

## Legal Update Week 51 - 52 (20 – 31 December 2021)

### Thailand Legal New

#### **Work from home policy will be reinstated in 2022**

- The Ministry of Public Health has asked for cooperation from government entities and the private sector to avert an Omicron cluster by reinstating the work from home scheme from 1 – 14 January 2022 (after the New Year holidays).

#### **BOI extends the scope of business of TISO and IBC, by allowing lending to affiliates**

- On 16 September 2021, the BOI issued Announcement No. Sor 3/2564 regarding the revision on the scope of business activities 7.7 (TISO) and 7.34 (IBC). In detail, the extended scope for these promoted businesses is as follows:
  - o Providing loans in foreign currency to affiliates in foreign countries;
  - o Providing loans in Thai baht to affiliates in Thailand;
  - o Providing loans in Thai baht to affiliates in Vietnam and countries bordering Thailand, for trading and investing in Thailand or in those countries only.

Moreover, the TISO business scope must already include at least one or more of the other TISO business activities (as listed in the announcement) in order to provide lending to affiliates. Similarly, an IBC is subject to the same requirements, with the exception that

the other business activities must not be treasury center or conducting international trade business.

This aims to ensure that foreign investors can operate flexibly by providing services for affiliates both in Thailand and overseas, and supporting Thailand to become an international business hub.

[http://www.ratchakitcha.soc.go.th/DATA/PDF/2564/E/253/T\\_0023.PDF](http://www.ratchakitcha.soc.go.th/DATA/PDF/2564/E/253/T_0023.PDF)

## **Thailand has expressed its intention to become a member of the Multilateral Convention on Base Erosion and Profit Shifting (BEPS)**

- The Cabinet approved Thailand's signing and ratification of the OECD-designed Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI). This is to prevent multinational corporations from tax avoidance, which has resulted in several countries losing huge amounts of income due to international tax avoidance. In light of this, the Ministry of Finance has decided that Thailand will commit itself to implement the BEPS minimum standards, as follows:
  - o Action 2 – Neutralising the effects of hybrid mismatch arrangements
  - o Action 6 – Prevention of tax treaty abuse
  - o Action 7 – Permanent establishment status
  - o Action 14 – Mutual Agreement Procedure

By joining the MLI, it will result in the revision of the relevant clauses on Thailand's Double Tax Agreements (DTAs) with several countries, without having to revise every single DTA for each country.