

Often, the most challenging part of an expansion is figuring out how to set up a subsidiary. You must consider all of Thailand's subsidiary laws, decide which business structure is best for your company, and allocate time and money for the incorporation process. As an alternative to establishing a Thailand subsidiary, Globalization Partners can help you start your business faster without the need to undergo the complicated subsidiary setup process.

## How to Set up a Thailand Subsidiary

Setting up a Thailand subsidiary can be a difficult process. First, you'll need to recognize several business factors specific to Thailand. The Foreign Business Act places restrictions on foreigners and defines several industries that require special permissions. You should understand the minimum capital and conditions as well as free trade and economic partnership agreements between Thailand and the US, Thailand and Australia, and Thailand and Japan.

Since Thailand has many provinces, you should consider your business' location carefully. Different provinces often have separate laws, cost structures, and approval criteria. If you are not familiar with the various areas, work with an advisor or talk to other business owners to figure out which province is best for your industry.

Thailand offers seven business forms for companies looking to incorporate — partnerships, limited companies, joint ventures, representative offices, branch offices, international headquarters, and joint ventures. Each has unique advantages and disadvantages, but most businesses choose to incorporate as a limited company.

The Thailand subsidiary setup process is as follows:

- Choose at least three promoters to sign together to prepare and register the Memorandum of Association
- Hand over the business from the promoters to the directors
- Collect share capital from the promoters and subscribers
- Prepare a request to register the company's establishment
- Submit the form to the registrar

## Thailand Subsidiary Laws

Thailand has lengthy subsidiary laws for private limited liability companies. This business structure must be managed by a board of directors, and the number of directors should be determined at the shareholders' meeting. Some directors are allowed to be foreigners, but at least two-fifths need to be Thai nationals.

A limited liability company does not have any minimum or maximum share capital requirements. However, if your business activities are restricted to Thai nationals under the Foreign Business Act, only 49% of the share capital can come from foreign participation. This percentage of foreign ownership can change if your company receives a Foreign Business License.

Every year within four months from the end of the fiscal year, the directors of your company will need to arrange a general meeting to get shareholder approval of the company's audited financial statements. Directors must file the final audited financial report and shareholder list within one month after holding this meeting.

## Benefits of Setting Up a Thailand Subsidiary

After you set up your Thailand subsidiary, you'll be ready to start working in the country. Incorporating as a limited liability company, in particular, offers several additional benefits. Your subsidiary will be able to create its own culture based on Thailand's, separate from the parent company's laws. Plus, the parent company will not have to worry about any litigation or losses the subsidiary incurs since these risks will fall on the subsidiary's shoulders.

Our goal at Globalization Partners is to make your expansion faster and easier. We are a convenient alternative to establishing a Thailand subsidiary.

As the Employer of Record, we will hire employees and assign them to work for you. Then we will use our already-compliant payroll and active compensation and benefit plans to make sure we meet all of Thailand's subsidiary laws. Because we operate through an already-

established subsidiary, you'll never have to worry about undergoing the extensive subsidiary setup process when expanding your business overseas.

### **Other Important Considerations**

If you decide to set up your own subsidiary, you'll need to prepare a budget for your expansion that includes travel, costs of incorporation, and related expenses. If you don't understand all of Thailand's subsidiary laws, you will either need to appoint an employee to learn them or work with an advisor who can help you expand. You must also set aside a significant amount of time for your expansion since the process can be lengthy.

### **Let Globalization Partners Help With Your Expansion**

When you need an alternative to establishing a Thailand subsidiary, Globalization Partners can help. Contact us today to learn more.