



## **BANK OF THAILAND**

### **Bank of Thailand (“BOT”) Prepared For Lending Policy Update**

On 27 May 2024, the BOT opened for a public hearing on the Draft of the Policy of the BOT regarding Lending to Specific Businesses (“Draft”).

This Draft, which, if it comes to effect, would replace the existing policy on the same matters (“Existing Policy”), would see the additions in the aspect of risk management to the Existing Policy, including the tightening in a lending related to the securities.

There are many areas that the Draft touches on. For example, the Draft includes the lending that would accommodate the rule as a controlled lending in addition to a lending that is not beneficial to the country’s long-term productivity in order to improve risk management of the financial institutions. The Draft also sees the end in using lent securities to be used as a collateral for the loan of money.

In the past, the BOT already stipulated the Existing Policy which has covered the granting of loan of financial institutions in order to control a lending that is not beneficial to the country’s long-term productivity and endorse a lending that is beneficial to the country’s development. However, as the Existing Policy was introduced in 2009, the BOT sought to update the Existing Policy to make it suitable to the present-day business operation and environment.

## **CANNABIS**

### **New law to amend the laws on cannabis**

The government has proposed to criminalize cannabis again from the previous law on legalizing cannabis. This new legal proposal includes the reclassification of the weed plant as a narcotic category 5 again since the cannabis plant was legalized in 2022 due to the political campaign for the election.

The prime minister stated that he is concerned about the social ramifications of drug problems, including drug traffickers, seizure of drug-related assets, and rehabilitation since the drug suppression is regarded as a national priority. On the other hand, the Ministry of Public Health is preparing a draft of the new bill in order to put the cannabis into category 5 narcotics again and to ensure that it shall be used only for medical purposes. And according to the National Narcotics Control Board, the Board has already approved this matter.

Previously, the cannabis was legalized in 2019 as a result of one of the political parties’ campaigns for the election. The plant was removed from the list of category 5 narcotics under the Narcotics Act, except extracts containing more than 0.2 percent of THC. Also, people are allowed to cultivate the plants as a household herb for medical purposes. The current laws and regulations on cannabis include no smoking in the public spaces and no sales of cannabis to minors who are under 20 years old of age. To ensure the safety of the consumers, a seller or a store must obtain the license. According to the data, after the legalization of weed, the numbers of weed smokers and cannabis consumers have been increasing at the rate of ten to fifteen percent.

Nonetheless, the cannabis laws in 2019 have been allowing people to use or consume the cannabis or weed freely and some people use it without the medical or consumer guidance. Therefore, the government is attempting to criminalize cannabis again to prevent further crimes and young smokers.

## **FOOD AND DRUG ADMINISTRATION**

### **Thai Regulator Sought to Provide Clearer Regulatory Measures on Plant-Based Protein**

The Food Division, the Public Health Ministry, (“Food Division”) opened a public hearing on the Draft of Proposal to Develop Alternative Protein Foods Regulations and Regulatory Measures for Plant-Based Protein Category (“Draft”).

The Draft mostly comprises the categorisation of each kind of plant-based protein, which is essential for any further step for better regulatory measures on the alternative protein food. Additionally, there are some interesting specifications as well, such as the criteria on name of the product and text on the label of the product.

This did not come as a surprise given a surge in popularity of alternative sources of protein in Thailand and around the world as we can see from an example of plant-based product, which is universally available in the market.

However, since there is no clear regulatory measure on the alternative protein product in Thailand yet, the Food Division sought to study on a situation of an alternative protein product and approach that the foreign countries supervise the plant-based product in order to further develop Thai plant-based regulatory measures.

## **SECURITY**

### **Levelling Up Criteria on Issuance and Offering of Debt Securities and Disclosure of Information**

On 16 May 2024, the Securities and Exchange Commission Office (“SEC Office”) issued rules to improve and modernise the criteria on issuance and offering of a debt securities and disclosure of information, which will take effect from 1 August 2024 onwards.

These rules covered a wide range of changes as highlighted below.

Firstly, if an issuer of debt securities has existing bonds or debentures defaulting on payment or an extension of their maturity, the issuer can only issue and offer a new subordinated bond, which must also specify that the issuer is in default or in a process of extension of the maturity of the bonds.

Secondly, the issuer, who issues and offers debt securities to the ultra high net worth or high net worth investors, must have financial statements in accordance with Thai financial reporting standards for publicly accountable entities from the year 2027 financial statements onwards.

Thirdly, the issuance and offering of high-risk debt securities, such as non-investment grade debt securities, must have a wording of “high risk bond” or “high risk debenture” in the name of such debt securities, which must also include an investment risk warning and asset allocation to diversify the risk of investment.

