><li>There are possibilities of production site relocations from China to ASEAN countries, including Thailand, as well as expanded investment in Thailand by Chinese companies amid strained U.S.-China relations.</li></ul>
Other countries	<ul style="list-style-type: none"><li>Historically, Thailand has pursued a balanced diplomatic approach toward both the U.S. and China. The government is seeking to mitigate the impact of the tariff policy by promoting trade within ASEAN.</li><li>The reciprocal tariff policy may indirectly affect and weaken Thailand's tourism industry, its key sector, in the future. This is because the policy has slowed the global economy, leading to a trend that people are discouraged to travel abroad.</li><li>Many Japanese companies operating in Thailand export products, mainly automobiles, to ASEAN and Oceanian countries. While impact on their export to the U.S. is limited, these companies may be affected by shrinking domestic demand caused by the economic conditions in ASEAN countries/regions, including Thailand, which are being deteriorated by Trump's tariff policy.</li></ul>

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