

# Legal Summary

**iLAW**  
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## Company Incorporation and Opening Bank Account in Thailand

AS OF SEPTEMBER 2024

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# Chapter 1

## Setting Up a Company in Thailand

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### ***1. What are the legal requirements for company formation in Thailand?***

There are several basic requirements for incorporating a private limited company (or a company) in Thailand, namely:

#### **1.1 Company Name**

- Choose a unique name for your company that is not already registered and does not infringe any trademarks.
- The company name must be in both Thai and English (the company name in other foreign languages instead of English is allowed. However, an additional form for requesting to use the company name in other foreign languages rather than English is required).
- The company name in English or other foreign languages must have the same meaning or pronunciation as the Thai company name.
- The name in Thai must end with “จำกัด” and the name in English must be ending with “Limited” or “Co., Ltd.” to indicate a limited liability manner.
- The company name containing number(s) must use either Thai numerals or Arabic numerals only. Roman numerals are not allowed.
- The company name must not include special characters; such as, @, !, #, \*, ?, [], “”, /, \_ , = and etc.

- The company name must not contain some types of words or phrases, such as:
  - (a) The names of the King, Queen, heir apparent, or members of the royal family in the present dynasty, unless royal permission is granted.
  - (b) The names of ministries, bureaus, departments, government agencies, local government bodies, government agencies, or organizations, unless permission is granted by the relevant minister.
  - (c) Country names. However, if a country name is used as a part of the company name, it must be specified in parentheses at the end of the company name.

### **1.2 Promoters, Shareholders and Directors**

- **Promoters** : A company must have at least two promoters for incorporation. Promoters must be natural persons, at least 12 years old, and hold at least 1 share each for the incorporation.
- **Shareholders** : A company must have at least two shareholders, who can also be the same individuals as the promoters. However, shareholders can be natural persons or juristic persons, with no age restriction, and can be directors at the same time.
- **Directors** : A company must have at least one director. A director must be a natural person, at least 12 years old, and can be a shareholder and a promoter at the same time.

There is no restriction on the nationality or residency of promoters, shareholders, and directors; unless otherwise, any permit(s) and/or license(s) of a company to be acquired is specifically described as such.

### **1.3 Company Secretary**

There are no laws and regulations mandating about company secretary of a private limited company in Thailand.

### **1.4 Registered Address**

The company must have a registered office address in Thailand.

### **1.5 Registered Capital / Shares**

- The company must have its registered capital of at least 10 Baht according to the law stipulating the minimum number of shareholders of 2 persons and the minimum value of each share at 5 Baht.
- The company's registered capital must be paid at least 25%.
- Thai companies usually have their registered capital around 100,000 Baht -1,000,000 Baht concerning credibility.
- The registered capital must be in Thai Baht.
- Under the foregoing sub-clauses (a) and (b), unless any permit(s) and/or license(s) of a company to be acquired is specifically described otherwise.

### **1.6 Articles of Association**

The company may or may not establish its Articles of Association, which outline its internal rules and regulations. If the company establishes its Articles of Association, it must be filed during the company incorporation registration process, in accordance with the Civil and Commercial Code of Thailand ("CCC"). However, the company can amend the Articles of Association later.

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### **1.7 Incorporation Documents**

Registration documents for a company incorporation are as follows:

- Form BOJ.1 (application form),
- Certification of company registration,
- Form BOJ.2 (Memorandum of Association),
- Form Vor. (company objective details),
- Notice of company name reservation,
- Form BOJ.3 (incorporation details),
- Form K. (new director details),
- List of promoters and share subscribers,
- Statutory meeting minutes,
- Articles of Association (if any),
- Form BOJ.5 (list of shareholders),
- Form SSCH.1 (details regarding the business operation of a company),
- Proof of share payment, and
- Form map of the company's registered address.

### **1.8 Commercial Registration**

The juristic entity in the form of a public limited company, private limited company, limited partnership, and juristic ordinary partnership doesn't need to apply for a Commercial Registration Certificate from the Department of Business Development of Thailand.



