



Timely Newsletter

Ministerial Regulation removing back office services from the Foreign Business Operations Act announced

On 25 June 2019 Ministerial Regulation (No. 4), B.E. 2562 (2019) was published in the Government Gazette and became effective immediately. This regulation permits foreign entities to operate some types of back office service businesses without having to apply for a foreign business license.

The key points of this regulation are summarized in our newsletter titled **“Cabinet Approves Ministerial Regulation Removing Back Office Services from the Foreign Business Operations Act”**, which was published on 24 May 2019.

This regulation does not make any change to the types of services which are exempt. However, it removes the words **“affiliate”** and **“group company”** and instead prescribes the characteristics that the related juristic persons must have:

- (a) More than half of the shareholders or partners in one juristic person constitute more than half of the shareholders or partners in another juristic person; or
- (b) The shareholders or partners holding at least 25% of the value of the entire capital of one juristic person are also shareholders or partners holding at least 25% of the value of the entire capital of another juristic person; or
- (c) One juristic person is a shareholder or partner holding at least 25% of the value of the entire capital of another juristic person; or
- (d) More than half of the directors or partners with management authority in one juristic person are directors or partners with management authority in another juristic person.

As a result, a foreign business license would no longer be

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required by a foreign entity providing the following services to a related juristic person as mentioned in this regulation: granting a loan in Thailand, renting out office building space with utilities and providing consultation and advice on management, marketing, human resources and information technology.

This publication is intended to highlight an overview of key issues for ease of understanding, and not for the provision of legal advice. If you have any questions about this publication, please contact your regular contact person(s) at Mori Hamada & Matsumoto or Chandler MHM Limited, or any of the Key Contacts listed in the far-right column.