



# MOF NEWS

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## Thailand World Bank's Doing Business Report 2018

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Mr. Suwit Rojanavanich, Director-General of the Fiscal Policy Office and Spokesman for the Ministry of Finance announced today that Thailand is ranked 26<sup>th</sup> place among 190 economies in the Doing Business Report 2018 published by the World Bank on October 31, 2017. Compare to the rank a year before, which Thailand held 46<sup>th</sup> place, this is a significant jump up of 20 places in ranking. The report also highlighted that Thailand is the worldwide second most improved country in the ease of doing business compare to last year, with an overall DTF score of 77.44, increased by 5.68 from last year. Thailand has remained the third best in ASEAN and moved closer to Singapore ranked 2<sup>th</sup> (score of 84.57) and Malaysia ranked 24<sup>th</sup> (score of 78.43).

Thailand's success is attributed to the strong government leadership at the highest levels and collective efforts from authorities in implementing a number of practical measures, ranging from simplifying procedures, digitalization of government services and improving the regulatory framework. This report shows the successful achievement of Thailand in improving business environments for better competitiveness. For this year, Thai Government has improved significantly in 6 key areas as follows. **(1) Starting a Business** this aspect's ranking has improved to the 36<sup>th</sup> rank (score of 92.34) from the 78<sup>th</sup> rank in the last report (score of 87.01). The key improvement comes from the introduction of electronic system that significantly shorten the time used for starting a business from 25.5 days to 4.5 days. The Government also decided to abolish the 2 requirements which are a company seal on shares certification and a permit from the Department of Labour Protection and Welfare on company's work regulations. **(2) Getting Electricity** this ranking has improved to the 13<sup>th</sup> rank (score of 90.99) from the 37<sup>th</sup> rank in the last report (score of 83.22). Major improvement is stemmed from both the streamlining procedures (from 5 to 4 procedures) which resulted in processing time reduction (from 37 to 32 days). **(3) Getting Credit** this ranking has improved from the 82<sup>th</sup> rank (score of 50) last year to the 42<sup>th</sup> rank (score of 70) due mainly to the introduction of the Secured Transaction Act B.E. 2558 (2015). This law expands the types of qualified assets, including movable assets and intellectual property, to be used as collaterals against the loans. The Government also amended the Bankruptcy Act B.E. 2483 (1940) that allows creditor to make use and enforce on perishable collateral at much shorter timing. **(4) Protecting Minority Investors** this ranking has also greatly improved from the 27<sup>th</sup> rank (score of 66.67) last year to the 16<sup>th</sup> rank (score of 73.33) this year as a result of (a) the

amendment of the Public Limited Companies Act B.E. 2535 (1992) to strengthen minority shareholders by allowing 10 percent of shareholders to call for extraordinary shareholders' meeting (under article 100) and allowing 5 percent of shareholders to jointly request company managements to conduct a financial audit (under article 128). (b) the amendment of Section 1201 of the Civil and Commercial Code to put time limit on payments of dividend to within 1 month after the shareholders' resolution and (c) the promulgation of the Notification of Capital Market Supervisory Board No. 39/2559 to enforce the recapitalization for registered company to be completed within 1 year after approved by shareholder meeting, and also prohibit such company to sell share to its subsidiaries. **(5) Paying Taxes** the ranking has emerged from the 109<sup>th</sup> last year (score of 68.68) to the 67<sup>th</sup> rank (score of 76.73) this year as the Department of Revenue has introduced the Automatic Risk-based System to reduce tax compliance time and cost. Such new system allows the auditing practice to be apply only to a high risk company while other companies could enjoy a shorter auditing time for their tax auditing. In addition, the Revenue Department increases allowance for investment expenses which result in reduction in ratio of tax payable to profit from 32.6 to 28.7 **(6) Enforcing Contracts** the ranking has improved from the 51<sup>th</sup> rank last year (score of 64.54) to the 34<sup>th</sup> rank (score of 67.91) this year due to the use of electronic system to increase efficiency in lawsuit processes. These initiatives have brought down the duration of filing, trial and enforcement of judgement from 440 days to 420 days.

Notwithstanding a significant improvement in the overall ranking this year, the Thai government firmly commit to continue to improve its business environments not for ranking purposes but for a better competitiveness of the country that will bring in greater degree of both domestic and foreign private investments and, as a result, create quality jobs in the long run.

The World Bank's Doing Business Report aimed to provide comparative business environment and government's facilitation in private sector's doing business across 190 countries. The report presents indicators representing activities along the stages of business life cycle, ranging from starting a business, operating a business and dissolving a business. There are totally 10 indicators (1) Starting a Business (2) Dealing with Construction Permits (3) Getting Electricity (4) Registering Property (5) Getting Credit (6) Protecting Minority Investors (7) Paying Taxes (8) Trading Across Borders (9) Enforcing Contracts and (10) Resolving Insolvency.