## ***2. Are there any specific types of business entities available in Thailand? If so, what are they?***

According to the CCC, the types of business entities for business purpose available in Thailand include (i) public limited company, (ii) private limited company, (iii) limited partnership, and (iv) juristic ordinary partnership.

For business purposes, there are no specific types of entities prescribed. However, the most common form is a private limited company.

Nevertheless, if the business requires specific licenses, it may be regulated by other laws.

## ***3. What shareholder structure available for foreigner?***

In general, there are no restrictions on the shareholder structure, whether in terms of nationality or the proportion of shares owned by foreigners.

Exceptionally, for certain types of business, the company must comply with regulations regarding the proportion of foreign shareholders and/or the proportion of shares owned by foreigners.

Moreover, if the company has foreign-owned shares of not less than 50%, such company shall be deemed to be a foreign company according to Foreign Business Act B.E. 2542 (1999). As a result, such company may have to apply for a foreign business license with the Foreign Business Administration Division for each business type it operates if such business type falls under the requirement.

### **4. *What documents are required to register a company in Thailand?***

The required documents for registration of company incorporation in Thailand are as stated in sub-clause 1.7 Incorporation Documents, together with certified true copies of ID cards or passports of all promoters and directors.

### **5. *How long does it typically take to set up a company in Thailand?***

In order to set up a private limited company in Thailand, it takes approximately 2-5 working days after all of the required documents are completed and in-hands. Provided that all of the required documents and information are fine and acceptable to the official.

After the application is approved by the official of the Department of Business Development (“DBD”), the Certificate of Incorporation will be issued and the affidavit can be requested as well.

### **6. *What are the costs associated with setting up a company in Thailand, upon the professional fee?***

Our standard professional service fee for setting up a private limited company is 10,000 Baht (around 2,364 HKD). The cost includes our professional fee for preparing the incorporation documents, filing the necessary documents with the DBD, and liaising with the DBD to follow up on the matter until completion.

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In addition to the above fee for our services, we will also charge the disbursements, i.e. expenses; such as, government fees, transportation, translation, photocopy, duty stamp and etc. The current disbursements to be incurred are as follows (as of August 2024):

No.	Matter	Cost (THB)	Cost (HKD)
1	Incorporation registration fee	5,000	≈1,182
2	Memorandum of Association registration fee	500	≈199
3	Affidavit	200	≈48
4	Company incorporation certificate	100	≈24
5	Photocopies of essential registration documents, certified by the DBD (the cost may vary depending upon the number of pages as per the registered documents)	550	≈130
6	Stamp duty	410	≈97
<b>Total</b>		<b>6,760</b>	<b>≈1,600</b>



# Chapter 2

## Opening a Bank Account in Thailand

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### **1. *What are the requirements for opening a corporate bank account in Thailand?***

In general, any registered private limited company is eligible to open a corporate bank account in Thailand.

### **2. *Which banks are recommended for corporate accounts in Thailand, and why?***

Some of the major banks in Thailand that offer corporate bank account opening services; for instance, Kasikorn Bank, Bangkok Bank, Siam Commercial Bank, Bank of Ayudhya, TMBThanachart, UOB Bank, and Kiatnakin Phatra Bank.

Please note that the ease of process and required documents will depend on each bank and each branch.

### **3. *What documents are needed to open a bank account for a company in Thailand?***

- Affidavit of the company,
- Memorandum of Association (BOJ.2) of the company,
- Articles of Association of the company,

- In case the company's authorized signatory person(s) requires the company's seal, the following are required:
  - Incorporation details (BOJ.3), or amendment registration list(s) (BOJ.4) in case of having amendment(s) to the company's seal,
  - Rubber stamp of the company's seal,
- List of shareholders (BOJ.5),
- Power of Attorney with 30 Baht stamp duty affixed (in case the authorized signatory person(s) for payment and/or withdrawal is not the authorized director(s)),
- Copy and original of ID cards or passports (in case of a foreigner) of authorized director(s) as stipulated in the affidavit of the company,
- Copy and original of ID cards or passports (in case of a foreigner) of authorized signatory person(s) for payment and/or withdrawal,
- Copy and original of ID cards or passports (in case of a foreigner) of shareholders, who hold at least 25% of all company's shares,
- Copy and original of ID cards or passports (in case of a foreigner) of the company's Managing Director or Chief Executive Officer, and
- The Board of Directors Meeting minutes or letter of intention to open a bank account specifying the authorized signatory person(s) for payment and/or withdrawal and the condition thereof.

