

## Section 44 Used to Amend Five Laws for Ease of Doing Business in Thailand

The Head of the National Council for Peace and Order (“**NCPO**”) issued the Order No. 21/2017 under Section 44 of the Interim Constitution to improve ease of doing business in Thailand by amending five legislations (the “**Order**”). The Order was published in the Royal Gazette on 4<sup>th</sup> April 2017 and has become effective on and from the same day.

Mr. Tossaporn Sirisamphan, the secretary-general of the Office of the Public Sector Development Commission said that this year Thailand is ranked 46<sup>th</sup> in the World Bank's Ease of Doing Business report, up three spots from last year. Thailand ranked ninth in Asia, trailing only Singapore and Malaysia in ASEAN. The government is eager to tackle areas that need improvement and make it easier to do business, creating business-friendly environment in Thailand. The goal is for the country to be one of the top 30 for business-friendly destinations and attract more investment.

The laws which were amended by the Order are (1) the Civil and Commercial Code (“**CCC**”), (2) the Labor Protection Act, (3) the Public Limited Companies Act, (4) the Social Security Act, and (5) the Bankruptcy Act. Some major changes are as follows.

The CCC is amended to facilitate entrepreneurs by allowing company registration at any district nationwide instead of requiring them to register their company at the location where a company has been established. The Order also removes the requirement that every certificate of shares shall bear the seal of the company. A certificate of shares is now only required to be signed by at least one of the directors. In addition the CCC is amended to add one more possible ground for a limited company to be dissolved by the Court, i.e., when there is any other cause making the continuance of the company be impossible.

The Order amended the Public Limited Companies Act to help protect small shareholders by reducing a required proportion of shareholders when an extraordinary meeting is called. Under the amended law, shareholders holding shares amounting to not less than ten percent of the total number of shares sold may subscribe their names to a notice requesting the board of directors to convene an extra-ordinary meeting of shareholders at any time.

The Order also amended the Public Limited Companies Act to reduce a required proportion of shareholders for requesting the Registrar to appoint an inspector to examine the affairs and financial status of the company and to also inspect the operation of the board of directors. The amended law only requires shareholders holding shares amounting to not less than five percent of the total number of shares sold to subscribe their names to such request.

The Order amended the Bankruptcy Act by adding more situations where a secured creditor can

exercise enforcement for payment of the debt against property given as security. Under the existing law, a secured creditor cannot exercise enforcement for payment of the debt against property given as security unless upon permission by the court receiving the petition. The Order added that a secured creditor can exercise enforcement for payment of the debt against property given as security if the period of one year from the date of receipt of the petition by the court passes without any permission issued. The court may extend such period twice, provided that it does not exceed six months each time.

The Bankruptcy Act is also amended to be more practical and compatible with e-Society. The Order allows a receiver to publish any order or decision of the court or declaration or order of a receiver in an electronic public communication media as prescribed by director-general of Legal Execution Department, instead of publishing in daily newspaper and it is presumed that every person has had the knowledge of such order, decision or declaration.

### AUTHOR



**Kowit Somwaiya**  
Managing Partner | **Bangkok**  
kowit.somwaiya@lawplusltd.com



**Paramee Kerativitayanan**  
Associate | **Bangkok**  
paramee.kerativitayanan@lawplusltd.com

LawPlus Ltd.  
Unit 1401, 14th Floor, Abdulrahim Place 990  
Rama IV Road, Bangkok 10500, Thailand  
Tel: +662 636 0662  
Fax: +662 636 0663

LawPlus Myanmar Ltd.  
Unit No. 520, 5th Floor, Hledan Centre  
Corner of Pyay Road and Hledan Road, Kamayut Township,  
Yangon, Myanmar  
Tel: +95 (0)92 6111 7006  
and +95 (0)92 6098 9752