Franco-Thai
Chamber of Commerce
หอการค้าฝรั่งเศส-ไทย
Setting Up a Company in Thailand
FTCC PRACTICAL SERIES – EPISODE 1
Legal Steps, Costs & Pitfalls
CCI FRANCE
INTERNATIONAL

INTRODUCTION

Welcome to the FTCC Practical Series

In this opening episode, we deliver a comprehensive guide for entrepreneurs, foreign investors, and business owners looking to establish a legal entity in Thailand. We break down company structures, foreign ownership regulations, BOI incentives, and common legal pitfalls to help you structure your business correctly from day one.

Our goal is to equip you with practical, actionable insights that will streamline your company formation process and help you avoid costly mistakes.

Khanchai SUTTHAKAN
FTCC Counsellor
Chaiman of SME Committee

Who Should Attend

- Entrepreneurs & Startups
- Foreign Investors
- SME Business Owners
- Corporate Advisors

EXPERT GUIDANCE

Your Legal Advisors

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About Benoit & Partners

Benoit & Partners is a distinguished legal establishment headquartered in Bangkok, concentrating its expertise in corporate law, tax and accounting, real estate investment, and commercial law within the Thai jurisdiction.

Our accomplished team comprises 15 proficient Thai lawyers, supported by Foreign Consultants, paralegals, and administrative professionals dedicated to delivering exceptional legal services.

