



Doing Business in Thailand

General overview of the country within ASEAN, how to establish a business and local compliance

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Diacron Group

Diacron Group, founded in 1995, provides corporate, accounting and tax services. Our team, comprising over 100 professionals spread across 14 offices, is dedicated to fully and locally meeting the needs of clients in the foreign markets where we operate.

Our mission is to support clients in the planning and implementation of their internationalization strategies, guiding them in selecting the local corporate structure, whether through branches, subsidiaries, or joint ventures. We offer business process outsourcing solutions, personnel mobility services, and assist clients in managing their local foreign invested enterprise in compliance with corporate, tax, and accounting obligations.

Diacron in Thailand

Corporate Services	Accounting and Tax Services	Advisory
<ul style="list-style-type: none">• Company formation• Expat Services• Company Secretary	<ul style="list-style-type: none">• Accounting in Outsourcing• Tax compliance• Due Diligence	<ul style="list-style-type: none">• Feasibility studies• Tax advisory• Advisory on local regulations• Risk advisory

Global Presence. Local Focus

11	countries
14	offices
100+	employees
550+	ongoing clients

Agenda Thailand

- ASEAN: region overview
- Thailand: country overview
- Market overview for foreign operators
- Setting up a business
- Tax Highlights
- Labour Market
- Special Economic Zones
- BOI Promotion
- Corporate Compliance in Thailand



ASEAN: region overview

- The ASEAN region represents the 3rd largest economy in Asia and the 5th in the world, with a GDP equal to 3.7 trillion USD (3.6% of world GDP) and an annual growth rate of 4+% in the last 10 years.
- ASEAN is one of the largest trading areas globally, ranking 3rd (after China and the US) both for exports and imports, with an overall positive trade balance of 228 million USD (2nd in the world after China).
- ASEAN countries more than doubled their share of FDI in the last 20 years and have become the 3rd top recipient of FDI in the world (after US and China) with a stock of 3.6 trillion USD.

Area: 4.5 million square kilometers

Paesi: Birmania, Brunei, Cambogia, Philippines, Indonesia, Laos, Malaysia, Singapore, Thailand, Viet Nam

Population: 679 million people

3° biggest GDPs: Indonesia (1.32 trillion USD), Thailand (495 million USD), Singapore (466 million USD)



Thailand: country overview

Thailand is the second-largest economy in South-East Asia. It is a founding member of ASEAN and part of the RCEP, the world's largest free trade area and the new gravitational centre of trade in Asia. Key initiatives, such as the Thailand 4.0 and the multi-billion dollar Eastern Economic Corridor (EEC), play a key role in the urban, industrial and infrastructure development of the east coast and the whole country, in the regional connectivity and for strategic industries such as automotive, electronics, medical, agriculture, biotechnology and robotics.

Thailand is an ideal hub to operate in the South-East Asian region with significant investment opportunities locally, especially in the high-value-added products and services sector, also through joint ventures with local companies. In the World Bank's Logistics Performance Index (LPI), Thailand ranked second among ASEAN countries, trailing only Singapore. It has an overall favourable business climate despite the intrinsic operational risks, such as a rapidly changing regulatory framework not always transparent, tariff and non-tariff entry barriers, language and cultural barriers.



Population
71 million



Unemployment Rate
0.88% (2024)



Territory
513,115 km²



Gross Domestic Product
526.3 billion USD (2024, current prices)



Ease of Doing Business Index
21/190 (2020)



Tariff and non-tariff barriers
Custom duties and non-tariff measures are relatively high

Market overview for foreign operators



Upper middle-income Southeast Asian economy with a growing mass affluent market

Substantial infrastructure

Important projects such as Thailand 4.0, Eastern Economic Corridor and Landbridge

Strong economic growth

Significant opportunities in the high-value-added products and services sector



Extremely low unemployment rate and inadequate supply of skilled personnel fluent in English for some industries

