

# Trade Digest

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## Thailand Shows Strong Improvement in Ease of Doing Business

The World Bank's ease of doing business index is an internationally recognized measurement of the how easy or difficult it is to engage in business operations in each economy based on the local regulatory environment. In the latest 2018 version – released on 31 October 2017 – Thailand impressively moved up 20 positions from 46th to 26th place. Thailand now ranks better than some high-income economies such as France, Japan and the Netherlands. In comparison with neighboring ASEAN countries, Thailand comes third, behind Singapore and Malaysia at 2nd and 23rd place, respectively.

The index is divided into 10 sub topics: Starting a Business; Dealing with Construction Permits; Getting Electricity; Registering Property; Getting Credit; Protecting Minority Investors; Paying Taxes; Trading across Borders; Enforcing Contracts; and Resolving Insolvency. Several of these sub topics have seen significant improvement in Thailand. For instance, the rankings for Starting Business and Paying Taxes have each moved 42 positions from 78th to 36th and from 109th to 67th, respectively. The ranking for Getting Credit ranking also showed significant improvement, moving up 40 positions from 82nd to 42nd.

As a reflection of Thailand's improved ranking, the time and cost associated with these processes have dramatically decreased on several fronts. Registering a business now requires only 4.5 days, in contrast to 25.5 days reported for the previous year. This is mainly due to the improved efficiency at the Single Point Service Center at the Department of Business Development, Ministry of Commerce. The company, Tax Identification Number, Social Security and the Workmen's Compensation Fund registration processes can now all be completed within 1 day. It is indeed an astounding step up, since in previous year, this process required 22 days. In addition, the requirement to obtain a company seal has been abolished.

On tax compliance, the types of taxes and the number of payments remains largely unchanged. Nonetheless, score and ranking improvements have resulted from lower contribution rates; that is, the average portion of tax payment per total profit decreased from 32.6 to 28.7 percent due to the new property tax code and the reduction of the property transfer tax rate.

Apart from the specific improvements mentioned, several business code reforms have positively affected Thailand's business environment. For example, new legislation broadens the scope of assets that can be used as collateral, which allows easier access to credit. The use of a geographic information system has enabled a faster process of property registration and electrification by diminishing the needs for an on-site inspection.

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If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company (Thailand) services, please contact any of the persons below:

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