

Category 1

Guidelines of Consideration on the Permission for Foreign Business Operation Service Business in the category of Representative Office

The operation of Representative Office in Thailand in order to render the service to its head office or the affiliated company or the group company in foreign country is the operation of business under the business listed in List 3(21) attached to the Foreign Business Act B.E.2542 *i.e.* Other Service Businesses. If the foreigner wishes to operate such business, the permission by the Director-General, Business Development Department with the approval of the Foreign Business Committee is required.

In consideration on approval, the Foreign Business Operation Committee has determined the guidelines as follows:-

1. Characteristic of Representative Office

The Representative Office must have all 3 characteristics as follows:-

- 1) To be the juristic person established in accordance with the foreign law and established an office in Thailand in order to operate the service business to the head office or the affiliated company or the group company in foreign country only;
- 2) The Representative Office renders the service to the head office or the affiliated company or the group company without income form service, except for the supporting fund for expense of the Representative Office received from the head office;
- 3) The Representative Office has no authority to receive the purchase order or to offer for sale or to negotiate on business with any person or juristic person.

2. Scope of Service of the Representative Office

In operation of business as the Representative Office, the scope of service is permitted to be rendered in either or all 5 categories, depending upon the objectives and business characteristics of the Representative Office, as follows:-

- 1) To report the business movements in Thailand to the head office or affiliated company or the group company;
- 2) To give advice on various aspects pertaining to the goods distributed by the head office or affiliated company or the group company to the distributors or the users;
- 3) To seek for the supply source of goods or services in Thailand for the head office or affiliated company or the group company;

- 4) To inspect and control the quality and quantity of the goods that the head office or affiliated company or the group company purchased or hired to manufacture in Thailand;
- 5) To disseminate the information in relation to the new goods or services of the head office or affiliated company or the group company;

3. Information and Supplementary Documents for the Consideration

In consideration on approval of business operation as the Representative Office, the Foreign Business Committee will consider the detail, information in the application seeking for the license together with the supplementary documents as follows:-

3.1 To report business movements in Thailand to the head office or the affiliated company or the group company

3.1.1 Business descriptions are as follows:

- To study and compile the information in Thailand; and
- To report the compiled information to the head office or the affiliated company or the group company in foreign country in order to use for considering on investment in Thailand in the future, e.g., to study, compile and report the information of economics, investment, marketing, manufacturing, distribution and the demand on goods in the automobile, electronics and electrical appliances and food products industry.

3.1.2 The information contained in the application must demonstrate the following characteristics:

- The report of business movements clearly specifies the scope and subject of the report and objective for applying such information;
- The reported information must be in line with the business operation of the head office or the affiliated company or the group company;
- The advantage for Thailand resulting from the head office or the affiliated company or the group company applying the information from the business movement report of the representative office, e.g., the information will be used for making the decision in investment on factory construction in order to manufacture the goods in Thailand in the future.

3.1.3 **The supplementary documents of the application**

- Copy of certification document or the evidence for being the juristic person including the objective for business operation of the juristic person;
- The chart showing the relationship between the head office with the affiliated company or the group company;
- The details of affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding
- Copy of financial statements or annual report (if any)

3.2 **To give advice on various aspects pertaining to the goods distributed by the head office or affiliated company or the group company to the distributors or the users:-**

3.2.1 **Business descriptions** are as follows:

- To enter into Thailand for giving knowledge and understanding in relation to the qualification, applying technique and solution to problems occurred from the use of goods of the head office or the affiliated company or the group company which is sold in Thailand, e.g., to give advice regarding the qualification, and method of use of the goods in category of industrial equipment and machinery, chemical substance, electronic parts and equipment.

3.2.2 **The information contained in the application** must demonstrate the following characteristics :

- To specify the category of goods or characteristics and qualification of goods to be advised;
- The goods to be advised must be the complicated goods or require the special technique, so that the user is in need to have the knowledge and understanding in applying it for the use of such goods appropriately and beneficially;
- Having records of sale of goods by the head office or the affiliated company or the group company to Thailand, for instance, the name list of buyers or users of goods in Thailand, value of goods sold by the head office or the affiliated company or the group company to Thailand.

3.2.3 The supplementary documents of the application

- Copy of certification document or the evidence for being the juristic person including the objective for business operation of the juristic person;
- The chart showing the relationship between the head office with the affiliated company or the group company;
- The details of affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding
- The evidence of the goods sold in Thailand, such as, the invoice, sale agreement, distributor appointment letter;
- The document showing the detail of information regarding the goods, for instance, brochure, etc.

