ธรรมนิติ
DHARMNITI

A Guide to Establishing a Business in Thailand for Foreign Entrepreneurs

Business Start-up Guide for Foreign Entrepreneurs

Dharmniti Press Co., Ltd.

A Guide to Establishing **a Business** in Thailand

for Foreign Entrepreneurs

Business Start-up Guide
for Foreign Entrepreneurs

Dharmniti Press Co., Ltd.

A Guide to Establishing a Business in Thailand

for Foreign Entrepreneurs

- **First Edition** : May 2026
- **Owner** : Dharmniti Press Co., Ltd.
- **Consultant** : Dararat Puechmongkol
- **Editorial Staff** : Nopporn Sandhisiri, Bhratchaya Kumlungpat
- **Legal Reviewers** : Jidabha Kitchottawee, Palita Petchoochuay, Permrit Nikhomanantachai
- **Proofreader** : Pranom Petsamai, Janjira Sueprom
- **Design** : Wanna Sondhianukhro
- **Layout** : Kachapa Phunsawat

National Library of Thailand Bibliographic Data

A Guide to Establishing a Business in Thailand for Foreign Entrepreneurs.--
Bangkok : Dharmniti Press, 2569.
170 p.

1. Corporation law. 2. Corporations -- Registration and transfer.
I. Permrit Nikhomanantachai, tr. II. Title.

346.066
ISBN (e-Book) : 978-616-302-580-7

Published and Distributed by

Dharmniti Press Co., Ltd., 178 Dharmniti Building, 4th Floor, Soi Phoem Sap (Prachachuen 20), Prachachuen Road, Bang Sue Sub-district, Bang Sue District, Bangkok 10800.
Tel: (02) 555-0713 Fax: (02) 555-0728

Preface

Establishing a company is a critical first step for entrepreneurs seeking to operate systematically. Juristic person status not only enhances credibility but also provides a clear legal framework for management, taxation, and liability to business partners and third parties. A proper understanding of the establishment process and applicable laws is therefore essential for long-term, stable business growth. This book, Guidebook to Establishing a Company in Thailand for Foreign Investors, comprehensively compiles legal information and operational procedures. It covers topics ranging from selecting the appropriate business structure, registering the juristic person, applying for a tax identification number and VAT registration, to related labour laws and tax privileges. Furthermore, it includes essential content regarding restrictions on business operations by foreign nationals and benefits derived from investment promotion, allowing readers to grasp both the legal framework under Thai law and practical implementation guidelines.

This guidebook is suitable for new entrepreneurs intending to establish a business in Thailand, business owners seeking to restructure from a natural person to a juristic person, as well as providers of accounting, legal, and business consultancy services who wish to use it as a reference manual. The content is presented in easy-to-understand language, covering both legal principles and necessary supporting documentation, enabling readers to use it as a guideline for establishing a company correctly according to the law and in line with the practices of relevant government agencies.

Dharmniti Press

Contents

Contents

Contents

Contents

Chapter 1

Business Structures in Thailand

The establishment of a company is a crucial first step for every entrepreneur. This is because, in addition to creating a legal status that enables the entity to be formally recognised as a juristic person, it serves as a mechanism to build credibility in business operations and opens opportunities to access legal rights and benefits that a natural person cannot obtain. These benefits include limited liability, access to sources of capital, and the implementation of an efficient management system.

This book systematically explains the procedures, processes, and legal provisions pertaining to the establishment of a company in Thailand. The content is drafted for ease of comprehension, ensuring that readers can understand it even without a prior legal background. The objective is for this text to serve as a practical Guidebook for entrepreneurs, investors, and the general public.

1. The Importance of Selecting the Correct Business Structure

The commencement of a business involves more than jmerely having a sound business concept or marketing plan; it also requires careful structural decisions that directly affect operations, finance, and legal liability. Consequently, a thorough understanding of these structures is an essential initial step for every entrepreneur.

The selection of a business structure is analogous to laying the foundation of a building. If the foundation is insufficiently secure, the building may encounter subsequent problems. A prudent initial decision will mitigate risks and create opportunities for sustainable business growth, based upon the following key factors:

1.1 **Legal Liability and Debts:** Differences in legal structures directly affect the extent of the owners' liability for business debts. For instance, in a sole proprietorship, the owner is personally responsible for all debts using their private assets, whereas a **Limited Company** has juristic person status, thereby limiting the liability of the shareholders to the extent of their investment only.

1.2 **Tax Burden:** Each business structure is subject to a different tax regime. An appropriate selection will facilitate efficient expense management. For example, in certain circumstances, personal income tax rates may exceed corporate income tax rates for highly profitable businesses.

1.3 **Credibility and Fundraising:** Operating a business as a juristic person significantly enhances credibility in the eyes of customers, business partners, and financial institutions[1] This is attributable to formal registration and the maintenance of verifiable accounts and financial statements, which are crucial for accessing funding and facilitating business expansion.