Please note that some of the required documents and document-validity period may vary among banks. Therefore, kindly ensure that you check the exact required documents, document-validity period, and other conditions with the bank you plan to proceed with.

#### **4. Are there any specific procedures or steps that need to be followed when opening a bank account as an individual or in the name of a company?**

Different banks have their own internal procedures to open bank accounts.

Firstly, you would need to provide the documents as foregoing detailed in item 3. for the bank's consideration.

Secondly, banks in Thailand are required to undertake the **Know Your Customer ("KYC")** process to understand their customers' backgrounds and verify that the identity of the customer who is opening such bank account is the same person as the identity documents provided to prevent fraud from forgery and/or use of other people's information in making transactions and to prevent money laundering in accordance with Anti-Money Laundering Act B.E. 2542 (1999) including its further amendments.

Finally, the banks also require a face-to-face visit for verification of the authorized director(s) and authorized signatory person(s) for payment and/or withdrawal. If the authorized director(s) and/or authorized signatory person(s) for payment and/or withdrawal is / are not living in Thailand, then such person(s) must commute to Thailand to present himself / herself / themselves physically to the bank. However, the face-to-face visit requirement may vary among banks.

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### ***5. How long does it usually take to open a corporate bank account in Thailand?***

If all of the required documents are sufficient and correct, the account opening process will usually take around 1-3 business days to complete after the authorized signatory person(s) for payment and/or withdrawal, and the authorized director(s) duly present himself / herself / themselves to an official of the bank and file the documents.

### ***6. Are there any restrictions or limitations for non-resident companies when opening a bank account in Thailand?***

Non-resident companies can open a corporate bank account in Thailand. However, it may require document legalization by the Royal Thai Embassy, and the Department of Consular Affairs of Thailand. Please note that the specific procedures and required documents shall vary among banks in this specific case.

Additionally, corporate bank accounts for non-resident companies may be limited to transactions that are conducted only through on-site interactions with the bank.

### ***7. What are the typical fees and charges associated with maintaining a corporate bank account in Thailand?***

If all of the required documents are sufficient and correct, the account opening process will usually take around 1-3 business days to complete after the authorized signatory person(s) for payment and/or withdrawal, and the authorized director(s) duly present himself / herself / themselves to an official of the bank and file the documents.



# Chapter 3

## Benefits of Setting Up a Company and Opening a Bank Account in Thailand

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### ***1. What are the main advantages of setting up a company in Thailand?***

#### **1.1 Shareholder and Director Limits**

There is no maximum number of shareholders and directors in a private limited company.

#### **1.2 Promoter Minimum Number**

Only at least two promoters (as an individual person(s)) are required for incorporation.

#### **1.3 Capital Requirements**

The minimum registered capital is only 10 Baht (around 2.36 HKD). However, we recommend a minimum amount of 10,000 Baht (around 2,364 HKD).

#### **1.4 Secrecy and Flexibility of Meetings**

There is no obligation to always hold annual general meetings, extraordinary general meetings, or board of directors' meetings in person. E-meetings along with written meeting minutes and resolutions are permissible and legally binding under Thai laws.

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### **1.5 Limited Liability**

When a private limited company is incorporated, the shareholders' personal assets are protected from the company's debts and/or liabilities. Due to the concept of a separate legal entity, the company can acquire and/or dispose of its assets or shares, enter into contracts, incur debt, sue, or being sued in its own name, separately from the shareholder's ones. The shareholders' liability is limited to the amount of their unpaid shares into the company. The shareholders will not be held liable for the company's debts and/or liabilities beyond their unpaid shares, unless such shareholders sign a personal guarantee thereto.

### **1.6 Tax Efficiency**

Generally, Thailand has a fixed corporate income tax rate at 20%, which is lower than the maximum personal income tax rate of Thailand at 35%. Meanwhile, corporate income tax needs to be declared just twice per year. By incorporating a company herein Thailand, there would serve you as a way of tax planning as well.