15+
Thai Lawyers

35+
Employees

5
Practice Areas

100+
Clients Served

AGENDA

What We'll Cover Today

01

Company Structures in Thailand

Understanding the different legal entities available for foreign businesses

02

Foreign Ownership Rules

Navigating restrictions and compliance requirements

03

BOI Incentives Overview

Exploring investment promotion opportunities

04

Timeline & Costs

Realistic expectations for company formation

05

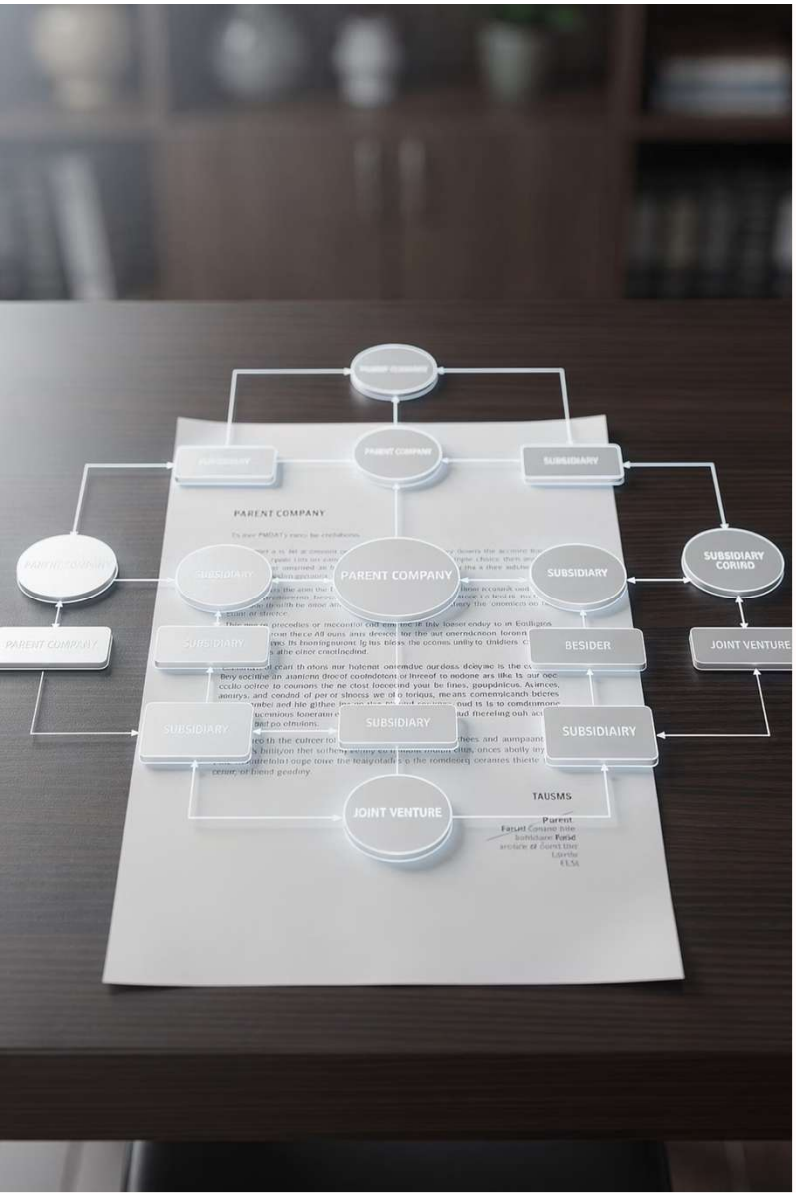
Common Mistakes

Pitfalls to avoid during setup

06

Q&A Session

Your questions answered by our experts



CHAPTER 1

Company Structures in Thailand

Choosing the right legal structure is the foundation of your business success in Thailand. Each entity type offers distinct advantages and limitations depending on your business objectives, investment capacity, and operational requirements.

Common Structures to do business in Thailand

Private Limited Company

The most common structure for foreign businesses. Requires minimum 2 shareholders and registered capital of 2 million THB for work permit eligibility. Limited liability protection for shareholders.

FBL - The Foreign Business License

FBL allows foreign investors to own more than 49% of a Thai company in sectors restricted under the Foreign Business Act. It requires government approval, minimum capital, and a detailed business plan. Processing time is typically 4–6 months.

BOI – Board of Investment

The BOI promotion grants eligible projects tax exemptions and foreign ownership benefits. It targets innovative and high-value industries aligned with Thailand's development goals. Approval depends on meeting capital, technology, and value-added requirements.

Private Limited Company: The Preferred Choice

Why Most Foreign Investors Choose This Structure

The Private Limited Company (บริษัทจำกัด) offers the most flexibility for foreign businesses operating in Thailand. It provides limited liability protection, allows for diverse business activities, and facilitates work permit applications for foreign employees.

The previous 2012 directive has been revoked and new rules apply from **1 January 2025** regarding companies involving foreign participation

1. **Thai shareholders** must provide financial evidence when:
   - a foreigner holds less than 50% of the share capital, or
   - a foreigner is appointed as an authorized director/signatory

2. A minimum **6-month bank statement** must be submitted to demonstrate the genuine source of funds of Thai shareholders, strengthening scrutiny against nominee structures

1

Minimum 2 Shareholders

2

At Least 1 Director

3

10 THB / 2M THB Capital Minimum if work permit

4

Limited Liability

CHAPTER 2

Foreign Ownership Regulations

Thailand's Foreign Business Act governs foreign ownership and operations. Understanding these restrictions is critical to structuring your company correctly and ensuring long-term compliance.

The Foreign Business Act Framework

List 1: Prohibited

Activities completely restricted to Thai nationals, including newspapers, radio/TV broadcasting, rice farming, and land trading.

List 2: National Security

Requires Cabinet approval. Includes domestic transportation, firearms manufacturing, and certain natural resources.

List 3: Competitive

Requires Foreign Business License. Covers most service industries, retail, and wholesale businesses.

Foreign Ownership Options

Foreign Ownership (Standard)

The default structure under Thai law. Thai shareholders must hold 51% of shares and voting rights. Suitable for businesses not requiring majority foreign control or those partnering with trusted Thai entities.

100% Foreign Ownership via BOI

Board of Investment promotion allows full foreign ownership in targeted industries. Requires meeting investment criteria and operating in promoted sectors such as technology, manufacturing, or innovation.

Treaty of Amity (US Companies)

US-Thai Treaty of Amity permits American companies to hold majority ownership in most business activities. Provides significant competitive advantage for qualifying US businesses.

Foreign Business License

may allow / exceed 49% foreign ownership in List 3 activities. Requires minimum capital of 3 million THB and approval from Ministry of Commerce. Processing time typically 5-6 months.

CHAPTER 3

Board of Investment (BOI) Incentives

The BOI offers attractive incentives to foreign investors in targeted industries. These benefits can significantly reduce operational costs and provide strategic advantages including 100% foreign ownership, tax holidays, and import duty exemptions.

