## NARIT & ASSOCIATES Attorneys at Law

CORPORATE & COMMERCIAL,
DISPUTE RESOLUTION & TAX
BANGKOK, THAILAND

## NEWSLETTER

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#### **UP COMING EVENT**

# Legal and Tax Strategies for Successful Joint Venture

Friday, 1 July 2011 Sofitel Centara Grand Bangkok

Presentation will be in English

Narit Direkwattanachai, LLM (Cambridge)
Founder/Principal of NARIT & ASSOCIATES

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#### **TAX UPDATE**

#### 1. New Rule on Applicability of 0% VAT on Export of Services

VAT is the main consumption tax imposed on consumption of most goods and services in Thailand. Theoretically, Thailand's consumption tax is applicable only to consumption of good or service in Thailand. Any consumption out of Thailand should not be subject to Thailand's consumption tax. Based on this concept, VAT law applies VAT at the rate of 0% on the export of services. Basically, a VAT registrant who exports the services to a foreign country is entitled to charge 0% VAT on the services. However, the existing rule on applicability of 0% VAT on export of services is quite strict. Under the existing rule, in order to be eligible to claim for 0% VAT, a VAT registrant must ensure that the result of services be entirely utilized overseas. This means if any part of services is utilized in Thailand, a VAT registrant is not entitled to use 0% VAT and has to charge 7% VAT. In the past, many revenue rulings seem to suggest that even a minimal part of the services is used in Thailand, the services are not qualified for 0% VAT. Exclusive use of services in a foreign country was a key issue.

The Revenue Department issues the new rule on applicability of 0% VAT on export of services. The new rule only mentions that the use of services in a foreign country is qualified for 0% VAT. The new rule even clarifies that in any performance of services where part of the services is utilized in Thailand, a VAT registrant is entitled to use 0% VAT only on the part of the services that are utilized in the foreign country. This new rule is likely to expand the pool of services eligible for 0%VAT.

For more details, please contact our lawyer for consultation.

#### **TAX UPDATE**

#### 2. Double Deduction for Book Donation

The Royal Decree is enacted to give the double deduction for book donation to an individual taxpayer and a corporate taxpayer. An individual taxpayer may donate the money to a government education institutes, a government agency education institute, a private school,

or a private college for the purpose of procurement of books and electronic media for promotion of reading. The sum of the donation for books and the donation for the education promotion project must not exceed 10% of an individual taxpayer's net income (after subtracting the expenses and the allowance).

A company may donate the money or the property to a government education institutes, a government agency education institute, a private school, or a private college for the purpose of procurement of books and electronic media for promotion of reading and claim double deduction. The sum of the donation for books and other qualified donations must not exceed 10% of the company's net profit (before deducting any charity expense, any public benefit expense and any education/sports expense.)

For more details, please contact our lawyer for consultation.

#### **TAX UPDATE**

## 3. Relief Measure for BOI Promoted Businesses Affected by the Flood

To provide some relief to BOI promoted operators, the Board of Investment issues the Notification to exempt the import duty on the importation of the machines that are brought in to replace the existing machines that were damaged by the flood. A new machine must be imported to replace a damaged machine for one time. A BOI promoted operator must present the evidence estimating the damage i.e. the document indicating the damage of an insurer and a photo or a document acceptable to the Office of the Board of Investment. A BOI promoted operator must file a request for importation within 2011.

For more details, please contact our lawyer for consultation.

# Legal and Tax Strategies for Successful Joint Venture

Friday, 1 July 2011 Sofitel Centara Grand Bangkok

Presentation will be in English

Narit Direkwattanachai, LLM (Cambridge)
Founder/Principal of NARIT & ASSOCIATES

A one day seminar focusing on the legal and tax issues crucial to the development and management of joint ventures in Thailand.

Participants in the Joint Venture Planning Seminar will learn strategies and resources required to confidently deal with joint venture business arrangement, including:

- √ How to identify the driving force behind a joint venture
- √ The kinds of projects that make sense for joint ventures
- √ How to manage the risks of joint ventures
- ✓ Business entities commonly used in a joint venture
- ✓ Legal issues at the pre-contract stage
- ✓ Key features of the joint venture agreement
- Tax consequences of the profit sharing arrangement
- How to deal with the double taxation of a joint venture
- ✓ Efficient exit strategy for joint venture

BOOK NOW!

