Setting up a business in Thailand

Reporting requirements

Thailand Board of Investment
http://www.boi.go.th

Books of accounts and statutory records

Companies must keep books and follow accounting procedures as specified in the Civil and Commercial Code, the Revenue Code, and the Accounts Act. Documents may be prepared in any language, provided that a Thai translation is attached. All accounting entries should be written in ink, typewritten, or printed.

Accounting period

An accounting period must be 12 months. Unless the Articles of Association state otherwise, a newly established company should close accounts within 12 months of its registration. Thereafter, the accounts should be closed every 12 months. If a company wishes to change its accounting period, it must obtain written approval from the Director-General of the Revenue Department.

Reporting requirements

All juristic companies, partnerships, branches of foreign companies, and joint ventures are required to prepare financial statements for each accounting period. The financial statement must be audited by and subjected to the opinion of a certified auditor, with the exception of the financial statement of a registered partnership established under Thai law, whose total capital, assets, and income are not more than that prescribed in Ministerial Regulations. The performance record is to be certified by the company's auditor, approved by shareholders, and filed with the Commercial Registration Department of the MOC and with the Revenue Department of the Ministry of Finance (MOF).

For a private limited company, the director is responsible for arranging the annual meeting of shareholders to approve the company's audited financial statement within 4 months of the end of the fiscal year, and filing the audited statement and supporting documents, including a list of shareholders on the date of the meeting, to the Registrar no later than 1 month after the date of the shareholder meeting.

For a foreign company, i.e. branch office, representative office or regional office, and excluding joint ventures, the Manager of the branch office must submit a copy of the financial statement to the Registrar no later than 150 days after the end of the fiscal year. Approval of the shareholder meeting is not required.

For a public limited company, the director is responsible for arranging the annual meeting of shareholders to approve the audited financial statements of a company within 4 months of the end of the fiscal year. A copy of the audited financial statement and annual report, together with a copy of the minutes of the shareholder meeting approving the financial statement, should be certified by the director and submitted to the Registrar, along with a list of shareholders on the date of the meeting, no later than 1 month after approval at the shareholder's meeting. In addition, the company is required to publish the balance sheet for public information in a newspaper for a period of at least 1 day within 1 month of the date it was approved at the shareholder's meeting.

Accounting principles

Any accounting method adopted by a company must be used consistently and may be changed only with approval of the Revenue Department. Certain accounting practices of note include:

Depreciation: The Revenue Code permits the use of varying depreciation rates according to the nature of the asset, which has the effect of depreciating the asset over a period that may be shorter than its estimated useful life. These maximum depreciation rates are not mandatory. A company may use a lower rate that approximates the estimated useful life of the asset. If a lower rate is used in the books of the accounts, the same rate must be used in the income tax return.

Accounting for Pension Plans: Contributions to a pension or provident fund are not deductible for tax purposes unless they are actually paid out to the employees, or if the fund is approved by the Revenue Department and managed by a licensed fund manager.

Consolidation: Local companies with either foreign or local subsidiaries are not required to consolidate their financial statements for tax and other government reporting purposes, except for listed companies, which must submit consolidated financial statements to the Securities and Exchange Commission of Thailand.

Statutory Reserve: A statutory reserve of at least 5% of annual net profit arising from the business must be appropriated by the company at each distribution of dividends until the reserve reaches at least 10% of the company's authorized capital.

Stock Dividends: Stock dividends are taxable as ordinary dividends and may be declared only if there is an approved increase in authorized capital. The law requires the authorized capital to be subscribed in full by the shareholders.

Auditing requirements and standards

Audited financial statements of juristic entities (*i.e.* a limited company, registered partnership, branch, representative office, regional office of a foreign corporation, or joint venture) must be certified by an authorized auditor and be submitted to the Revenue Department and to the Commercial Registrar for each accounting year.

Startup India

National Portal of India

https://india.gov.in

Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system to encourage new ideas and Startups in the country that will lead to economic growth and generate large scale employment opportunities.

Startup means an entity, which is registered in India not over five years and the annual turnover not exceeding Rs.25 crore in any financial year. It is an entity which works towards innovation, development, deployment or commercialization of new products and services driven by technology or intellectual property.

The action plan announced by the Government in this regard, hopes to address all aspects of the Startup ecosystem and accelerate the spreading of this movement.

Components of Startup India

Simplification and handholding

- **Compliance regime based on self-certification:** The idea is to reduce the regulatory burden on startups, so that they can focus on their core business and keep the cost of compliance low. The regulatory regimes will thus be made simpler and flexible; inspections more meaningful and simple.
- **Startup India hub:** Creation of a single point of contact for the entire startup ecosystem to enable the exchange of knowledge and access of funding. The Government will be the main stakeholder and will collaborate with Central and State Governments, Indian and foreign VC's, angel networks, banks, incubators, legal partners, consultants, universities and R&D institutions.
- **Rolling out of mobile app and portal:** It will act as an interacting platform for startups with the Government and regulatory institutions.
- **Legal support and fast:** Tracking Patent Examination at Lower Costs- To promote and create awareness in startups about IPRs and ensure continuous growth and development of new startups, this scheme will make the task of filing patents easier.
- **Relaxed norms of public procurement for startups:** The aim is to provide equal opportunity to Startups as compared to experienced companies. The Government will exempt startups from the criteria of 'Prior experience/Turnover' in case of tenders floated by Government or by PSU's, without relaxation in the quality parameters.
- **Faster exit for startups:** The Action Plan will make it easier for Startups to wind up operations in case they fail to succeed. An insolvency professional will be provided to the Startups, who will be in-charge of the company for liquidating the assets and paying the creditors in six month's time. This process will accept the concept of limited liability.

