

## CATEGORY 4

### **Guidelines of Consideration on the Permission for Foreign Business Operation in the category of Services to Affiliated or Group Company**

Providing services to the affiliated or group company which is located in Thailand or other countries is the operation of business under the business listed in Annex 3 attached to the Foreign Business Act B.E.2542, such as, accounting service, legal service, loan service, lease of land and office space including public utilities, consultancy service, advisory service, or management service in various aspects. If the foreigner wishes to operate such business, permission by the Director-General, Business Development Department, with the approval of the Foreign Business Committee is required.

In consideration on approval, the Foreign Business Operation Committee has determined the guidelines as follows:-

#### **1. Characteristic of Business**

The foreign juristic person who operates a service business to the affiliated company or group company must have all 3 characteristics as follows:-

- 1) Being a juristic person established under the foreign law and entering the Kingdom in order to operate the business in Thailand or, being a juristic person established under the Thai law and has a foreign status;
- 2) The applicant is already operating other core businesses in Thailand, such as manufacturing, wholesaling or retailing, and wishes to apply for the permission for other business operations which is not its core business;
- 3) Being a business operation having a relationship with the service recipient as the affiliated or group company only and at all times during the business operation.

#### **2. Scope of Business**

The majority of previous operations of service business for the affiliated or group company are as follows:-

- 1) Accounting service business - Annex 3(6);
- 2) Legal service business Annex - 3(7);
- 3) Lending service business Annex - 3(21);
- 4) Leasing business of land, office space including public utilities - Annex 3(21);

- 5) Consultancy and advisory service business or management of various matters - Annex 3(21);

### **3. Information and Supplementary Documents for the Consideration**

In consideration on approval of service business for the affiliated or group company, the Foreign Business Committee will consider the details of information in the application for the license together with the supplementary documents according to the scope of the services to the affiliated company or group company as follows:-

#### **3.1 Accounting Service Business**

3.1.1 **Business Descriptions** are as follows:

Keeping accounts, recording accounts and preparing the report according to the Accounting Act B.E. 2543, such as bookkeeping and preparation of financial statement.

3.1.2 **The information contained in the Application seeking for permission** must demonstrate the following characteristics:

- Must be a service that makes the accounting standard of the affiliated or group company to be consistent;
- Must be a service to the affiliated or the group company only, where the name of the service recipient is explicitly specified;
- Accounting service itself is not the core business; taking into account the existing business operation.

3.1.3 **The Supplementary Documents of the Application**

- Copy of certification document or the evidence for being the juristic person including the business objectives;
- The chart showing the relationship between the applicant and the affiliated or group company;
- The details of the affiliated or group company as follows:-
  - Name list;
  - Current core business;
  - Country of registration;
  - Proportion of the shareholding between the companies.
- Copy of financial statement or annual report (if any)

#### **3.2. Legal Service Business**

3.2.1 **Business Descriptions** are as follows:

Giving legal advice on various aspects relating to the business operations of the affiliated or group company, such as preparing and examining of a draft contract.

**3.2.2 The information contained in the Application seeking for permission** must demonstrate the following characteristics:

- Must be a service provided so that the legal compliance of the affiliated or group company will be consistent;
- Must be a service to the affiliated or group company only, where the name of the service recipient is explicitly specified;
- Legal service itself is not the core business; taking into account the existing business operation.

**3.2.3 The Supplementary Documents of the Application**

- Copy of certification document or the evidence for being the juristic person including the business objectives;
- The chart showing the relationship between the applicant and the affiliated or the group company;
- The details of the affiliated or the group company as follows:-
  - Name list;
  - Current core business;
  - Country of registration;
  - Proportion of the shareholding between the companies.
- Copy of financial statement or annual report (if any)

**3.3 Loan Service Business**

**3.3.1 Business Descriptions** are as follows:

Providing the loan service to the affiliated or group company for the purpose of giving financial support among companies, for example a vehicle parts manufacturing company lends money to its group company, who is the seller of the vehicle parts; and a company, who is the manufacturer and seller of electrical appliances, lends money to its group company who operates a Treasury Center.

**3.3.2 The information contained in the Application seeking for permission** must demonstrate the following characteristics:

- Must be a service that benefits the financial management of the affiliated or group company in order to create proficiency, reducing cost in the loan from financial institutions including reducing the process and difficulty in the application for financial support from the financial institutions.
- Must be a service to the affiliated or group company only, where the name of the service recipient is explicitly specified;
- The loan service itself is not the core business; taking into account the existing business operation.

