

VICKERY & WORACHAI LTD.

LAWYERS

LEGAL NEWSLETTER

SEPTEMBER 2002

New Laws and Regulations

- Announcement of the Department of Commercial Registration, Subject: Imposing a fine on late filing of financial statement B.E. 2545 (A.D.2002)

Laws and Regulations Updated

- Draft Ministerial Regulations describing tax exemption (Allowance for life insurance premiums)
- Draft Royal Decree issued under the Revenue Code describing the decrease of the Value Added Tax (Extension of the decrease of the Value Added Tax duration)

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Announcement of the Department of Commercial Registration
Subject: Imposing a fine on late filing of financial statement
B.E. 2545 (A.D.2002)

Announcement Date: 2 July 2002

Relevant Authority: Department of Commercial Registration, Ministry of Commerce

The significant details of this Announcement are as follows:

According to the laws relating to accounting, person with duty to keep accounts must prepare financial statement and file same to the Department of Commercial Registration within a specified period.

For private limited company and public limited company established under Thai law, their financial statements must be filed within one month from the date when the financial statements are approved by the general meeting of shareholders, and for registered partnership established under Thai law, juristic person established under foreign law and joint venture business under the Revenue Code, they are required to file their financial statements within five months from the date of their fiscal year end.

The person with duty to keep accounts who fails to submit the financial statement within the period specified above shall be punished with a fine of not exceeding Baht 50,000 and in case of juristic person, the fine is also imposed on the managing director(s) or any person(s) who is/are responsible for the operations of such juristic person. However, the Director-General of the Department of Commercial Registration shall have the power to settle the case without making prosecution by imposing a fine thereon and once the offenders have paid the fine so imposed on them, it shall be regarded that the case is already settled.

For the person with duty to keep accounts who has not yet submitted the financial statement ended 31 December 2001, if it files same to the Department of Commercial Registration within 30 August 2002, the Department of Commercial Registration shall impose a fine of not exceeding Baht 1,000 (Baht 500 to the person with duty to keep accounts and Baht 500 to the managing director of the relevant juristic person).

Besides, in case the filing of the financial statement is made after 30 August 2002, it shall be punished with a fine at very high rate. In case of the person with duty to keep accounts having its fiscal year ending after 31 December 2001, the Department of Commercial Registration shall impose a fine on such person with the same nature as the person having a fiscal year ending on 31 December 2001 mutatis mutandis.

**Draft Ministerial Regulation issued under the Revenue Code
describing tax exemption (Allowance for life insurance premiums)**

Status: *Approved in principle by the Cabinet at the Cabinet's Meeting on 20 August 2002.
This draft is being considered by the Council of State.*

Relevant Authority: *Ministry of Finance*

The significant details of the Cabinet's resolution relating to the draft Ministerial Regulation are as follows:

- 1) Currently, under the Revenue Code, a tax-payer is able to take the life insurance premiums as the allowance for its personal income tax calculation in an amount that was actually paid but not exceeding 10,000 Baht, only if the life insurance policy is of a duration of ten years or more and the life insurance is made with an insurer carrying on business of life insurance in Thailand.
- 2) The above mentioned allowance rate is not consistent with the present situation. Therefore, such allowance rate shall be adjusted to be up to not exceeding 50,000 Baht with effect from 1 January 2002 onwards. However, such rate shall be applicable only for the life insurance policy of a duration of ten years or more and the life insurance is made with an insurer carrying on business of life insurance in Thailand.

**Draft Royal Decree issued under
the Revenue Code describing the decrease of Value Added Tax
(Extension of the decrease of the Value Added Tax duration)**

Status: *Approved in principle by the Cabinet at the Cabinet's Meeting on 27 August 2002.
This draft is being considered by the Council of State.*

Relevant Authority: *Ministry of Finance*

By virtue of the present law, the Value Added Tax (VAT) is imposed at the rate of 10 percent (including local tax) but it has been decreased from 10 percent to 7 percent (including local tax) since 1 April 1999 and this rate will be applicable until 30 September 2002.

However, such decreased rate shall be continued for another one year until 30 September 2003, and the rate of 9 percent will be applicable from 1 October 2003 onwards.