2. The Distinction Between a Natural Person and a Juristic Person in Company Registration

When addressing business structures in Thailand, a central concept that all business operators must understandis the differentiation between a **Natural Person (Individual)** and a **Juristic Person (Juristic Person)**. This is a foundational concept that genuinely defines the rights and duties of the business.

A "**Natural Person**" refers to every human being with legal status, possessing rights and duties as an individual. Operating a business in the name of a **Natural Person** is thus equivalent to using the entrepreneur's personal identity as the party directly liable. Personal assets and business assets are legally indistinguishable. Should debts or disputes arise, the creditors

[1] The Stock Exchange of Thailand, "Overview of Listing," The Stock Exchange of Thailand, accessed September 21, 2025, https://www.set.or.th/th/listing/equities/listing/overview.

are entitled to enforce claims against the entrepreneur's personal assets without limitation.

Conversely, a "**Juristic Person**" is a concept legally created to establish a "**legal identity**" for the enterprise. It possesses a legal status and separate rights and duties distinct from the owners or co-investors. Common examples include a **Limited Company** and a Registered **Partnership**. A significant advantage of a **Juristic Person**, particularly a **Limited Company**, is the limitation of shareholder liability. That is to say, should the business incur debts, the shareholders shall be liable only to the extent of any unpaid amount on the shares they have subscribed. Personal assets are protected and shall not be utilised for the settlement of debts[2], thereby reducing personal risk.

Consequently, the decision as to which form of business operation to adopt is not merely a choice of status; it is a critical factor impacting legal liability, tax burden, and business credibility. Understanding this concept is therefore essential for the accurate and appropriate consideration of each type of business structure in the subsequent chapter.

3. Legal Structures of Businesses Established Under Thai and Foreign Law Under Thai Law

The establishment of a juristic person can be divided into two main groups based on the source of the governing law. Understanding this distinction provides a clear overview of the types of businesses supported by Thai law.

3.1 Group 1: Business Structures Established Under Thai Law

Enterprises in this group are considered fully "Thai Juristic Persons" regardless of the proportion of shares held by Thai nationals or foreigners. They are governed by two principal laws: the Civil and Commercial Code and the Public Limited Company Act B.E. 2535 (1992).

3.1.1 Partnerships are primarily divided into two types:

1. **Ordinary Registered Partnership:** An ordinary registered partnership requires registration under Thai law to obtain juristic person status., allowing the partnership to hold rights, duties, and assets separate from its partners.[3]

---

[2] Civil and Commercial Code, Section 1113.

[3] (1) The Stock Exchange of Thailand, "Listing Overview," The Stock Exchange of Thailand, accessed September 21, 2025, https://www.set.or.th/th/listing/equities/listing/overview.

2. **Limited Partnership:** Differentiated by the liability of its partners. A limited partner is liable only to the extent prescribed by law, which serves as a mechanism to reduce risk for certain investors.

3.1.2 Limited Company: This is the most commonly used form of juristic person for conducting business in Thailand. It is regulated by the Department of Business Development (DBD). Its principal characteristic is the division of capital into shares, with shareholders' liability limited to the amount unpaid on their subscribed shares. This structure serves as an important mechanism for managing business risk.

3.1.3 Public Limited Company: This form of juristic person is governed by the Public Limited Company Act B.E. 2535 (1992). Its primary objective is to raise capital from the general public and may apply for permission to offer its shares on the stock exchange, subject to approval from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). This structure is subject to more regulations and requirements than a limited company.

3.2 Group 2: Business Structures Established Under Foreign Law

Foreign investors or juristic persons established under foreign law who intend to operate a business in Thailand must comply with the provisions of the Foreign Business Act B.E. 2542 (1999) (FBA), which is the principal law governing foreign business operations in Thailand. Primarily, these can be divided into two forms[4]:

3.2.1 Representative Office: This operating structure does not aim to generate income from business operations in Thailand. Its objectives are non-trading activities, such as business consultancy for its parent company abroad, product research and development, or quality control. It is not regarded as a separate juristic person distinct from its head office. and must appoint a representative domiciled in Thailand to be responsible for operations. The Representative Office must obtain the relevant approval under the Foreign Business Act and comply with the conditions set by the Department of Business Development (DBD).

3.2.2 Branch Office: This operating structure is permitted to conduct business and generate income in Thailand. It must obtain a Foreign Business License (FBL) under the Foreign Business Act B.E. 2542 (1999). However, a branch office is not considered a

---

[4] Foreign Business Act B.E. 2542 (1999), Government Gazette Vol. 116, Part 123 A, December 4, 1999.

separate juristic person established in Thailand but merely an extension of the foreign juristic person. It is subject to requirements such as appointing a representative in Thailand and submitting financial statements to the Department of Business Development (DBD), which differs from operating as a limited company established under Thai law with full Thai juristic person status.