3.3 To seek for the supply source of goods or services in Thailand for the head office or affiliated company or the group company;

3.3.1 Business Descriptions are as follows:

- To enter into Thailand for searching information of goods manufacturing source, source of supply or service for use by the head office or the affiliated company or the group company as the information for considering the purchase order or hiring for manufacturing, e.g., to seek for source of procurement of goods in the category of food products, agricultural products, electrical appliances, electronic parts, spare-parts and equipment.

3.3.2 The information contained in the application must demonstrate the following characteristics:

- To clearly specify the types and characteristics of goods or services seeking for the source of procurement where such goods must exist in Thailand;
- The goods or services seeking for source of procurement in Thailand must be in line with the business operation of the head office or affiliated company or the group company, for instance, the head office or affiliated company or the group company operates the retail business and wholesale business of food products in foreign country, thus, they enter into

Thailand for seeking for the source of food products and to export such product to foreign country;

- Must have information that the purchase order of goods or services have been made, or in the process of being made, or will be made.

3.3.3 **The supplementary documents of the application**

- Copy of certification document or the evidence for being the juristic person including the objective for business operation of the juristic person;
- The chart showing the relationship between the head office with he affiliated company or the group company;
- The details of affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding
- The evidence of the goods ordered from Thailand, such as, the invoice (if any)

3.4 **To inspect and control the quality and quantity of the goods that the head office or affiliated company or the group company purchased or hired to manufacture in Thailand**

3.4.1 **Business descriptions** are as follows:

- To be the service in connection with the seeking for source of procurement of goods or services in Thailand which the Representative Office will inspect the characteristic, form, quality or manufacturing process of product whether it is in accordance with the determined standard, and which is the inspection and control of quality and quantity of the same type of product as those seeking for source of procurement.

3.4.2 **The information contained in the application** must demonstrate the following characteristics:

- To clearly specify the type of goods or services to be inspected, to be controlled for its quality and quantity;
- Must have information that the purchase order of goods or services have been made, or in the process of being made, or will be made.

3.4.3 **The supplementary document of the application**

- Copy of certification document or the evidence for being the juristic person including the objective for business operation of the juristic person;
- The chart showing the relationship between the head office with the affiliated company or the group company;
- The details of affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding;
- The evidence of the purchase order of goods from Thailand by the head office or the affiliated company or the group company, such as, the invoice (if any).

3.5 **To disseminate the information in relation to the new goods or services of the head office or affiliated company or the group company;**

3.5.1 **Business descriptions** are as follows:

- To be the dissemination of information in regard to the details of new goods or services which never been sold or serviced in Thailand, or in case the goods or services used to be sold in Thailand, it must be the goods or services which have been developed differently from the previous form, e.g. , to disseminate the information regarding the goods of electrical appliance, electronic equipment

3.5.2 **The information contained in the application** must demonstrate the following characteristics:

- To specify the type of goods or services to be disseminated;
- To specify the difference of the characteristics or qualification between the previous goods or services and the new goods or services that the information will be disseminated. In case of the goods or services that have already been sold in to Thailand, the information on the development on the goods or service and their distinction from the previous goods or service must be provided.

3.5.3 **The supplementary documents of the application**

- Copy of certification document or the evidence for being the juristic person including the objective for business operation of the juristic person;

- The chart showing the relationship between the head office with the affiliated company or the group company;
- The details of affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding
- The disseminating document showing the detail of information regarding the new goods, for instance, brochure, etc.

4. The Conditions to be Complied by the Representative Office after the Permission

The Representative Office which is permitted to operate the business must comply with the following conditions:-

4.1 There must be the minimum capital to be remitted to Thailand for the commencement of business operation as stipulated by law, which shall not be less than Baht three million;

4.2 The total loan utilized in the permitted business operation must not exceed seven times of the inward remitted fund for the permitted business operation;

(Loan means the total liabilities of the business, notwithstanding the liabilities incurred by any form of transaction but excluding trade liabilities occurred from the ordinary course of business, such as, trade creditors, accrued expenses.)

4.3 At least one person of the responsible persons for operating the business in Thailand must have a domicile in Thailand;

(Domicile means the contactable residence in Thailand which can be the place of business, excluding temporary residence such as hotels)

4.4 The document or evidence relating to the permitted business operation must be submitted when the official sent the summon or inquiry;

4.5 There must be the preparation of account and financial statements to be submitted to the Department of Business Development.

5. Representation of the Applicant

In submission of the Application for the service business operation permission as the Representative Office, the responsible person for the business operation in Thailand on behalf of the juristic person in foreign country must sign to certify the accuracy of information specified in the Application and the supplementary documents and evidence.
