

14 LEGAL ISSUES FOR THE START-UP OF A COMPANY



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1. Promoters

The parties responsible for registering the company with the MOC are referred to as the company's promoters. The promoters must be at least 3 individuals (not business entities), and they must be available to sign documentation, as required, during the registration process.

2. Timing

Registration of the company occurs at the MOC and can normally be accomplished within one to two weeks, depending upon a number of factors.

3. Filings

All documents associated with the company's registration must be submitted to the registrar of the Department of Business Development of the MOC.

4. Company Name

The first step of the company registration process is the name reservation. In order to reserve the name, one of the promoters is required to apply via the internet at www.dbd.go.th.

"The start-up process involves registration with the Ministry of Commerce (MOC), obtaining a VAT (Value Added Tax) Certificate, if required, from the Revenue Department,

Also it is required to obtain other government licenses and approvals that may be required, depending upon the business activities the company seeks to engage in."





5. Signatures

After the name is reserved, the company Memorandum of Association (MOA) must be submitted.

6. Address

The MOA must contain the physical address of the company to be formed. A PO Box address will not be acceptable.

7. Registered Capital

Registered capital refers to the total financial responsibility of the company's shareholders with respect to the company. Each shareholder should note that although he is generally required to pay in only 25% of his shares' par value upon registration, that shareholder's potential liability associated with the company's activities is 100% of his shares' par value.

8. Minimum Capital

The general rule is that there is only a very low minimum registered capital requirement for a company limited (registered par value of each share must not be less than five baht per share).

9. Articles of Association

A company is normally completely free (within legal limits and as long as proper regulatory procedures are followed) to submit its own unique Articles; however, many new companies will instead initially elect to adopt standard Articles upon incorporation.



10. Directors

Many times, as a controlling mechanism, the company will designate that only a combination of two or more directors signing together are authorized to sign on behalf of the company. Also, many companies will designate that a director(s) may sign on behalf of the company only together with the company seal. This makes the physical presence of the company seal another control mechanism.

11. Auditor Information

During the company registration process, the promoters will be required to supply the name, license number, and remuneration of the auditor the company is planning to engage.

12. Official Fees

The amount of official fees payable to the MOC is fixed irrespective of the amount of the company's registered capital. There are two separate official fees payable at different stages of the incorporation process.

The first official fee is payable at the time of approval of the MOA. The fee is 500 baht. The second official fee is payable upon the company's final registration. This fee is 5,000 baht.

13. Bank Accounts

Immediately after registration is complete, most companies will want to open a corporate bank account. Requirements to open a corporate bank account vary from bank to bank, but generally, the company will be required by the bank to provide its various company documents.

14. Public Access to Company Details

After the company is successfully registered, many details regarding the company's structure are easily available to the public at the MOC.

Author



Michael Doyle
Senior Partner

Tel: (662) 693 2036
Email: michael@serimanop.com

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Contact Us



Seri Manop & Doyle Ltd.

No. 21 Soi Amnuaiwat, Sutthisan
Road, Samsenok Sub-district,
Huaikhwang District, Bangkok 10310,
Thailand

Tel: (662) 693 2036
Email: info@serimanop.com

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