Understanding both the business structures established under Thai law and foreign law will guide you in thoroughly considering the advantages, disadvantages, and legal requirements of each type before delving into the detailed establishment process in the following chapter.

4. Guidance on Juristic Person Registration in Thailand

To commence business operations in Thailand, it is necessary to register a juristic person correctly under the law. The determination of the registration type depends on the nationality and shareholding proportion of the founders, ensuring the process is smooth and compliant with the Civil and Commercial Code, Book 3, Title 22 on Partnerships and Companies, and the Foreign Business Act B.E. 2542 (1999).

4.1 Registration by Founders who are Thai Nationals: A juristic person is considered to be of Thai nationality if Thai nationals hold more than fifty percent (50%) of the total shares. Such a juristic person is deemed a "Thai Juristic Person," which is the criterion used for determining the nationality of a juristic person under Section 4 of the Foreign Business Act. The operation of this type of juristic person is governed by the Civil and Commercial Code, Book 3, Title 22 on Partnerships and Companies, which stipulates the structure, rights, and duties of the shareholders.

4.2 Registration by Founders who are Other Nationals: For investors who are not Thai nationals, registration must comply with the Foreign Business Act B.E. 2542 (1999).[5] In principle, the entrepreneur must check whether the business type falls under the categories prohibited for foreigners or those permitted with authorization, as listed in the Schedules attached to the FBA. The entrepreneur must adhere strictly to the conditions prescribed by law, including considering applying for investment promotion from the Board of Investment (BOI), which can grant privileges

[5] Foreign Business Act B.E. 2542 (1999), published in Government Gazette Vol. 116, Part 123 A, dated December 4, 1999.

and exemptions from certain restrictions under the Foreign Business Act B.E. 2542 (1999).

4.3 Registration by Founders of Both Thai and Other Nationalities: This case requires careful consideration, as the requirements regarding the shareholding proportion under the Foreign Business Act B.E. 2542 (1999) must be primarily observed. If the proportion of shares held by foreigners exceeds fifty percent (50%) of the registered capital, the juristic person is immediately deemed a "Foreign Juristic Person" and must comply with the law as if it were a foreigner entirely. If the proportion of foreign shareholding does not exceed fifty percent (50%) of the registered capital, the company retains its status as a "Thai Juristic Person."

The use of Thai nationals to hold shares on behalf of foreigners as a "Nominee" is unlawful and subject to penalties under the Foreign Business Act. In practice, relevant government agencies may require the company to present documents confirming that the shareholding by Thai nationals is done in good faith and is not a nominee arrangement. Therefore, transparent planning of the shareholding structure from the outset is extremely important, as it not only ensures correct legal registration but also builds stability and reduces long-term legal risks.

5. Other Laws Related to Business Operations

In addition to the principal laws concerning the establishment of a Juristic Person as previously mentioned, achieving a full understanding of business operations also requires consideration of other laws that play a critical role and are pertinent to specific types of enterprises. These laws directly impact the determination of the business structure and the method of operation, and also enable the entrepreneur to make strategic decisions and secure subsequent benefits.

5.1 Revenue Code: The selection of a business structure directly affects the tax burden. The Revenue Code is therefore a fundamental law that governs the calculation and collection of various taxes, such as Corporate Income Tax, Personal Income Tax, and Value Added Tax. An understanding of this Code will assist the entrepreneur in accurate and efficient financial planning.

5.2 Investment Promotion Act, B.E. 2520 (1977): For foreign investors seeking to receive additional privileges, the Investment Promotion Act is an essential law to be aware of. Those who are granted investment promotion by the Office of the Board of Investment (BOI) may receive special rights, such as Corporate Income Tax exemption, permission for foreign shareholding exceeding the limitations prescribed under the Foreign Business Act, B.E. 2542 (1999), and facilitation in the importation of machinery and raw materials.

5.3 Treaties and International Agreements[6]: In certain circumstances, the rights of a foreign investor may be stipulated by international treaties or agreements to which Thailand is a party. An example is the Treaty of Amity & Economic Relations between Thailand and the United States of America. This Treaty grants citizens and companies of the United States the right to conduct business in Thailand as if they were Thai nationals, enabling them to hold 100% of the shares in certain business types without the requirement for a Foreign Business License.

5.4 Specific Laws for Certain Business Types: Furthermore, Certain businesses, due to their impact on the national economy or security, are subject to specific regulatory legislation. Examples include the Financial Institutions Business Act for banks and securities companies, or the Securities and Exchange Act for companies listed on the stock exchange. Understanding these specific laws is thus essential for conducting business lawfully and in compliance with the relevant regulations.

[6] Department of International Trade Negotiations, "Treaty of Amity and Economic Relations between Thailand and the United States of America," Department of International Trade Negotiations, accessed September 22, 2025, https://www.dtn.go.th/th/content/category/detail/id/34/cid/702/iid/1388.