SAVE 10% for early bird rate Book & Pay by May 27, 2011) or booking for 2 or more delegates

#### EASY WAYS TO BOOK

Tel: +66 2248 2874 Fax: +66 2248 2873 Email: enquiry@naritlaw.com

Don't miss this opportunity. Register now to secure your seat!

#### Who Should Attend

Investors

CEOs/Presidents/MDs/GMs
Business Development Executives
Project Managers
Project Owners
Contract Managers/Administrators
Contractors and Subcontractors
Construction Managers
Equipment & Material Suppliers
Developers
Legal Counsels/Lawyers

#### Course Fees

EARLY BIRD (PAYMENT BY MAY 27, 2011) MULTIPLE BOOKING (MIN 2)

Course Fee

Baht 8,000

FULL PRICE Course Fee

Baht 8.000

ALL PAYMENT MUST BE RECEIVED IN ADVANCE OF THE EVENT

SAVE 10% for early bird rate or booking for 2 or more delegates

### Legal and Tax Strategies for Successful Joint Venture

Friday, 1 July 2011, Sofitel Centara Grand Bangkok

#### SEMINAR PROGRAM

## 0830 REGISTRATION & MORNING COFFEE 0900 WHY AND HOW DO YOU JOINT VENTURE?

- · What kinds of projects that make sense for joint ventures?
- · Making the decision to joint venture
- · How do you find the right partners?
- What are the "red flags" when assessing potential partners?
- · Types of joint ventures in Thailand
- Joint Venture, Consortium and Strategic Alliance

#### 1015 MORNING REFRESHMENT

#### 1030 KEY LEGAL ISSUES AT PRE-CONTRACT STAGE

- Necessity and advantages of Nondisclosure Agreement (NDA) and Memorandum of Understanding (MOU)
- Bidding conditions and formation of joint ventures
- · Negotiation and disclosure
- · Reducing risk through effective due diligence

#### 1145 LUNCH

#### 1245 CREATING EFFECTIVE JOINT VENTURE AGREEMENT

- Nature of business to be conducted
- · Contribution by the parties
- · Key features of the joint venture agreement
- Unincorporated vs. incorporated JV agreements
- · Termination mechanisms

#### 1400 AFTERNOON REFRESHMENT

#### 1415 UNDERSTANDING TAX IMPLICATIONS IN JOINT VENTURE

- · Tax implications of the choice of the joint venture entity
- · Elimination of economic double taxation
- Fiscal consequences of taking over existing entities
- · Profit sharing and tax deductibility

#### 1530 Q&A and COURSE ROUND-UP

For more details on our seminar, visit www.naritlaw.com/events-thailandlegal.htm

## NARIT & ASSOCIATES Attorneys at Law

CORPORATE & COMMERCIAL,
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#### DISPUTE RESOLUTION

#### **DEBT COLLECTION**

Debt collection seems to be one of the troubles many businesses face in Thailand. Our firm can assist clients on debt collection resulting from either trade debt or borrower's default on payment of the loan. If the lawyer's demand notice still yields no positive result, our firm is ready to represent client to take further legal action to the court or file the claim to the arbitration body.

After the completion of court or arbitration process, we can assist clients on debt recovery as follows:

- Asset search
- Asset recovery
- · Enforcement of judgment or enforcement of arbitration award

#### SHAREHOLDER'S DISPUTES

Our firm has experience and expertise in representing both majority shareholder/partner and minority shareholder/partner in the shareholders' disputes/partnership disputes. Eventually, the shareholders' disputes/partnership disputes have to be resolved one way or another, either through a lengthy negotiation that yields a settlement satisfactory to both parties, pursuing any legal actions (courtroom) to revoke certain corporate actions, and even filing a criminal charge against the counterparty.

We also assist clients in the following matters:

- Corporate fraud
- Investment fraud
- Finance

#### Breach of Contract/Misrepresentation

In the business world, another area of disputes is breach of contract, misrepresentation and wrongful inducement. Our firm can advise and represent clients on these issues. Typically, a non-default party has two options either to enforce the default party to perform the obligations and claim any damage for a delay of performance or to exercise the right to terminate the contract and claim for any damage suffered by the non-default party. The non-default party may request the court to impose the injunction on the default party, requiring the default party to do or refrain from doing certain things.

