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CONTENTS

Introduction	3
Looking Back: 2021	4
Gazing Into: 2022	7
Key Contacts	9
Our Regional Contacts	11
Disclaimer	12

Introduction



Throughout the year, we have been keeping you up to date on noteworthy developments across the region with our Regional Round-up Publications. As we enter 2022, we are pleased to share with you our *2021 year-in-review of the Regional Round-up* for our Regional Offices in the Rajah & Tann Asia network.

In each jurisdiction, we recount the key milestones in the path that has been travelled in 2021, as well as consider the terrain of the road that lies ahead in 2022. In the "**Looking Back: 2021**" section, we take stock of the past year and highlight the key legal and regulatory developments affecting each jurisdiction in 2021. In the "**Gazing Into: 2022**" section, we look ahead to some key areas of development that you should take note of in the year to come, referencing the legal and business trends shaping up potential legislative and regulatory changes in each jurisdiction.

We hope that this year-in-review edition of the Regional Round-up provide some perspective and insight into the legal landscape of the jurisdictions across the region. As always, please feel free to contact our lawyers in our Regional Offices if you have any queries or for further discussions.

Please click on the links below to access the full collection of our country-specific *2021 year-in-review of the Regional Round-up*:

- [Cambodia](#)
- [China](#)
- [Indonesia](#)
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- [Vietnam](#)

Looking Back: 2021

2021 saw the continuation of existing measures and the introduction of new measures to manage the **COVID-19 pandemic**. These include, among others, (i) **financial and tax measures** to support businesses and individuals; (ii) **extended deadline for tax payments**; (iii) **labour-related measures** to assist employers and employees; and (iv) measures by the **Board of Investment (BOI) to accelerate investment** to stimulate Thailand's economy and encourage businesses to adopt **digital technologies**.

Due to the disruption caused by the COVID-19 pandemic, the planned June 2021 **implementation of the Personal Data Protection Act** was delayed for certain types of data controllers for a further one-year period.



In the area of **competition law**, there were substantial inroads made by the enforcement of the **2017 Trade Competition Act** and the issuance of guidelines to clarify its intended scope and application. For example, in mid-December 2021, the **Office of the Trade Competition Commission (OTCC)** issued a set of **guidelines on the use of "fair" credit terms** between business operators and small and medium enterprises.

Throughout the year, efforts to **bring foreign e-service providers within the Thai taxation system** continued by requiring them to register as value-added tax (VAT) registrants in Thailand under certain circumstances.

The following are some other key developments in 2021:

- **amendments to the Civil Commercial Code to Change the Statutory Interest Rate**; and
- **new regulations on the dual-use items trade control measures**.

Summaries of the key developments relating to the above areas are provided below.

Tax – Tax Relief Measures in Light of COVID-19 Pandemic

The Revenue Department provided several tax-relief measures in light of the COVID-19 pandemic. In particular, the rate of withholding tax on the payment of certain taxable income from 1 October 2020 to 31 December 2021 was reduced from 3% to 2%, provided that the payment of assessable income is made through the e-Withholding Tax system. Further, from January 2021, the deadlines for the filing of personal income tax, corporate income tax, withholding tax, value-added tax (VAT), and specific business tax returns were extended for eight days from their relevant due dates (provided that

the filing of all such tax forms must be submitted through the online system).

In relation to property transaction fees, the Ministry of Interior provided additional tax relief for the period of 3 February 2021 until 31 December 2021, by reducing registration fees for real estate transfers from 2% to 0.01%, and real estate mortgage registration fees from 1% to 0.01% for certain types of properties. Click [here](#) for more information.