### **3.3.3 The Supplementary Documents of the Application**

- Copy of certification document or the evidence for being the juristic person including the business objectives;
- The chart showing the relationship between the applicant and the affiliated company or the group company;
- The details of the affiliated company or the group company as follows:-
  - Name list;
  - Current core business;
  - Country of registration;
  - Proportion of the shareholding between the companies.
- Copy of financial statement or annual report (if any)

## **3.4 Business in Leasing of Land, Office Building Spaces including Public Utilities**

### **3.4.1 Business Descriptions** are as follows:

Lease of land and office building spaces, that are not used for the core business operations, for the purpose of allowing the affiliated or group company to use as storage of raw materials, components and finished products. This also includes using the land for the place of business, for which the business of the applicant and the service recipient are related. For example, a company, which manufactures and distributes electronic boards, leases its warehouse spaces to its affiliated company, operating as the international center for parts and products procurement, or for the storage of raw materials, components, or finished products.

### **3.4.2 The information contained in the Application seeking for permission** must demonstrate the following characteristics:

- Must be beneficial to serves a constructive and useful purpose for the affiliated company or the group company to use the lands as a place for operating the relating businesses, and should facilitate the overall operations as well as reducing costs and allowing cooperation businesses.
- Must be a service for the affiliated or group company only, where the name of the service recipient is explicitly specified;
- Land lease itself is not the core business; taking into account the existing business operation or the proportion of the leased lands per the total area of the lands of the lessor.

#### **3.4.3 The Supplementary Documents of the Application**

- Copy of certification document or the evidence for being the juristic person including the business objectives;
- The chart showing the relationship between the applicant and the affiliated or the group company;
- The details of the affiliated or the group company as follows:-
  - Name list;
  - Current core business;
  - Country of registration;
  - Proportion of the shareholding between the companies.
- Copy of financial statement or annual report (if any)

### **3.5 Consulting and Advisory Service Business or Management Service in Various Aspects**

#### **3.5.1 Business Descriptions** are as follows:

Providing consultation, advice, or management/administration to the affiliated or the group company in various aspects, such as marketing, finance, human resources, training and internal audit, procurement of office supplies or raw materials for production, and information technology, such as, providing office management for the affiliated or the group company in relation to human resources, by recruiting or training employees for the affiliated or the group company or by managing information technology through the procurement of computers or computer software, maintenance of computer systems, communication networks, and database systems.

#### **3.5.2 The information contained in the Application seeking for permission** must demonstrate the following characteristics:

- Must be a service for the purpose of the efficiency and standardization of administration and management of the affiliated or the group company.

- Must be a service to the affiliated or group company only, where the name of the service recipient is explicitly specified;
- The consulting and advisory service or the office management itself is not the core business; taking into account the existing business operation.

### 3.5.3 The Supplementary Documents of the Application

- Copy of certification document or the evidence for being the juristic person including the business objectives;
- The chart showing the relationship between the applicant and the affiliated company or the group company;
- The details of the affiliated company or the group company as follows:-
  - Name list;
  - Current core business;
  - Country of registration;
  - Proportion of the shareholding between companies.
- Copy of financial statement or annual report (if any)

## **4. The Conditions to be Complied by the Foreign Juristic Person who services for the affiliated company or the group company after the Approval**

The foreign juristic person who is approved to operate the service business for the affiliated company or the group company must comply with the following conditions:-

- 4.1 There must be the minimum capital to be remitted to Thailand for the commencement of business operation as stipulated by law, which shall not be less than Baht three million;
- 4.2 The total loan utilized in the permitted business operation must not exceed seven times of the inward remitted fund for the permitted business operation;

(Loan means the total liabilities of the business, notwithstanding the liabilities incurred by any form of transaction but excluding trade liabilities occurred from the ordinary course of business, such as, trade creditors, accrued expenses.)

- 4.3 At least one person of the responsible persons for operating the business in Thailand must have a domicile in Thailand;

(Domicile means the contactable residence in Thailand which can be the place of business, excluding temporary residence such as hotels)

- 4.4 The document or evidence relating to the permitted business operation must be submitted when the official sent the summon or inquiry;

4.5 There must be the preparation of account and financial statements to be submitted to the Business Development Department.

**5. Representation of the Applicant**

In submission of the Application for the service business to the affiliated company or the group company permission, the responsible person for the business operation in Thailand on behalf of the juristic person in foreign country must sign to certify the accuracy of information specified in the Application and the supplementary documents and evidence.

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