



### Heading :

The following report may be of interest to :

### Summary :



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## Amendments to laws to improve ease of doing business

All clients

Following the Order of the National Council for Peace and Order (No. 21/2560) regarding amendments to various laws to facilitate business in Thailand, the provisions in a number of Thai laws have been amended.

The main purpose of the amendments is to make the commercial laws more friendly for investors by reducing the administrative burden and making them suitable for the business world.

The following are details of the revised provisions that came into effect on 4 April 2017:

### 1) Civil and Commercial Code

#### • Place of commercial registration

In the past, the registration of companies and partnerships and any alterations to the registered particulars must be made at the registration office in the area where the head office is situated.

The amendment authorises the Minister of Commerce to designate the registration office to be in other places. Therefore, we anticipate that the registration of any amendments to corporate information can be made in any province.

At present, no announcements or ministerial regulations have been issued to specify the details of the amendments.

#### • Registration fees

Section 1020/1 has been added to authorise the Minister of Commerce to reduce or exempt registration fees.

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#### • Setting measures to solve directors' or shareholders' conflicts internally

In the past, any unsettled conflicts among directors or shareholders of a company can only be solved by a court order.

Section 1108 (1) has been amended to allow the company to specify measures to resolve the conflicts which are agreed by a special resolution of shareholders and registered in its Articles of Association with the Ministry of Commerce.

- **Revocation of company seal**

Section 1128 removes the requirement to affix the company seal on share certificates.

Companies are therefore free to decide whether or not they wish to use a company seal since there is no longer any regulation in the law requiring them to do so.

- **Timing of dividend payment**

Previously, there was no specific period of time stipulated during which a dividend must be paid.

The amendment to Section 1201 specifies that dividends must be paid within one month from the date on which the dividend was approved by the shareholders or directors otherwise a penalty of Baht 20,000 will be imposed.

- **Dissolution of a company by court order**

Section 1237 (5) has been added to authorise the court to order a company to instigate its dissolution for any reason that has caused the company to be unable to operate its business.

### **2) Revocation of registration of working regulations**

In the past, any company with 10 or more employees is required to file the new or amended version of its working regulations with the Labour Office.

The amendment to Sections 108 and 110 of the Labour Protection Act no longer requires companies to file their working regulations or an amended version of existing working regulations with the Labour Office.

### **3) Change in public limited company provisions**

- **Shareholders' right to call an extra-ordinary shareholders' meeting**

Previously, Section 100 of the Public Company Limited Act allowed shareholders to call an extra-ordinary shareholders' meeting under two circumstances:

- (1) Shareholders holding not less than 20% of the total number of shares, or
- (2) At least 25 shareholders holding not less than 10% of the total number of shares.

Following the amendment to the above section, the minimum of 20% shareholding is reduced to be at least 10%. The directors will then be obliged to hold such meeting within 45 days from the date of receiving a letter of request from the shareholders. If they fail to do so, the shareholders who requested the meeting will be able to hold the meeting by themselves within 45 days from the date on which the directors fail to do so. Necessary expenses incurred by or for the meeting will be borne by the public limited company. However, if a quorum for the meeting cannot be formed, the said shareholders must be responsible for any expenses incurred for holding that meeting.



This amendment is meant to increase the ability of minority shareholders to call an extra-ordinary shareholders' meeting of a public company limited.

- **Appointment of inspector**

Previously, under Section 128 of the Public Company Limited Act, shareholders can request the registrar to appoint an inspector to examine the affairs and financial status and the operations of the board of directors of a public limited company if their shareholding is in aggregate at least 20% or the number of shareholders is not less than one-third.

However, this has been amended allow minority shareholders to make such request if their shareholding is in aggregate at least 5% or the number of shareholders is not less than one-third.

#### **4) Social Security Act**

Section 84/2 grants the Minister of Labour, with the approval of the Cabinet, the authority to extend or postpone the deadline for filing social security fund contributions which are the responsibility of companies or individuals, as deemed appropriate.

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