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#### BANKRUPTCY & BUSINESS REORGANIZATION

Whenever the court has order the debtor to be under an absolute receivership or a business reorganization, the creditor may ask for repayment of his debt only by complying with the procedure prescribed in the bankruptcy law even though the creditor may be a judgment creditor, or a creditor who has filed a civil action which is, however, still under trial.

The creditor must take an action within the deadline otherwise the claim for repayment of debt will be invalidated by the bankruptcy law. Once any counterparty is on the verge of bankruptcy, the creditor is recommended to have an eye on debtor's possible financial demise.

We can assist the creditor file the claim for repayment of debt to preserve creditor's right.

#### LABOR DISPUTES

We can advise and represent clients on the labor disputes which typically arise in the following circumstances.

- Employee's fraud and misappropriation of employer's assets
- Employee's unauthorized use of employer's assets, information and trade secret
- Termination, layoff, restructuring (downsizing), severance pay and notice payment
- Lawful termination and unfair termination

#### TAX DISPUTES

We advise and represent clients on a variety of tax disputes from the Revenue Department to the Customs Department. Our services cover:

- 1. Making representations on behalf of clients to tax a relevant tax authority in the pre-assessment stage;
- 2. Providing advice concerning the legality of tax assessment made by a relevant tax authority;
- 3. Preparation of notice of objection to tax assessments and request for re-determination to the tax appellate body; and
- 4. Representation in the tax court.

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#### CONSTRUCTION & REAL ESTATE DISPUTES

The problem between the contractor and the owner seems to happen all the times. Some disputes could be settled right away, while other unavoidably may have to make their way to courtroom or arbitration. Our firm can assist either contractor or owner (hirer) in the construction dispute arising from below situations:

- · Contractor's delay in completion of work according the milestones
- · Delivered work is different from the agreed specifications
- Delivered work fails to meet the agreed standards
- Owner's delay in payment of the construction price to the contractor for no good reason
- Owner's delay in delivery of the construction site to the contractor
- Owner's insisting to use the unusable designs despite the protest by the contractor
- Use of the engineering consultant who is less than neutral and fair
- Owner's refusal to accept the delivery of work from the contractor on the ground of small defects
- An effort by the owner to bargain the contraction price long after the contract has been sealed
- Parties' disagreement over the price increase and the additional time for the additional scope of work

With respect to the real estate disputes, a real estate developer might fall behind the construction schedule, the problem between a property buyer and a developer may arise from time to time.

#### OTHER BUSINESS DISPUTES

In addition to the above matters, we can advise and represent client on other business disputes, i.e. unfair business practice, business tort claim, trade secret and intellectual property, corporate fraud, investment fraud, finance, and international sales disputes.

Contact our lawyers without delay if you have or about to have any dispute before the dispute (likely) goes bad and gets worse.

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#### THE FIRM

NARIT & Associates is a Bangkok-based international law firm serving both Thai and foreign companies by combining international perspectives with profound local expertise, in the areas of corporate & commercial, mergers & acquisitions, tax, real estate & construction, commercial dispute and general practice.



We have experiences in advising our clients, from publicly held companies, Thai subsidiaries of multinational corporations to foreign and private investors, across a broad range of matters, including acquisitions of local companies, formation of joint venture companies, international sales, investment/divestment, distributorship, commercial contract tax planning, cross border tax planning, transfer pricing, remittance of profit and tax dispute.

As we aspire to be a fast growing legal service provider in Thailand, we are pleased to offer our high quality legal services at a very competitive rate, as compared to those of other international law firms.

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#### CORPORATE & COMMERCIAL

Business Setup
Construction
Contracts/Agreements
Employment
General Counsel Services
Mergers & Acquisitions
Real Estate

#### DISPUTE RESOLUTION

Debt Collection
Shareholder Disputes
Breach of Contract/Misrepresentation
Bankruptcy & Business Reorganization
Labor Disputes
Construction & Real Estate Disputes
Other Business Disputes

#### TAX

International Tax Planning
Mergers & Acquisitions Tax Structuring
Property/Real Estate Taxes
Commercial Contract Tax Planning
Investment Tax Incentives
Finance and Securities Taxes
Corporate Tax Compliance
Transfer Pricing
Tax Restructuring
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