Key BOI Benefits

Corporate Tax Exemptions

Tax holidays ranging from 3 to 13 years depending on investment zone and industry.

100% Foreign Ownership

Exemption from Foreign Business Act restrictions. Full foreign ownership permitted in promoted activities without Thai partner requirements.

Import Duty Exemptions

Duty-free import of machinery and raw materials for production. Significant cost savings for manufacturing and technology businesses.

Land Ownership Rights

Permission to own land for factory or business operations. Streamlined work permit and visa processes for foreign employees and executives.

BOI Promoted Industries

High-Priority Sectors

- Advanced manufacturing and automation
- Digital and technology services
- Medical and healthcare services
- Biotechnology and pharmaceuticals
- Environmental and renewable energy
- Research and development
- High-value services and innovation

Investment Requirements

Minimum investment thresholds vary by industry and location. Projects in targeted development zones receive enhanced incentives. Technology transfer and local employment commitments may be required.

BOI application process typically takes 3-6 months. Professional legal guidance strongly recommended to maximize benefits and ensure compliance.

CHAPTER 4

Timeline & Costs

Understanding the realistic timeline and financial requirements for company formation helps you plan effectively and avoid unexpected delays or expenses.

Company Formation Timeline

0

Find office, find partner(s), BOI preparation

1

Week 1-2: Preparation

Name reservation, shareholder agreements, and document preparation. Drafting Articles of Association and Memorandum, Office lease finalization.

2

Week 3-4: Registration

Company registration with Department of Business Development. Social security registration and VAT registration with Revenue Department, WP32

3

Week 5-6: Compliance

Visa & Work permit applications, and bank account opening.

4

Week 7-8: Operations

Business licenses, accounting system setup, and operational commencement. Ongoing compliance monitoring.

Total timeline: 6-8 weeks for standard Private Limited Company. BOI applications add 4-6 months to the process.

Cost Breakdown

Government Fees

Company registration: 5,500 THB | VAT registration: Free | Work permit: 3,000 THB per person | Business license: Varies by type (5,000-50,000 THB)

Legal & Professional Fees

Fees are assessed based on the project's scope and complexity. Please contact legal firm for a tailored quotation

Capital Requirements

Minimum registered capital: 2,000,000 THB (for work permits) | Paid-up capital: 25% minimum at registration | Additional capital for BOI: Varies by project

Operational Setup

Office deposit: 2-3 months rent | Accounting services: 6,000-40,000 THB monthly | Insurance and utilities: 20,000-50,000 THB monthly

CHAPTER 5

Common Mistakes to Avoid

Learning from others' mistakes can save you significant time, money, and legal complications. Here are the most frequent pitfalls we encounter when advising foreign businesses.

Critical Pitfalls in Company Formation

Nominee Shareholder Structures

Using Thai nominees to circumvent foreign ownership restrictions is illegal and can result in company dissolution, fines, and criminal prosecution. Always structure ownership transparently and legally.

Insufficient Registered Capital

Undercapitalizing prevents work permit issuance (need 2M THB minimum) and limits business credibility. Plan capital requirements carefully based on operational needs and staffing plans.

Incorrect Business Scope

Failing to properly define business objectives in registration documents restricts future activities. Ensure comprehensive scope registration while remaining compliant with Foreign Business Act.

Ignoring Tax Obligations

Missing VAT registration deadlines, failing to file monthly returns, or neglecting withholding tax requirements leads to penalties and interest. Establish proper accounting systems from day one.

Inadequate Documentation

Poor record-keeping of shareholder meetings, director resolutions, and financial statements creates compliance issues. Maintain meticulous corporate records and meeting minutes.

Rushing the Process

Attempting to expedite registration without proper due diligence leads to structural problems. Take time to plan correctly—fixing mistakes later is far more expensive than doing it right initially.

Your Next Steps

Ready to Establish Your Business in Thailand?

Benoit & Partners provides comprehensive legal support throughout your company formation journey. Our experienced team guides you through every step—from initial structure planning to full operational compliance.

We offer tailored solutions for entrepreneurs, startups, and SMEs, ensuring your business is established correctly, efficiently, and in full compliance with Thai law.

Contact Us Today

Schedule a consultation to discuss your specific business needs and receive expert guidance on the optimal structure for your Thai operations.

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