

# Choice of Investment Vehicles

Special Purpose Vehicles under the rules of Board of Investment (BOI)

Wichien Harnpraween



## Restrictions on foreign businesses

### Foreign Business Act 1999 (“FBA”)

- Definition of “foreigner”
- Restricted businesses
- Foreign Business License (FBL)
- Foreign Business Certificate (FBC) for BOI

# Investment Promotion from the Office of the Board of Investment (“BOI”)



## Investment promotion under the BOI

BOI Office has listed a number of businesses where it will grant the promotion to foreigners who want to invest in Thailand.

The business can be owned 100% by foreigners.

May bring in expatriates to work in Thailand without restriction under general rules of the Labour Department, etc.



# Service Businesses

## Trade and Investment Support Office (TISO)

### Scope of services:

1. Services provided to affiliated companies (25% shareholding) in Thailand or overseas, e.g., Monitoring and/or servicing to associated enterprises, including office rental service, lending of money to affiliated companies.
2. Advisory services on business operations (to third party and/or affiliated companies), except those engage in buying and selling security, accounting, legal, architectural and civil engineering.
3. Information services on goods sourcing.
4. Wholesale of products manufactured in Thailand.
5. Business activities related to machinery and equipment manufactured by affiliated companies, i.e., importation for wholesale, training services, installation, maintenance, and calibration.
6. International business process outsourcing through communication networks, e.g., call center business.
7. Engineering and technical services, except architectural and civil engineering, e.g., consultation services, project management, system testing, provide technical manual.



## Service Businesses

### Trade and Investment Support Office (TISO)

**Key condition:** Annual selling and administrative expenses must be at least Baht 10 million, such as:

- 1) office personnel expenses (Salaries of the managing director, secretary, and personnel in the accounting, IT and other administration side of the business);
- 2) Electricity, water and telephone expenses;
- 3) Rents (lease term less than 3 years), For lease term of more than 3 years, it is the investment amount;
- 4) Depreciation of assets;
- 5) Royalty fee;
- 6) Interest payments on loan;
- 7) Advertising, sale promotions;
- 8) Other selling and administrative expenses, e.g., training expenses, transportation and accommodation costs, lawyer fee.



## International Business Center (IBC)

- **Scope of services:**
- **Main services:** IBC must have at least one service provided to affiliated companies inside or outside Thailand as follows:
  - (1) General administration, e.g. accounting shared services; or business planing.
  - (2) Procurement of raw materials and parts.
  - (3) Research and development of products.
  - (4) Technical support, except architectural and civil engineering.
  - (5) Marketing and sales promotion, except advertising.
  - (6) Human resources management and training.
  - (7) Financial advisory services, e.g., budget planning.
  - (8) Economic and investment analysis and research. (such as industrial trends and development, trends of market demand and other analysis and research services).
  - (9) Credit management and control, e.g., providing information for credit facilities).
  - (10) Financial management service of the Treasury Center, e.g., Foreign exchange management.



# International Business Center (IBC)

## Scope of services:

- **Optional services:**

- ***International trading center.***

The scope of the international trading business activities under an IBC project must include at least two activities, out of the following:

- (i) domestic procurement for export;
- (ii) import for domestic wholesale;
- (iii) overseas procurement for overseas sale; or
- (iv) domestic procurement for domestic wholesale.

- ***Lending of money to affiliated companies;***

- ***Office rental service for affiliated companies.***

To conduct these optional services, a company must also engage in at least one main service provided to its affiliated.

## Key conditions:

- The paid up registered capital must be not less than Baht 10 million.
- Project must employ at least 10 skilled and knowledgeable staff.





# International Distribution Centers (IDC)

## Key conditions:

- Modern computerised system.
- Minimum registered capital at least Baht 100 million.
- The center must distribute goods to at least 5 countries.
- At least 50% of total income must be derived from distribution of products to overseas.



## Distribution center (DC)

### Key Conditions:

- Paid-up registered capital must not be less than Baht 10 million.
- Goods storage facility that is controlled by a modern computerized system.

