

A NOTE FROM THE AUTHOR

Safeguard Your Business Interest

I have written this book because I do believe there is a need for it. I have written this book out of my genuine desire to help those who need to work with Thai law in doing business in Thailand, gain a better understanding of Thai law and how Thai law is applied in local context, avoid unnecessary setbacks/red tapes and safeguard a business interest. I offer local practitioner's perspective in easy to understand plain English from someone who is admitted and qualified to advise Thai law to supplement many international perspectives offered largely by foreign lawyers in other business law books written in English. In this book, I tell it like it is in plain English without purposefully withholding any crucial information or purposefully leaving any missing links. This tell-all style is intentional so that this book will be useful to those who might not have access to Thai attorneys yet. As a Thai, the fewer foreign investors get into legal troubles with any red tapes in Thailand, the better reputation of the country is. Whether you are a foreign entrepreneur, a foreign investor, a multinational corporation ("MNC") executive, a local entrepreneur, a Thai investor, an executive at a local company, a local MNC, an accountant, a business professional or even a startup entrepreneur, this book will offer an informative legal outlook on how to do business in Thailand.

Needless to say with useful legal knowledge and practice tips in this book, you can avoid tons of red tapes and setbacks for foreigners and locals alike. While Thailand seems to have tons of regulations, many sectors of our economy are fairly considered a free market economy with little or minimal government intervention, meaning they are open to all investments. Without a doubt, this free

market economy might result in an almost absolute domination of gigantic players, this was a reason the government introduced the new Competition Act, B.E. 2560 (2017) in 2017 in an effort to create a level playing field. Thus, foreign entrepreneurs, investors, executives and professionals are generally welcomed or (to certain extent) even lured to start, build and manage a business in many sectors of Thailand's economy – on condition that Thai laws and regulations must be respected and complied. This book will tell you exactly how to do that! Full with practical insights and tips on how Thai law operates in a plain English, this book will help you and those who might not have access to Thai attorneys, run the business in Thailand lawfully and successfully without too many legal troubles. Unlike other books, this book covers not only commonly familiar issues of company law (i.e. business setup), foreign business law, taxation, labor law and property law, but also (i) the latest amendment to work permit law, which has significantly changed a nature of the work permit inside out for quite some time, but has not been widely aware by many in corporate Thailand (the Administration of Foreign Worker (No. 2) Emergency Decree B.E. 2561 (2018) amending the Administration of Foreign Workers Emergency Decree, B.E. 2560 (2017)), and (ii) crucial developments to the new property tax law (the Land and Structures Tax Act, B.E. 2562 (2019)).

Multinational corporations (MNCs) operating in Thailand typically maintain a high level of legal and regulatory compliance. They follow good corporate governance and a stringent regulatory framework in order to adhere with local laws. Therefore, it is a good idea for executives running those MNCs to familiarize themselves with Thailand's business law. Of course, details can be left with your local expert or legal counsel, but a big picture of understanding should be there. All too often a lack of understanding (or even a misunderstanding) will result in unfavorable consequences. The unfortunate reality is for most parts a legal system in Thailand will hold an executive (or a director) criminally liable (i.e. imprisonment or a criminal fine) for illegal actions of one's company. It is not uncommon for a foreign executive to get oneself into a legal trouble by signing just a piece of paper in Thailand. Moreover, recently a large administrative fine has been introduced into our legal system to deal with regulatory violations.

However, due to complexity of Thailand legal and regulatory framework, there may be instances where on-going compliance with local laws can be an issue. Most Thailand local laws and regulations are published in Thai language without a comprehensive official English translation. Local officials, although they are quite cooperative and even generous in providing some guidance, speak mostly in Thai. In my experience as a private practitioner, this language barrier (and to less extent a cultural barrier) presents an additional challenge and creates a hell of frustrations for foreign executives and entrepreneurs who have to work through Thailand's legal and regulatory framework. Many pieces of information get lost in translation making your learning effort rather pointless. And even if

you get to read a correct English translation, you can never gain a complete understanding of an issue in question without appreciating its societal and culture contexts. Whenever any ruling/decision made by a local authority happens to be diverting from any internationally recognized norm/precedent for whatever reason that only locals can appreciate, more often than not a foreigner either a businessperson or a practitioner looks in disbelief without any clues of local contexts. So, I wrote this book to close this knowledge gap by giving you a precise interpretation of Thai laws in the language you're most familiar with, English with a clear explanation of hidden/unwritten but applicable local societal and culture contexts.

In today's digital era, you can almost find any information from the internet. But before taking further action, ask yourself this question: how would you be certain that all those information is reliable? To avoid having wasted your time, you should always refer to this book as it is written by a lawyer who is qualified to advise Thai law as well as to conduct legal proceedings in Thai court (I do practice in courtroom too). Here's a brief introduction on my qualification. I read Thai law at Chulalongkorn University – Thailand's no. 1 university, and earned a master of laws from the University of Cambridge, England – one of world's prestige universities. In addition, I pursued and obtained an MBA degree in finance from the Georgia Institute of Technology, the United States. I have served many multinational corporations and local companies on countless legal matters, both in courtroom and on transactional works. I am confident that my qualifications set the content of this book apart from others. With this book just like my previous book, *What Every Executive Needs to Know About Thailand's Tax*, I'm pleased to share my personal view, experience and insight to help businesspersons on a bigger scale. With that's being said, I proudly present this book as a quick, easy and reliable reference for the information at your disposal.

As a member of a Chinese diaspora, I still am as optimistic with this country as much as my maternal grandfather was when he first stepped on a Siamese shore in the early 20th century. Its geographic advantage remains here to stay. Of course, I am also realistic with the current affairs like aging population. But for this challenge, we tend to forget that Thailand has something that other aging society countries in Asia like China, Japan, South Korea, Singapore or to less extent Malaysia do not have. Siam had been a successful immigrant country that immigrants were assimilated and lived in harmony with the local population. The first Chinese immigrants came here during the Kingdom of Sukhothai over 800 years ago. About 400 years ago during the Kingdom of Ayuthaya, the nation did welcome the Westerners for the first time. Even the Japanese came to Ayuthaya during that time. The point is we can and at some point we will have to bring in more immigrants to deal with the aging society problem. And the country's unique ability to absorb and assimilate immigrants (unlike many other countries in the region) will once again become the country's asset. I observe that so many

people still want to immigrate here, the country just has to better select those talents.

To this end, I would like to acknowledge all those who have contributed to the success of this book. First, I owe my deepest gratitude to all the professors in my law and business schools for generously teaching me such valuable lessons. Their patience and enthusiasm provided much needed encouragement throughout years of hard study and early stage of my career. Also crucial for this book are the contributions of my associates at NARIT & Associates, whose research assistance has made this book far more comprehensive than it otherwise would have been. There are also many others to thank, including my college friends, ex-colleagues, and my clients, who generously offer their comments and suggestions. And lastly, I am forever thankful to my family for their endless love and support throughout this writing journey as well as my entire legal career.

Enjoy your reading, and stay within the law!

Narit Direkwattanachai
Bangkok, 2021