Funding support and incentives

- **Provide funding support to startups:** The Government will set up an initial fund of Rs.2,500 crore per year and a total of Rs.10,000 crore over a period of 4 years.
- **Credit guarantee for startups:** To encourage Banks and other Lenders to provide Venture Debts to startups, Credit guarantee mechanism through National Credit Guarantee Trust Company (NCGTC)/ SIDBI is being considered with a budget of Rs.500 crore per year for the next four years.
- **Tax exemptions on capital gains:** To promote investments into Startups, the Government will give tax exemption to those who have capital gains during the year and have invested such capital gains in the Fund of Funds recognized by the Government.
- **Tax exemption to startups for three years:** To address the working capital requirement, stimulate the development of Startups in India and provide them a competitive platform, the profits of Startups will be exempted from Tax for a period of 3 years.
- **Tax exemption on investments over fair market value:** Investment by incubators in Startups will be exempted from Tax.

Industry - Academia partnership and incubation

- **Organizing startup fests for showcasing innovation and providing a collaboration platform:** To strengthen the Startup ecosystem in India, the Government has proposed to introduce Startup fests at both national and international levels. This will be a platform for the Startups in India, to showcase their work and ideas and work with a larger audience comprising of potential investors, mentors and fellow Startups.
- **Launch of Atal Innovation Mission (AIM) with Self Employment and Talent Utilization (SETU) Program:** This will serve as a platform for promoting world- class innovation hubs, grand Challenges, Startup businesses and other self-employment activities particularly in technology driven areas.
- **Harnessing private sector expertise for incubator setup:** Government will create a policy and framework for setting up incubators across the country in public private partnership.

- **Building innovation centers at national institutes:** To increase the incubation and R&D efforts in the country, Government will set up 31 centers of innovation and entrepreneurship at national institutes. For 13 centers an annual funding of Rs.50 Lakhs will be provided for 3 years to encourage student driven Startups.
- **Setting up of 7 new research parks modeled on the research park set up at IIT Madras:** In order to give a push to successful innovation through incubation and joint R&D efforts between academia and industry, the Government will set up 7 new Research Parks in institutes with an initial investment of Rs.100 crore each. The Research Parks shall be modeled based on the Research Park setup at IIT Madras.
- **Promoting startups in the biotechnology sector:** The Biotechnology sector in India is on a strong, growth trajectory. Department of Biotechnology endeavors to scale up the number of Startups in the sector by nurturing approximately 300-500 new Startups each year to have around 2000 Startups by 2020.
- **Launching of innovation focused programs for students:** The Government will promote research and innovation among young students and has thus launched a few programs like- Innovation Core, NIDHI (a grand challenge program) and Uchhatar Avishkar Yojna. These schemes will initially apply to IIT's only and each project may amount Rs.5 crore.
- **Annual incubator grand challenge:** Incubators play an important role in identifying early stage Startups and supporting them across various phases of their lifecycle to build an effective Start-up ecosystem. The Government is proposing to make forward looking investments towards building world class incubators in its first phase; the aim is to establish 10 such incubators. The Government will hence identify 10 incubators having the potential to become world class. These will be given Rs.10 crore each as financial assistance and such incubators will become reference models for other incubators. These will then be showcased on Startup India Portal. An Incubator Grand Challenge exercise will be carried out for the identification of such incubators and this will be an annual exercise.

Translation Tool for Patent Documents

The World Intellectual Property Organization has developed a ground-breaking new "artificial intelligence"-based translation tool for patent documents, handing innovators around the world the highest-quality service yet available for accessing information on new technologies.

WIPO Translate now incorporates cutting-edge neural machine translation technology to render highly technical patent documents into a second language in a style and syntax that more closely mirrors common usage, out-performing other translation tools built on previous technologies. WIPO has initially "trained" the new technology to translate Chinese, Japanese and Korean patent documents into English. Users can already try out the Chinese-English translation facility on the public beta test platform.

The high level of accuracy of the Chinese-English translation is the result of the training of the neural machine translation tool, which compared 60 million sentences from Chinese patent documents provided to WIPO's PATENTSCOPE database by the State Intellectual Property Office of the People's Republic of China with their translations as filed at the United States Patent and Trademark Office. WIPO plans to extend the neural machine translation service to French-language patent applications, with other languages to follow. The PATENTSCOPE database integrates with other translation engines freely available on the internet and continues to use existing statistical-based translation technology for languages where it performs well. WIPO has shared its translation software with other international organizations, including the United Nations conference management service, Food and Agriculture Organization, International Telecommunication Union, International Maritime Organization, World Trade Organization, and The Global Fund to Fight AIDS, Tuberculosis and Malaria.

For more information, access:

Media Relations Section
World Intellectual Property Organization (WIPO)
34, chemin des Colombettes
CH-1211 Geneva 20, Switzerland
Tel: (+41 22) - 338 81 61 / 338 72 24
Fax: (+41 22) - 338 81 40
Web: http://www.wipo.int