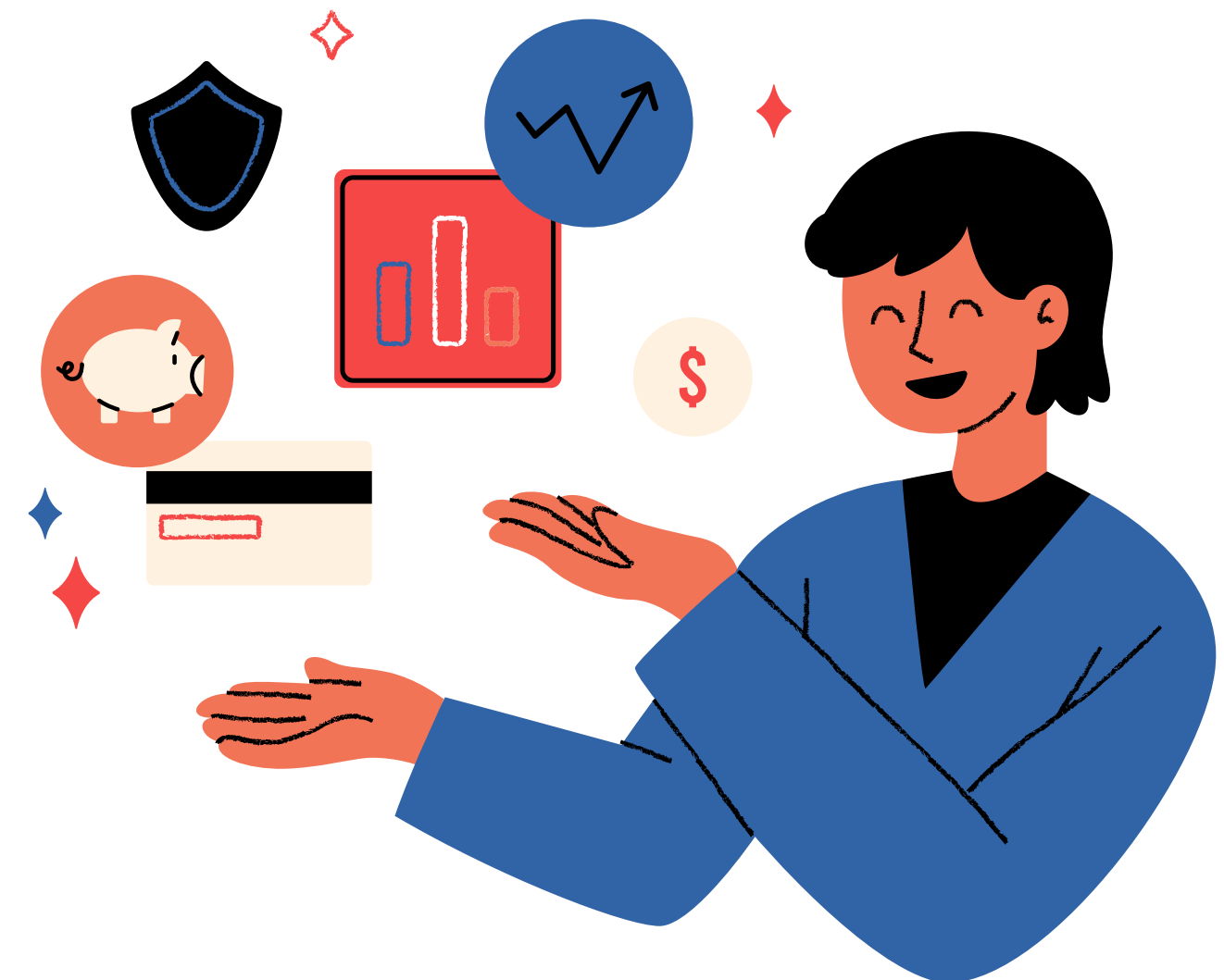
## Contact Us

### Wichien Harnpraween Wissen & Co

 1168/42, Lumpini Tower, Rama IV Road,  
Thung Mahamek, Sathorn, Bangkok

 02-259 2627 thru 29

 [wissen@wissenandco.com](mailto:wissen@wissenandco.com)  
[wichien.h@wissenandco.com](mailto:wichien.h@wissenandco.com)



# Thank You

Q&A