Employment & Benefits – Measures to Alleviate COVID-19 for Employers and Employees

Throughout the year, measures were introduced to address the impact of the COVID-19 pandemic on employers and employees. The Ministry of Labour introduced regulations under the Social Security Act B.E. 2533 to help individuals and businesses by reducing the contributions by employers and employees to the Social Security Fund. Efforts were also made to provide some compensation to employees in certain key sectors. The amount of financial support from the Social Security Office depends on various factors such as whether they are unable to work or are not permitted by the employer to work as a result of: (i) being quarantined; (ii) in compliance with COVID-19 protective measures; or (iii) due to temporary cessation of the employer's business operations as a result of orders by the Government to prevent the spread of the COVID-19 virus. Click [here](#) for more information.

Foreign Investment – Board of Investment's Acceleration Measures for 2021

On 21 December 2020, Thailand's Board of Investment ("BOI") approved a series of investment acceleration measures to stimulate Thailand's economy and encourage businesses to adopt digital technologies in 2021. A large-scale project in certain industries (business activities in specified groups), with a realised investment of at least THB 1 billion within 12 months from the date on which the BOI promotion certificate is issued, would be entitled to an additional 50% corporate income tax ("CIT") deduction for a period of five years. Applications for the investment promotion scheme ended on 30 December 2021.

In relation to investment in the Special Economic Zones ("SEZ") in ten provinces of Thailand, BOI has extended

the application period for the special incentive scheme for the SEZ to the last working day of 2022. In addition, BOI is offering an 8-year CIT exemption and an additional 50% CIT deduction for another five years for 14 target industries, which include industries in the business of medical equipment, manufacturing, logistics, and electrical appliances and electronics.

Similarly, BOI has also extended the application period for the special incentive scheme for Thailand's five southernmost provinces until the last working day of 2022. The measures include a low minimum investment requirement of THB 500,000, an 8-year CIT exemption, and an additional 50% CIT deduction for another five years. Click [here](#) for more information. (This article was featured in *Asia Business Law Journal*.)

Data Protection – Further Postponement of Implementation Deadline for Personal Data Protection Act

On 8 May 2021, the Royal Gazette published the Royal Decree Prescribing an Entity and Business in which the Data Controller is Exempt from the Personal Data Protection Act B.E. 2562 (2019) (No.2) B.E. 2564 (2021). As a result, the previous one-year long postponement of the effective date of key operative provisions of the Personal Data Protection Act B.E. 2562 (2019) ("PDPA") has been postponed from 1 June 2021 to 1 June 2022.

The rationale for the further postponement is the severity of the COVID-19 pandemic and its significant impact on entities and businesses in both the private and public sectors across the country, which delayed the PDPA readiness of many. Combined with the need to utilise advanced technology to implement the PDPA provisions, it was deemed reasonable to postpone the full implementation of the PDPA until 1 June 2022. Click [here](#) for more information.

Competition & Antitrust – Guideline on Fair Credit Terms

A new set of guidelines on the use of "fair" credit terms between business operators and small and medium enterprises ("SMEs") took effect on 16 December 2021. For trading, manufacturing and services businesses, the credit terms must not exceed 45 days unless a shorter term has already been agreed. For trading, manufacturing and services businesses that relate only to agricultural products or processed agricultural products

using a non-complicated manufacturing process, the credit terms must not exceed 30 days unless a shorter term has already been agreed. The set of guidelines also provides some room to fix credit terms different from the abovementioned terms if there is a reasonable basis for business, marketing or economic reasons. Click [here](#) for more information, including the rationale behind the issuance of this set of guidelines and its intended scope.

Tax – Foreign E-service Providers Required to Register as VAT Registrants in Thailand

Since 1 September 2021, foreign E-service platforms and service providers, who: (i) provide electronic services to non-value-added tax ("VAT") registered recipients in Thailand; and (ii) receive revenue from operating E-service platforms exceeding THB 1.8 million in one accounting period, are required to register as VAT registrants and pay VAT to the Thai Revenue Department. This new requirement was set out in the Revenue Code Amendment Act (No.53) B.E.2564 (2021) and published in the Royal Gazette on 10 February 2021. The Act came into force on 1 September 2021. Click [here](#) for more information.

