

## Bill on Companies Limited (Sole Proprietor) Approved by the Cabinet

On 24<sup>th</sup> January 2017, the Cabinet approved in principle the Bill on Companies Limited (Sole Proprietor) (the “Bill”) as proposed by Ministry of Commerce, and ordered the Office of the Council of State to propose amendments to related laws, while taking into consideration opinions of the Ministry of Justice, the Bank of Thailand, and the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB).

Currently, the law requires each private limited company to have at least three shareholders. Under the Bill, each individual is allowed to establish a limited company with himself or herself as the sole owner.

The Ministry of Commerce expected the Bill to reduce the cost and time involved in business registration as only one person would register, manage and operate the company, while the overall number of internal disputes in companies would also decline.

Under the Bill, after being formally registered as a sole proprietor company, such company would be recognized and registered in the database of the Business Development Department so that they have a chance to access funding sources and government support.

The Bill aims to encourage small and medium-sized enterprises (SMEs) to register as a legal entity. The approval of this Bill is part of the government’s drive to enhance the ease of doing business for enterprises that wish to be established on their own, and without more than one shareholder. The Bill will give such enterprises access to governmental benefits and convenience for self-employment regulation.

The Bill will be handed over to the coordinating committee of the National Legislative Assembly (“NLA”) before being submitted to the NLA for final approval. Once the NLA approves it, it will be submitted for the Royal endorsement and published in the Government Gazette before becoming effective.

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