### **1.7 Locational Advantage**

Thailand is a leading country in ASEAN; therefore, it is a great initiative to establish a company in Thailand as the first step of your business journey in ASEAN. Also, Thailand is a hub of many industries; such as, tourism hub, wellness and medical hub, automotive hub and etc. Thereby, Thailand has wide range of potential and opportunities for business initiatives.

## **2. How does the tax regime in Thailand benefit companies?**

In general, Thailand has a fixed corporate income tax rate at 20%, which is lower than the maximum personal income tax rate of Thailand at 35%. Meanwhile, corporate income tax needs to be declared just twice per year. By incorporating a company herein Thailand, there would serve you as a way of tax planning as well.

Exceptionally, there are tax benefits for Small and Medium Enterprises (“SMEs”) as follows:

Beneficiary requirements: the companies and registered juristic partnerships that have paid-up registered capital not exceeding of 5 million Baht and gain income from selling products and/or providing services in its juristic entity’s fiscal year by not exceeding of 30 million Baht.

SME’s tax rates are as detailed in the table below:

Net Profit (Baht)	Tax Rate (Percent)
0 - 300,000	Exemption
300,001 - 3,000,000	15
More than 3,000,000	20

Moreover, Thailand has several ways to acquire tax benefits / privileges for direct investment in Thailand; such as, investment promotion from Thailand Board of Investment (“BOI”), direct investment in Special Economic Zones (“SEZs”) and etc. However, the acquired tax benefits / privileges shall vary depending on each option. Also, the corporate income tax in Thailand is under source rule, meaning only income arising in or derived from Thailand will be included in the corporate income tax calculation.

### ***3. Are there any specific incentives or support programs for businesses in Thailand, from the government to foreign investors?***

Thailand Board of Investment (“BOI”) offers a range of incentives through its investment promotion program, including but not limited to, corporate income tax exemptions, import duty exemptions for machinery and goods used in research and development, permission for foreign investors to acquire land ownership in Thailand (in some applicable promoted projects under certain criteria) and so forth.

### ***4. What are the benefits of opening a bank account in Thailand for a company?***

- Fast deposit through the cash depositing machine,
- Online transactions are allowed,
- It is more reliable than using a regular personal account when transacting business activity, because it is on behalf of the company's name,
- It explicitly separates monetary liability between the company, directors and shareholders,
- Ability to conveniently transfer funds within Thailand, into Thailand and out of Thailand, for facilitating business operation, and
- Easier to obtain loans from the bank.

## **5. *Are there any benefits related to banking secrecy and privacy in Thailand?***

There is the Notification of the Bank of Thailand No. SNS. 19/2562 Re: Know Your Customer (“KYC”) for opening a bank account of a financial institution that requires financial institutions to preserve and maintain identity information and documents of customers in a secure system or location and require financial institutions to prepare and maintain of an appropriate, rigorous, and standardized policy(s) of data governance, as well as, data classification.

In addition, the Anti-Money Laundering Act B.E.2542 (1999) also governs the preservation of identity information, identity documents and transactional information.

There is also the Personal Data Protection Act, B.E. 2562 (2019) which is applicable to financial institutions. It protects, including but not limited to, the collection, use, and disclosure of personal data, ensuring banking secrecy and privacy.





# About ILAWASIA

ILAWASIA is a full-service, Thai law firm based in central Bangkok.

Mr. Somphob Rodboon, an acclaimed expert in business law and litigation in Thailand, founded ILAWASIA in 2007.

A visionary Managing Partner, he expanded the firm's operation into Cambodia, Myanmar, and Laos between 2018 and 2023. This expansion fueled the firm's rapid growth into a medium-sized business law firm, providing access to a network of highly experienced and skilled lawyers.

As a result, the firm is well-positioned to serve the needs of clients across the region and internationally, in all areas of law. Our teams are individualistically experienced in legal practice and always combine cutting-edge understanding with a unique sensitivity to international clients' business needs. With pride, we take our ethical standards seriously, ensuring responsibility, care and respect in all aspects of our operations.





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