

Newsletter Nr. 54 (EN)

**Establishment of a
Representative Office
in Thailand**

February 2023

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I. Introduction

Foreign investors may establish a representative office (“**Rep. Office**”) in Thailand to explore the market and business opportunities. However, it is not permitted to use the Rep. Office for any income-generating activities.

Previously, foreign juristic persons had to apply for a foreign business license to establish a Rep. Office. Since 9 June 2017, this is no longer needed, which has considerably reduced the complexity of the process and fundamentally shortened the timeline from previously approx. 6 months to nowadays approx. **1 week**.

Nevertheless, as related regulations still need to be aligned (i.e. opening bank accounts; applying for work permits; etc), in practice there might still be delays before the Rep. Office is fully operational.

II. Registration Procedure

1. Submission of documentation

In accordance with the amended process, the foreign juristic person has to submit the following documentation to the Department of Business Development (“**DBD**”) at the Ministry of Commerce to open a Rep. Office:

- Power of attorney (“**PoA**”) of the representative of the Rep. Office in Thailand (“**Representative**”) (*form: signed, notarized or legalized*);
- Copy of the passport of the Representative, together with:
 - *if signed by the Representative prior to entering Thailand: a copy of his Non-Immigrant B visa (form: signed and notarized or legalized);* or
 - *if signed by the Representative in Thailand: a copy of the visa entry stamp page and the departure card (form: signed - no specific form needed in such case).*
- PoA of the person submitting the application, typically an outside attorney in Thailand (*form: wording as published on the DBD’s website, signed, notarized or legalized*).

All documents must be translated into Thai. However, no official translator has to be used and the translation does not need to be certified.

2. Issuance of certificate/registration number

The DBD usually issues a certificate/registration number approx. 1 week following submission of the complete set of documentation, which permits the Rep. Office to start its operations.

No fee is required for submission or certificate issuance/registration number.

III. Permitted Business Activities

A Rep. Office may **only** carry out the following activities on behalf of its head office:

- Sourcing of goods and services in Thailand for its head office;
- Checking and controlling the quality and quantity of goods purchased in Thailand by its head office;
- Advising Thai customers or agents regarding goods sold by its head office in Thailand;
- Informing (potential) customers regarding (new) goods and services of its head office in Thailand; and
- Reporting on business trends in Thailand to its head office.

Please note that no income-generating activities are permitted.

The Rep. Office can provide work permits for max. 2 foreign employees at a time.

IV. Capital Requirements

The capital of the Rep. Office has to be at least **THB 2 million**.

- In the event that the Rep. Office is supposed to operate less than 3 years, the entire capital has to be injected within the first 6 months after obtaining the registration number.
- In the event that the Rep. Office is supposed to operate more than 3 years, the capital has to be injected as follows:
 - THB 500,000 (or more) within the first three months after obtaining the registration number;
 - THB 500,000 (or more) by the end of the first year;
 - THB 500,000 (or more) by the end of the second year;
 - The remainder by the end of the third year.

Notwithstanding the above, to obtain work permits for foreign staff (max. 2 persons), the minimum capital is not THB 2 million but **THB 3 million** per foreign staff and has to be paid-in in full.

The capital can be used to pay any operating expenses of the Rep. Office (*i.e. salaries; travel expenses; rent; etc.*).

V. Reporting Duties & Tax

The Rep. Office has to comply with the following accounting obligations:

- Preparing financial accounts as of the date of commencement of business operations in Thailand;
- Submitting audited financial statements to the DBD within five months following end of fiscal year;
- Retaining financial accounts and relevant supporting documents at its place of business, storage of goods, or regular place of work;
- Notifying the DBD of the location where the accounts and relevant supporting documentation are stored.

As the Rep. Office is not permitted to generate income, it is not subject to corporate income tax in Thailand. However, employees working for the Rep. Office are subject to Thai personal income tax.

VI. Costs for maintaining the Rep. Office

1. Office Lease

There are serviced offices available in the Bangkok area that can be leased for approx. THB 10,000 (approx. EUR 280) per month.

2. Labour Costs

Examples of monthly costs for staff (*the below includes salaries and other labour costs*):

- Secretary with English proficiency: THB 25,000 – 40,000 (approx. EUR 700 – 1,200)
- Office clerk with English proficiency: THB 30,000 – 60,000 (approx. EUR 800 – 1,800)

3. Accounting

Costs for outsourcing accounting activities depend on the size of the Rep. Office, in particular the number of transactions that need to be booked, and the qualification and experience of the clerk in the Rep. Office. They typically range from THB 25,000 – 40,000 (approx. EUR 500 – 1,200) per month. Therefore, in most cases it is not worthwhile employing an in-house accountant for such work.

VII. Other Costs

1. Vehicles

Monthly costs for a rental car and a driver typically amount to the following:

- Mid-range car (e.g. Toyota Corolla): THB 30,000 (approx. EUR 850) (*including maintenance*);
- Driver: THB 15,000 – 30,000 (approx. EUR 400 – 800).

2. Serviced Apartments

Monthly costs for housing and maids amount typically to the following:

- Serviced rental apartments (40m²): >THB 15,000 (approx. EUR 400);
- Larger apartments and houses (200m²): THB 50,000 – 150,000 (approx. EUR 1,500 – 4,000);
- Costs for a maid: THB 10,000 (approx. EUR 300).

*Wir hoffen, dass wir Ihnen mit den vorliegenden Informationen behilflich sein konnten.
Sollten Sie weitere Fragen haben, wenden Sie sich bitte an:*

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