As the situation and landscape of the market has evolved, the SEC Office intended to enable the investor to have more information in making an informed and up-to-date decision by this implementation which provides additional consideration over many aspects, including a capacity to pay the debt and a financial status of the issuer, as a result of the disclosure of

information, such as a key financial ratio, financial highlight and financial covenants.

## TAXATION

### **Imposing VAT on imported goods value less than 1,500 Baht**

The Ministry of Finance and the Revenue Department have agreed to propose a scheme regarding the collection of Value-Added Tax (“VAT”) from imported goods without any exception on goods with a value less than 1,500 Baht in order to tackle problems in relation to small and medium size domestic businesses.

Currently, according to the international trade agreement, it sets out a condition that any goods with the value less than 1,500 Baht is exempted from imported duty and VAT for a purpose of convenience. The Ministry of Finance and the Revenue Department is undergoing the draft of the bill to impose VAT on imported products from oversea platforms, import duty. However, the exemption of import duty on goods with the value less than 1,500 Baht still remains the same. The main reasons for imposing VAT are to create trade fairness for domestic businesses and to stimulate the domestic economies. Additionally, the Ministry of Finance expects to collect approximately 100 million Baht from the total value of imported goods of 18,000 million Baht. This tax proposal will be in line with the tax schemes under the Organization for Economic Co-operation and Development (“OECD”) by collecting VAT via platforms or Vendor Collection Model, which will remit the payments of VAT to the government.

## TRADE COMPETITION COMMISSION OF THAILAND

### **A new precedent decision on unfair trade practice by unfairly utilizing superior market power or superior bargaining power was issued by Trade Competition Commission of Thailand.**

On 30 May 2024, the Trade Competition Commission of Thailand (“TCC”) published its decision on a new case concerning determination of fee for selling movie tickets via online channel and ticketing kiosk.

In this case, the first accused is a company, operating a theater business and having a market share in the theater industry in Thailand exceeding 10 %, whom movie producers and distributors shall rely on for screening their movies in the theaters of the first accused. The first accused becomes an undertaking having market power in the theater industry in Thailand pursuant to The TCC’s Notification on Guidelines for the Assessment of Unfair Trade Practices Resulting in Damage to Other Undertakings.

Before making a decision, the TCC had considered that there are three reasoning factors, performed by the first accused, which would be deemed that the first accused utilized its marketpower. The aforementioned factors are:

- (i) the first accused deducted the fee from selling movie tickets via online channel and ticketing kiosk from the revenue share, which had been agreed by the parties, without any consent from the movie producers and distributors of which their movies were screened in the theaters of the first accused;
- (ii) this fee deduction condition has neither been made in writing nor informed to those movie producers and distributors in advance; and
- (iii) that fee deduction is not considered as a trade tradition.

As a consequence, the TCC finally decided that the action of the first accused in fee deduction is considered as unfairly utilizing superior marketpower, which results in damage to other undertakings under section 57(2) of the Trade Competition Act B.E. 2560 (A.D. 2017). The first accused, therefore, is subject to the administrative fine according to section 82 of the Act.

Last but not least, since the action in such fee deduction is under responsibilities of the second accused and the second accused initiated the fee deduction, the second accused is also be reliable for the offence committed by the first accused. The second accused is therefore subject to the administrative fine in accordance with section 84 of the Act as well.

## VISA

### **Extended visa period for foreign tourists, students, and digital nomads**

The government of Thailand approved on 28 May 2024 the longer stay visa periods for foreign visitors, postgraduate students, and remote workers. Also, there is a new change of conditions for retirement visa for foreigners in order to promote the tourism industry in Thailand since it has been considered as one of the largest economic sectors. The changes will start in June 2024.

The new visa regulations will allow oversea tourists coming from 93 countries, previously from 57 countries, to stay in Thailand for 60 days from the current period of 30 days. For foreign students, the new visa scheme will allow postgraduate students to stay in Thailand for additional one more year after their graduation. On the other hand, a new visa policy for overseas digital nomads or remote workers will extend the period of stay to 5 years from the current one for

60 days provided that each stay cannot exceed 180 days.

### **Extension of Free-Visa Period for Tourists from India and Taiwan**

The Ministry of Foreign Affairs has announced that it extended the free visa period for tourists coming from India and Taiwan. According to the Cabinet's resolution in October 2023, it has already approved the 30-day free visa schemes to the visitors from these two countries for the purpose of tourism, previously starting from 10 November 2023 to 10 May 2024. The policy is extended to 11 November 2024 since the Minister believed that the Indian and Taiwanese tourists would stipulate the domestic economic growth, especially in the tourism industry.

Should you have any question, please do not hesitate to contact us via [info@bglballaw.com](mailto:info@bglballaw.com)

