

**DEJ-UDOM & ASSOCIATES**  
**BUSINESS AND LEGAL UPDATE**

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January 2010

**TAX**

**LAND TAX**

The Prime Minister has announced that the long awaited land tax should be implemented this year. The tax is being put in place in order to encourage more efficient use of land.

**TOURISM TAX BREAKS**

Plans for a tourist stimulus package will be submitted to the Cabinet this month. Taxes on inbound and outbound travel are being reviewed. The Revenue Department has been called upon to increase the income tax waiver on tour packages.

**HYBRID CAR TAX DEFERRED**

The Cabinet has decided to delay making a decision about duty exemptions on imported parts for the manufacture of hybrid cars. The decision will only be made pending a review of tax incentives for other fuel-efficient or environmentally friendly vehicles.

**MAI TAX INCENTIVES**

Next month the Finance Ministry plans to finalize its decision about whether to offer new tax incentives for companies listing on the Market for Alternative Investment (MAI). The five-year government policy to offer MAIs a 20% corporate tax rate expired at the end of 2009.

**SECURITIES & EXCHANGE**

**GOLD FUTURES DELAY**

The trading of mini gold futures which was set to commence on February 8, 2010 is likely to be delayed. Objections to trading have been raised due to the impact that trading would have on retail investors.

**SET PUBLIC COMPANY ISSUES**

The plan to turn the Stock Exchange of Thailand (SET) into a public company by 2011 might not be possible if certain problems over demutualization cannot be overcome. Last year a SET transformation plan was approved by the cabinet.

**BOARD OF INVESTMENT**

**DEADLINE RECORD**

The Board of Investment (BOI) received a large number of applications just before the December 31 expiration date for the Thailand Investment Year 2008-2009 program. Investors rushed to take advantage of the special investment privileges which were offered. For the final count BOI received 1,573 applications worth more than 723.4 billion baht which represents a 40 year high.

**SERVICES AND CREATIVE SECTOR**

The Board of Investment (BOI) is considering what types of new incentives should be implemented for 2010 in view of the fact that the special Thailand Investment Year 2008-2009 program has already ended. Services and the creative sector are being considered for incentives as well as six sectors related to alternative energy, technology and high energy.

**FOREIGN EMPLOYMENT**

**NEW ONE-STOP RULES**

The One-Stop Service Center (OSSC) has announced that effective **February 8, 2010** the following changes to the rules for applications for long-term and dependant visa extensions are being implemented: 1) All tax and social security documents used to support visa extension applications must be certified by the appropriate government agency; 2) The applicant's personal income tax form Phor Ngor Dor.91 must be certified by the Revenue Department; 3) All personal documents such as birth certificates and marriage licenses must be certified by the Thai embassy in the country where such documents were issued or by the applicable foreign embassy/consulate in Thailand; new sets are required for renewal each year; 4) Students must appear in person when the application is filed and 5) The deadline for submitting the visa renewal application is one day before the expiry date of the visa. The application can no longer be submitted on the last day.

## LEGISLATION

### BROADCASTING FREQUENCY BILL

The draft bill on allocating broadcasting frequency is ready to be passed on to the parliament after ten months of preparation. The main point of the new bill is to create a National Broadcasting and Telecommunications Commission to oversee those given radio, television and other communication frequencies.

### FOREIGN BUSINESS LIBERALIZATION

The government says that it is considering liberalizing the Foreign Business Act to make the country more open to foreign investment and to comply with free trade agreements. Business sectors which are now restricted under List 3 of the Foreign Business Act are being considered for removal from the list.

## ENVIRONMENT

### MAP TA PHUT DISCUSSION CONTINUES

The government has promised to find a solution to the dispute over closure of businesses operating in Map Ta Phut after the court ruled on January 22, 2010 that 30 projects out of a total of 64 that are suspended could not resume activity until they met requirements under Section 67 of the 2007 Constitution. This section of the constitution calls for environmental and health impact assessments to be made for projects which are potentially harmful. In the meantime, Japanese companies have warned that if the government cannot solve the Map Ta Phut problem in six months, they would consider moving their operations to other counties.

### IEAT ECO-INDUSTRY TOWNS

The Industrial Estate Authority of Thailand (IEAT) plans to turn all 42 of its industrial estates into "eco-industrial towns" over the next ten years. Plans will be drawn up to incorporate environmental and health concerns in development plans.

### FACTORY CHECKS

The Industrial Works Department intends to increase factory inspections to ensure that operators conform to their environmental impact assessment requirements. Plans are being made to set up a special unit to monitor industrial environmental impact reduction operations.

## BANKING

### CAPITAL CONTROLS RELAXED

The Bank of Thailand (BOT) has announced that it would relax capital controls in early February. The move is intended to make it easier for Thai companies to invest abroad and also to ease pressure on the strong Baht. The relaxing of capital controls is also intended to facilitate the use of hedging instruments which could help companies control currency risks.

### BANK PROBE

The Department of Special Investigation announced that it is conducting criminal investigations of executives at eight commercial and state-run banks. The subject of the investigation is large loans made in the agribusiness which were uncovered in 2006 when a major bank lodged a complaint.

## BUSINESS

### ALTERNATIVE ENERGY HUB

Thailand hopes to become a global production and export center for alternative energy over the next few years. Thailand is already the leading exporter of ethanol and biodiesel, and intends to become a production center for alternative energy equipment.

### BANGKOK AIRWAYS FLIGHTS RETURN

Bangkok Airways is slowly restoring flights which were cancelled last year due to the tourist downturn. The private airline believes that business is improving and will increase flights to Rangoon and Lampang.

## FOREIGN TRADE

### CAFTA BENEFITS

The January 1, 2010 launch of the China-Asean Free Trade Area (CAFTA) is expected to benefit Thailand's advantages as a regional research and development center. Thailand, Malaysia, Indonesia, Philippines, Singapore, Brunei and China have cut their import tariffs from each other to zero.

### TOURISM TO STAY OUT OF AFTA

Thailand's tourism sector will not become part of the Asian Free Trade Agreement (Afta) until 2015 due to the opposition of local tour operators.

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