

## New Rules on Direct Sales and Direct Marketing

On 2<sup>nd</sup> November 2018, the Prime Minister issued 2 Ministerial Regulations under the Direct Sales and Direct Marketing Act B.E. 2545 (A.D. 2002) (“**DSDMA**”) as amended by the Direct Sales and Direct Marketing Act (No. 3) B.E. 2560 (A.D. 2017) to exempt e-commerce from the DSDMA and to set out rules for direct sales and direct marketing businesses to deposit guarantees on their operations. The 2 regulations were published in the Government Gazette on, and became effective from 20<sup>th</sup> November 2018.

The key provisions of the 2 regulations are as follows:-

1. "Direct Marketing" does not include online sales of goods or services (e-commerce) by:-
  - (1) individuals not registered as a direct market business operator with annual revenue from e-commerce not more than THB1.8 million;
  - (2) SMEs under the SME promotion law;
  - (3) social enterprises and networks of social enterprises under the social enterprise promotion law;
  - (4) agricultural co-operatives and groups of farmers under the law on agricultural co-operatives.
2. New and existing direct sales and direct marketing business operators must deposit a guarantee with the Registrar at the Office of the Consumer Protection Board within 30 days for the new operators or 90 days for the existing operators after receiving a notice from the Registrar.

The operators must notify their revenues from the direct sales or the direct marketing to the Register annually within 60 days after the end of each tax year for the Registrar to adjust the amounts of their guarantees for the following year.
3. Each new individual operator must place a guarantee of THB25,000 for direct sales and THB5,000 for direct marketing. Each new legal entity operator must place a guarantee of THB 25,000 for each of its direct sales and direct marketing operations.
4. Each existing direct sales operator must place a deposit of THB25,000 per year if their director sales revenues are not more than THB25 million. If their annual direct sales revenues are more than THB25 million, their guarantee amounts will range between THB50,000 to THB200,000 depending on amounts of their revenues. Individual direct marketing operators with annual revenue not more than THB25 million must deposit a THB5,000 guarantee (THB25,000 for legal entities). The direct marketing operator with annual direct marketing revenues higher than THB25 million must deposit a guarantee between THB50,000 to THB200,000 depending on the

amounts of their revenues.



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