Fast changing legal and regulatory framework

Heavy tariff and non-tariff entry barriers

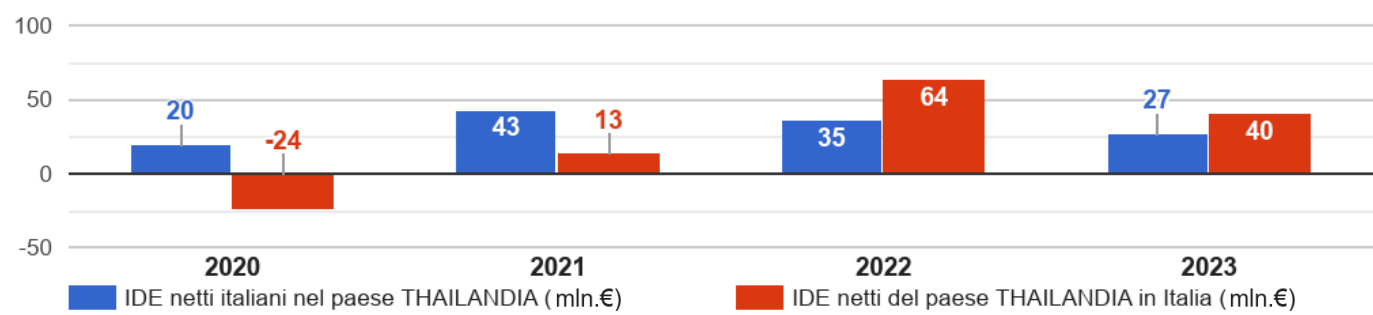
Language and cultural barriers

Bilateral relations between Italy and Thailand

- Italy ranks as the **24th largest supplier** to Thailand, with a market share of 0.93% in 2024.
 - Third-largest European supplier following Germany (1.82%) and France (1.20%), ahead of the United Kingdom (0.80%) and Spain (0.27%).
- Thailand is Italy's **48th largest supplier**, accounting for a 0.3% market share in the first quarter of 2024.

The primary Italian exports to Thailand includes: machinery and equipment (23.7% of total exports in 2024), textiles, clothing, leather, and accessories (13.7%), electronic and optical devices (8.8%), and chemical substances and products (7.2%).

INVESTIMENTI DIRETTI ESTERI NETTI DELL'ITALIA CON THAILANDIA



Stock al 2023

IDE netti italiani nel paese THAILANDIA
612 (milioni di euro)

IDE netti del paese THAILANDIA in Italia
325 (milioni di euro)

Source: Osservatorio Economico, MAECI

Main Italian investments in Thailand

AUTOMOTIVE

PACKAGING

METALLURGICO

ELETTRONICA

Main companies:

- Danieli
- Vittoria
- Ducati
- Cover
- Cavagna
- Frigel
- Piovan
- EssilorLuxottica
- Brembo

Setting up a business

Thai Limited Company

- Private Limited Company (minimum 3 founders/shareholders and 1 director)
- Public Limited Company (minimum 15 founders/shareholders and 5 directors)
- No more than 49% of Foreign Ownership under Foreign Business Act of 1999

Foreign Company

(>49% foreign ownership)

- Foreign Business License, if activity in positive list, with transfer of technology/know-how
- Investment promotion from Board of Investment (BOI)
- Branch Office, can engage in trading activities and generate income, for limited projects in time
- US-Thai Amity Treaty (1969), with a minimum of 51% US ownership and directorship
- Retail and Wholesale, minimum paid-up capital of 100 million THB, majority of foreign ownership allowed

Representative Office

- Very limited in scope, cannot generate revenues and can only engage in business development, sourcing and inspection activities on behalf of head office, provide advise related to products sold to distributors and customers from head office

Name reservation

Filing of Memorandum of Association to the DBD

Set up a statutory meeting

Submission of registration application

Obtain registration certificate, company affidavit, BOJ 2, BOJ 3, notification form of appointment of new director(s), AoA, BOJ 5 with list of shareholders

Bank account opening

VAT Registration, Social Security Registration, work permit for expat

Tax Highlights

Direct Taxes

- **Corporate income tax** – 20% or 15% for SMEs with registered capital up to 5 million THB and annual net profits below 3 million THB
- **Withholding tax for payments to non-residents** – Royalties, interests and technical services (15%); business profits and dividends (10%)
- **Social Security contributions** – 5% of basic salary and up to THB 750 per month for both employer and employee
- **Personal Income Tax** – from 0% to 35%

up to 150k THB annual income: exempt; 150-300k THB: 5%; 300-500k THB: 10%; 500-750k THB 15%; 750k-1m THB: 20%; 1-2m THB: 25%; 2-5m THB: 30%; over 5m THB: 35%

