

Thailand: Partnerships and companies: new rules on registration of capital

The Central Partnership and Company Registration Office has issued new rules for partnerships and companies registering either their initial capital or an additional capital increase by an amount exceeding Baht5 million.

Documents to be submitted under the new rules

Partnerships and companies wishing to register initial capital in an amount exceeding Baht5 million; or increase their registered capital in an amount exceeding Baht5 million are required to submit the additional supporting documents showing receipt of the amount/value of cash or assets used for payment in cash or in kind.

For newly established entities

Once a partnership/company's incorporation is registered, the partnership/company is required to submit the following documents:

Cash contribution

Within 15 days from the date of registration.

- a document from a bank evidencing receipt of cash payment.

In kind contribution

Within 90 days from the date of registration:

- (a) for any immovable properties or assets having ownership documents, a

document evidencing that the partnership/company has legal ownership of those properties; and/or

- (b) for assets or property other than those in (a), a list prescribing the details and the value of the assets.

Non-compliance

- Failure to submit the required supporting documents within the stated timeframe may lead to further legal action being taken by the registrar.

For existing entities

Capital increase

The partnership/company must also submit the above supporting documents (as the case may be) together with the registration package on the date of registration.

Non-compliance

- The registrar may reject the registration and the capital increase cannot be completed.

Significance of the new rules on any in-kind contributions in transactions

The new rules should be taken into consideration when drafting any relevant documents/agreement (especially in the case of an in-kind contribution).

The registration of the transfer of ownership in assets/property must be completed before any partnership or company can register the capital increase. Therefore the timeline for registration of the transfer of ownership as an in-kind contribution may be different (so it may require several completions and the shares may need to be offered and issued in several tranches), depending on the

Key issues

- Registration of initial capital or increases exceeding THB5 million require the submission of evidence of receipt.
- The registration of the transfer of ownership in assets/property must be completed before any partnership or company can register an increase in capital.
- The new rules should be taken into consideration when drafting any relevant documents/agreements.

nature and the process required for transferring each asset/property in order to complete the registration process.

Effective date

On 18 November 2014, the Central Partnership and Company Registration Office issued the Order No. (Jor) 205/2557 Re: Rules and Supporting Document for the Registration of the Partnership and Company's Incorporation and Capital Increase (the "Order"),

The Order will come into effect on 5 January 2015. The Ministry of Commerce will soon issue guidelines/explanation notes.

If you have any questions in relation to the issues raised in this briefing please contact the authors below.

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This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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