General Commercial – Amendments to the Civil Commercial Code to Change the Statutory Interest Rate

On 10 April 2021, the Emergency Decree Amending the Civil and Commercial Code B.E. 2564 (2021) ("**Emergency Decree**") was published in the Royal Gazette. The Emergency Decree came into force on 11 April 2021. The Emergency Decree reduces the statutory interest rate from 7.5% to 3% per year. With regard to default interest, it is reduced from 7.5% to 5% per year, unless otherwise agreed in accordance with the law. The Emergency Decree also provides that the default interest rate in the case of installment payments may accrue only on the principal amount of the instalment which becomes overdue. The changes set out in the Emergency Decree only apply to the interest which is due from 11 April 2021 onwards. Click [here](#) for more information.

Trade – Further Clarification of Implementation of the Trade Controls of Weapons of Mass Destruction Act

Thailand's Trade Controls of Weapons of Mass Destruction Act B.E. 2562 (2019) ("**TCWMD Act**"), which took effect on 1 January 2020, seeks to prevent the proliferation of weapons of mass destruction ("**WMD**"). However, the TCWMD Act lacked the regulations needed to implement Thailand's trade control rules regarding WMD, which includes "dual-use items" ("**DUI**"), and the Ministry of Commerce ("**MOC**") as the administering regulator of the TCWMD Act has postponed the enforcement of the DUI export control measure numerous times. After several public hearings, the Notification of the Ministry of Commerce re: *measures for the purpose of control of goods related to the proliferation of WMD and measures related to the goods with a reasonable doubt of the end use or the end user related to the proliferation of WMD*, also known as the Catch-all-Control notification ("**CAC Notification**"), was published in the Royal Gazette on 27 October 2021 and became effective on 26 December 2021. The CAC Notification sets out the general rules regarding the measures imposed for the control of DUI. Click [here](#) for more information.

Gazing Into: 2022

As the COVID-19 pandemic continues, we expect to see the furtherance of measures focussed on **COVID-19 pandemic control and support**. The Thai Cabinet, in September 2021, provided in-principle approval of various measures to promote foreign investment in Thailand through the issuance of new visa, work permit, tax and foreign land ownership incentives. The implementation of these measures will likely require the amendment of the relevant laws. Further legislative amendments may also be on the cards in 2022

due to the impact of the **Initiative Process Act B.E. 2564 (2021)**, which sets out the process for introducing a bill, as well as an amendment to the Thai Constitution.

All of the provisions of the **Personal Data Protection Act B.E. 2562 (2019) ("PDPA")** will become fully effective on 1 June 2022 after postponements in 2020 and 2021 of its coming into operation. A number of subsidiary laws are expected to be passed to set out further details of the requirements under the PDPA.

We expect increased enforcement of the **2017 Trade Competition Act**, with the Office of the Trade Competition Commission ("**OTCC**") clearly ramping up to receive and investigate an increased number of complaints. We expect that the focus of OTCC in 2022 will continue to be on investigation of unfair trade practices under Section 57 of the 2017 Trade Competition Act.

Environmental, Social, and Governance ("ESG") factors are increasing in importance for stakeholders of Thai businesses in terms of operations and investment decisions. We expect increasing pressure on the Thai government to strengthen the environmental protection regime in Thailand. Some initiatives in this regard include the proposed amendments to the **Enhancement and Conservation of National Environmental Quality Act 1992**, which were put up for public hearing from 11 October 2021 to 8 December 2021, and are intended to, among others, strengthen the Pollution Control Department's enforcement powers.

In brief, we expect the following key trends in 2022:

- a continuation of **COVID-19 pandemic related measures to support investment,**



which will likely involve the amendment of the relevant laws;

- *increased legislative action due to the operation of the **Initiative Process Act**;*
- *probable **uncertainty over the implementation of the PDPA**, which is set to be fully operational on 1 June 2022 (i.e. the full implementation may be further extended);*
- ***increased enforcement under competition law**; and*
- *increased **focus on enhancing environmental protection and ESG principles** for Thai business operations and investments.*

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