

## Legal Update

### EXTENSION OF PROPERTY STIMULUS MEASURES

Due to the stimulus package for tax and fee benefits on property transactions to be expired on 28 March 2010, the Cabinet on 23 March 2010 approved to extend the following stimulus measures for the immovable property transactions for two months (i.e. until 31 May 2010):

1. Registration fee for transfer and mortgage of immovable property (e.g. land, house, land including house or building etc.) in accordance with the Land Code shall be 0.01 percent; and
2. Registration fee for transfer and mortgage of condominium in accordance with Condominium Act shall be 0.01 percent.

The fee rate as mentioned above shall be effective from 29 March 2010 until 31 May 2010. After that the said fee would be raised to 2.00 percent.

For specific business tax ("SBT"), the cabinet did not approve to extend it; thus, on and from 29 March 2010 the SBT shall be returned to be 3 percent as formerly prescribed.

In addition, the Cabinet has also agreed with the Land Department in providing the service of any registration at the Land Department on the weekend during 29 and 30 May 2010.

### THE RELAXING MEASURES OF BANK OF THAILAND

On 1 February 2010, the Bank of Thailand ("BOT") announced the relaxing measures for Thai investors in relation to the direct investment in foreign countries, management on hedging instruments and treasury centers.

Due to the strong Thai currency, these measures are principally aimed to develop the financial markets, balance capital flows and reduce the upward pressure on Baht and such are parts of BOT's financial liberalization policy so adopted since 2007.

Certain measures are summarized as follows:

#### 1. Investment in Foreign Countries

- 1.1 No limitation on the amount for the direct investment in overseas by Thai companies.
- 1.2 Portfolio investment of Thai securities and mutual-fund companies and investors under the supervision of Securities and Exchange Commission ("SEC") is expanded from USD 30 Billion to USD 50 Billion.

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## 2. Management on Hedging Instruments

The importers and exporters can cancel the derivatives and hedging instruments for the protection of currency risks against product cost and service fees in any case in order for them to have full flexibility in managing their currency risks through hedging instruments and derivatives.

## 3. Treasury Centers

The qualifications on establishment of treasury centers and regulations for operating the treasury center to manage foreign currency for affiliated companies are relaxed.

For example, the treasury center can be operated by the existing company without necessity to establish a new company to conduct such business. Also, the treasury center is allowed to transfer foreign currencies between the affiliated companies in Thailand.

This relaxation is to support multinational companies having production based in Thailand to relocate their foreign exchange management into Thailand and to promote Thailand as the Regional Operating Headquarter (ROH) according to the government's policy.

## 4. Others

4.1 Expansion of the amount of investment on properties in foreign countries from USD 5 Million to USD 10 Million.

4.2 Thai companies are allowed to provide loan to companies in foreign countries, which are not the affiliated companies, up to USD 50 Million without obtaining any prior permission.

The measures for portfolio investment of Thai securities and mutual-fund companies and investors under the supervision of SEC and the cancellation on hedging instruments and derivatives in items 1.2 and 2 have been effective since 2 February 2010. For the remaining measures, both Ministry of Finance ("**MOF**") and BOT already approved in principle and it is currently under the MOF's procedure to issue the regulations relevant thereto.

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