
Five businesses to be removed from FBA's Annex III

June 2018

The Director-General of the Department of Business Development ("**DBD**") recently announced removal of the following five services businesses from List III (21) of the Foreign Business Act B.E. 2542 (A.D. 1999) ("**FBA**");

- Accounting services;
- Legal services;
- Space and facility rental services;
- Lending services; and
- Consulting services.

If approved by Cabinet (and published in the Royal Government Gazette), foreign investors could then provide these services to their affiliated companies and group companies without obtaining a Foreign Business License or Certificate.

What is the FBA?

The FBA took effect on March 3, 2000, replacing the Alien Business Law of 1972 (also known as National Executive Council Announcement No. 281).

The FBA, like its predecessor, restricts foreign participation in certain businesses, e.g. businesses prohibited for special reasons, businesses in relation to security or those affecting culture, tradition, natural resources and environment, as well as businesses in which Thai nationals are not yet ready to compete against foreigners. Foreigners are prohibited or restricted from participating in businesses according to three lists.

List III designates businesses in which Thai nationals are not yet ready to compete with foreigners, including wholesale, retail, and service business. Foreigners must obtain a Foreign Business License or Certificate before engaging in List III activities.

Prior to 1972, foreigners were generally permitted to do business in Thailand with fewer restrictions.

Relaxation of Restrictions on Service Businesses

The relaxation is interpreted as government's attempt to recalibrate foreign participation in Thailand's commerce, and promote the competitiveness of Thai companies, but also encourage foreign investment.

The Director-General of the DBD, according to sources, claims that the relaxations will reduce the complexity and complications of laws, and, likewise, encourage foreign investors to do more business in Thailand.

The amendment to Annex III will be soon submitted for Cabinet approval. According to DBD sources, the measure is expected to be effective this September, its anticipated publication in the Royal Government Gazette.

Author's Note:



As of this edition, the five services are still restricted under List III (21) of the FBA. Until publication in the Royal Government Gazette, if at all, foreign investors must still obtain a Foreign Business License or Certificate, as their circumstances warrant, prior to engaging in these services. Penalties will otherwise apply.

Foreign investors should also note that, despite approval of the measure, they must still follow accounting procedures and file their audited financial statements with the DBD.

Further, foreign investors must still comply with all other laws and regulations, and obtain all relevant licenses from government authorities relevant to their operations in Thailand.

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