

ANS Highlights

A Professional Newsletter

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NEW REQUIREMENTS FOR PUBLIC COMPANIES TO DECLARE

Recently, the Commerce Ministry declared three regulations addressing Thai public companies as follows:

1. The annual report must disclose the names of the top ten shareholders nominating the director(s) of the company. Additionally, the disclosure applies to custodians who hold shares on behalf of foreign investors.

2. If the company uses retained earnings to acquire treasury stocks, then it has to establish a reserve at an equal amount so that dividends cannot be paid on the shares acquired until the treasury

stocks are resold on the stock exchange or the registered share capital is reduced in proportion to the treasury stock acquired.

3. Where a shareholder has authorized more than one individual to attend the shareholder meeting in the event of proxy voting, the one shareholder is still allowed one vote in respect to the shares held.

The regulations listed above as 2 and 3 were effective as of January 1, 2007, whereas, the regulation under 1 above is expected to be effective in 2008.



ACT TO ENSURE SKILLS DEVELOPMENT IN COMPANIES

The Department of Skills Development will strengthen enforcement of the 2002 Labor Act on skills development to make sure the country's workforce gets proper staff training through skills development.

Businesses who fail to comply with the law by not providing the proper training will be mandated to pay contributions to the skill development fund.

Starting now, employers must present proposed skill development courses for approval, according to the

department director-general.

Under the act, businesses with 100 workers or more must hold skill training programs. At least 50% of the workers at a business must undergo training.

The department has threatened to reject training program proposals that are not genuinely designed to enhance worker skills. The programs must help to improve staff performance, management skills and upgrade their creativity.

Employers who fail to organize skills training programs must pay

1% of the minimum wage of each employee who did not receive training. The payment will go to a skill development fund.

Additionally, businesses that hold training for fewer than half their workforce must pay into the fund.

The department will have regular inspections to make sure employers carry out the training courses as approved.

Moreover, the Labor Ministry can help develop training courses and companies can also submit training budgets for tax deductions.



DOUBLE DEDUCTION ON MORTGAGE INTEREST PAYMENTS

Recently, tax authorities have doubled the existing tax limits to allow tax payers to now deduct up to Baht 100,000 per year from interest payments on their home mortgages. The government projects that the measures will hopefully stimulate the property market. Additionally, the measures are thought to benefit the overall economy by increasing household disposable income and consumer purchasing power.

GREEN TAX PRIVILEGES

Recently, the Thailand Board of Investment (BOI) approved certain tax measures to facilitate in reducing pollution in the country by exempting from corporate income tax 70% of the investment in environmental improvements for a 3 year period of time.

An eligible company is required to submit an application for investment promotion within the 2008 calendar year and

construction must be completed within the 2010 calendar year.

Additionally, the BOI has proposed to the Finance Ministry a measure to provide additional deductions for qualifying investments in pollution reduction covering installation of systems or equipment in order to control and decrease the environmental impact of pollution.

OFFSHORE INVESTMENT OF SECURITIES COMPANIES

To provide securities companies with more channels to generate revenues and appropriate diversification of exposed investment risks, the BOT in response to the SEC's request, relaxed its exchange control policy in January 2007, allowing securities companies including asset management companies to increase offshore investments in their proprietary trading portfolios and funds under

management of asset management companies.

Although there are no restrictions on types of investment securities, except for mutual funds and provident funds, the allocation is limited to USD 50 million per each proprietary trading portfolio, mutual fund, and provident fund. The SEC's approval is required for over-the-

limit investments.

Since foreign investments can contain relatively higher risks, securities companies are strongly advised to assign such responsibilities to experienced and qualified personnel and have sufficient risk management system in place to address all aspects of risks such as credit risks, market risks, and foreign exchange risks.

SEC ALLOWS AGRICULTURAL DERIVATIVE BUSINESSES

In early 2007, the SEC Board announced its policy to allow certain derivatives business licensees to participate in the agricultural futures market to expand business opportunities for derivatives business licensees as follows:

1. Derivatives brokers are allowed to apply for four types of agricultural futures licenses: (1) futures trading advisor, (2)

futures trader (proprietary trading only), (3) futures supporting agent, and (4) futures broker; and

2. Derivatives fund managers are allowed to apply for three types of agricultural futures licenses: (1) futures trading advisor, (2) futures pool business operator, and (3) futures trading manager.

The SEC Board, in principle, allows mutual funds to invest in agricultural futures contracts pursuant to investment limits and conditions prescribed by the SEC.

Moreover, operation of such agricultural futures businesses requires licenses from the SEC's approval and the Agricultural Futures Trading Commission.



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