

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

The Central Partnership and Company Registration Office has revised its rules for partnerships and companies when registering either their initial capital or an increase in their registered capital of over Baht 5 million.

This briefing note provides an update as the Central Partnership and Company Registration Office has revised its rules for registering either the initial capital or an increase in the registered capital of partnerships and companies of over Baht 5 million.

Documents to be submitted under the rules

Companies and partnerships wishing to register an initial capital exceeding Baht 5 million or to increase their registered capital to an amount exceeding Baht 5 million (including any capital increase thereafter) are required to submit additional supporting documents showing their receipt of the cash or assets used for payment.

For newly established entities

Once a company/partnership'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 company/partnership has

legal ownership of those properties; and/or

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

Non-compliance

Failure to submit the required supporting documents within the stated timeframe may lead to the revocation of the company/partnership's registration of incorporation.

For existing entities

Capital increase

The company/partnership must also submit the same supporting documents together with the registration package on the date of registration.

Non-compliance

- The registrar may refuse the registration so the capital increase cannot be completed.

Key issues

- Registration of initial capital or increase in registered capital of over THB 5 million requires the submission of evidence of receipt.
- The registration of the transfer of ownership in assets 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.

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

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

The registration of the transfer of ownership of assets/property must be completed before any company or partnership can register the capital increase. The timeline for registration of the transfers of ownership as an in-kind contribution may therefore be different for different assets (so may require several completions and shares may need to be issued in several tranches), depending on the nature and the process required for transferring each asset in order to complete the registration process.

Effective date

On 30 January 2015, the Central Partnership and Company Registration Office issued Order No. 13/2558 Re: Rules and Supporting Documents for the Registration of Partnership and Company's Incorporation and Capital Increase.

The Order came into effect on 2 February 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.

Authors



Angela Nobthai
Counsel

E: angela.nobthai@cliffordchance.com



Jedsarit Sahussarungsi
Associate

E: jedsarit.sahussarungsi@cliffordchance.com

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