Indirect taxes

- **VAT** – 7%, applied on goods and services sold or consumed in the country. Registration is compulsory once revenues reach the annual threshold of 1.8 million THB
- **Stamp duty** – transfer of shares: 0.1% of transfer value; loans and mortgage agreements: 1 THB for every THB 2,000 of the loan amount; fixed rate ranging 1-200 THB on other legal documents
- **Custom duties** – most tariffs are ad valorem ranging from 0% to 80% and weighted average of 6.15% (2022, MFN)

Labour Market

- **Minimum daily wage (2025):** THB 337-400, depending on the work location
- **Hours of work:** 8 hours a day and max 48 hours a week, at least one day off each week. Overtime pay, holiday pay and holiday overtime pay must be paid according to an additional hourly rate
- **Probationary period:** max 119 days
- **Annual Leave:** minimum 6 days per year after one year of employment, while it is general practice 10 days per year. They will be added to a minimum 15 days public holidays per year
- **Sick Leave:** 30 days paid sick leave each year
- **Maternity Leave:** 45 days paid maternity leave
- **Registration with Social Security Office:** mandatory, within 30 days of the commencement of employment of the employee
- **Employment expat employee:** 1 every 4 thai employees – exceptions exist

Special Economic Zones

Industrial Estates

Administered by the Industrial Estate Authority of Thailand (IEAT) under the Ministry of Industry, they are of two kinds:

- **General Industrial Zone (GIZ)** - reserved for the location of industries manufacturing for domestic and/or export consumption
- **Free Trade Zone (FTZ)** - designated ("fenced") areas, no taxes and duties are owed until the merchandise leaves the Zone and enters Thailand for consumption. Relief from (re) Export Duty and Standard/ Quality Control Requirements. Commonly used to set up Regional Distribution Centers. Local content requirements (40%) apply
 - **Export Processing Zone (EPZ)** is a specific kind of Free Trade Zone (FTZ) reserved for export manufacturing activities

Bonded Warehouse

Warehouses with deferred payment of duties and taxes until goods are ready for sale, transfer to other zones or export within 2 years from the importation

Special Economic promotional Zones

Launched in 2015, there are 10 SEZs located at the border of neighbouring countries: Myanmar, Laos, Cambodia, Malaysia. There are also 5 Economic Corridors: Northern Economic Corridor (NEC – Creative Lanna), Northeastern Economic Corridor (NeEC – Bioeconomy), Central-Western Economic Corridor (CWECC – Agriculture and food, Electrical and Electronics), Southern Economic Corridor (SEC – Bio Industries, Tourism and Wellness Tourism), Eastern Economic Corridor (EEC – R&D, advanced technologies).

Eastern Economic Corridor (EEC), launched in 2018, including Rayong, Chonburi and Chachoengsao, and around 30 Industrial Estates and Industrial Clusters for Special-Targeted Industries.

Activities should be primarily export-oriented or generating technology benefits

BOI Promotion

There are various incentives granted to investments in eligible business activities, such as knowledge-based activities focusing on R&D, infrastructure projects, advanced manufacturing and high value services. The investment promotion will be granted on a yearly basis and upon meeting investment criteria by the Board of Investment (BOI) with the following incentives:

Tax benefits		Other benefits	
<ul style="list-style-type: none">• CIT reduction or exemption up to 13 years• Exemption / reduction of import duties on machinery and materials to be used for production and R&D activities• Double deduction for transportation and utility costs• Deductability of certain infrastrucutre investments		<ul style="list-style-type: none">• 100% foreign ownership• Easier access to visas and work permits• Right to buy land for business purposes• Easier foreign exchange control framework applicability	
TARGETED INDUSTRIES			
Agricultural, Food, Biotechnology, and Medical Industries	Machinery, Automotive, Electrical Appliances and Electronics industries	Metal, Material, Chemical and Petrochem Industries, and Public Utilities	Digital, Creative Industries and High Value Services

Corporate Compliance in Thailand

- Monthly submission of withholding tax (on salaries, services, rental, etc.) within the 7th of the following month
- Monthly submission of VAT returns within the 15th of the following month
- Monthly submission of Social Security contributions within the 15th of the following month
- Mid year and year end income tax returns, respectively within 2 months and 150 days of its fiscal half-year and year-end
- Annual filing of Audited Financial Statements with the Ministry of Commerce (DBD) in Thai language
- Holding Annual General Meeting every year and within 4 months of the fiscal year end
- Transfer Pricing documentation required for companies with annual turnover above THB 200 million
- In case of BOI promotion, mandatory extra filings, including Annual Performance Report

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