



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

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Thailand is the second largest ASEAN economy and has upper middle-income status. Thailand has managed to maintain its relative fiscal strength and low external vulnerability, despite the sharp contraction of economic activity experienced in 2020.

The economic recovery is expected to be gradual in the next two years, and depends heavily on the ongoing health situation, the vaccination campaign and ongoing disruption to domestic and international travel. Real GDP growth will be supported by manufacturing, good exports (although less than other ASEAN countries, as electronics exports represent only less than 15% of total exports in Thailand) and fiscal policy. Internal demand is expected to remain weak over the next two years.

Medium to long term prospects have not significantly deteriorated compared to pre- COVID-19 levels. The tourism sector (while deeply affected in the short term) is highly competitive, the manufacturing sector should return to its pre-COVID-19 trends (as no significant relocation of production capacity has yet been observed), and the banking sector is sound and well capitalised, which will continue to support funding to the economy.

The biggest threat to Thailand's economic growth, and its main structural weakness, remains political risk. After a few years of apparent calm, social tensions rose again significantly in 2020. The political climate is still tense and could deteriorate further once the health situation stabilises. Yet the resurgence of political tensions and the proliferation of popular demands will not necessarily lead to a radical regime change in the short or even the medium term.

Thailand's chronic political instability hampers the implementation of the structural reforms needed to adapt to an ageing population, the lack of infrastructure, and the growing risk that the country will remain mired in a middle income trap.

Summary

BNP Paribas presence

BNP Paribas has had a presence in Thailand since 1979, with a full branch license granted in 1997. The bank has a business centre located in Bangkok, and customers have access to over 145 branches. BNP Paribas provides comprehensive support for the domestic and cross-border cash management and international trade finance needs of both Thai companies operating internationally and foreign company doing business in Thailand.

Currency

Currency

- Thai Baht (THB).

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: THB per USD	35.296	33.940	32.310	31.048	31.29

Source: IMF, International Financial Statistics, June 2021.

Central Bank

- The Thai central bank is the Bank of Thailand (BOT - www.bot.or.th).

Bank supervision

- Thai banks are supervised by the BOT.

Bank accounts

Resident / non-resident status

- A company incorporated in Thailand is considered a Thai resident.

Bank accounts for resident entities

	Within THAILAND	Outside THAILAND
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Local Currency	Permitted, fully convertible	Permitted with approval, fully convertible
Foreign Currency	Permitted, fully convertible	Permitted, fully convertible

Bank accounts for non-resident entities

	Within THAILAND	Outside THAILAND
Local Currency	Permitted, fully convertible	Permitted, fully convertible
Foreign Currency	Permitted, fully convertible	Not applicable


Lifting fees

- Few lifting fees are applied because of the difficulties of making payments between resident and non-resident bank accounts.











BNP Paribas Cash Management Capabilities

Collections



Cash collections	✓
Cheque collections	✓
Direct debit collections	●
Domestic incoming transfers	✓
Virtual IBAN	●
Virtual accounts	✓

International incoming transfers	
Card acquiring	

Payments

Cash withdrawals	
Cheque payments	
Direct debit payments	
Domestic outgoing transfers	
Commercial cards	
Virtual cards	
International outgoing transfers	
SWIFT gpi	
Real-time international payments through BNP Paribas' network	
Card issuing	

Channels

Local e-Banking	
Global e-Banking - Connexis	
SWIFT/ host to host	

Market overview

Thailand's use of cash remains strong, despite the increasing popularity of mobile wallets and card payments. According to a Global Survey of Saving and Investment Strategies by Nielsen, nearly 7 out of 10 people still prefer to use cash over credit cards for their daily shopping. However, the country's digital payments more than doubled via the PromptPay Platform in February 2021, on February 2020 figures, due, in large part, to the outbreak of Covid 19.

Electronic banking services are available from most banks. There is no national electronic banking standard in Thailand, so companies use banks' proprietary services. An Online Retail Funds Transfer (ORFT) system enables interbank retail funds transfers to be performed through an interbank network via ATMs, internet, mobile or bank counters.

Online and mobile banking services are provided by the country's leading banks. There were approximately 32.7 million and 68.8 million internet and mobile banking agreements in Thailand respectively at the end of February 2021. The volume and value of internet banking transactions at the end of 2020 totalled 727,810 thousand, with a value of THB 28,378 billion. The volume and value of mobile banking transactions in 2020 totalled 9,272,215 thousand, with a value of THB 34,233 billion, an increase on 2019 figures of 4,925,109 thousand transactions, with a value of THB 24,408 billion.

Payment Systems

BAHTNET	Type	<ul style="list-style-type: none">• Real-time gross settlement.
	Participants	<ul style="list-style-type: none">• 61 participants.
	Transaction types processed	<ul style="list-style-type: none">• High-value and urgent domestic THB-denominated credit transfers.• Net obligations from Thailand's other payment systems.
	Operating hours	<ul style="list-style-type: none">• 08:30-17:30, daily except bank holidays.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none">• Payments are cleared and settled in real time.• Cut-off time = 17:30 ICT.

	System holidays	<ul style="list-style-type: none"> • BAHTNET is closed on all Thai bank holidays. • Thailand's bank holidays are: <ul style="list-style-type: none"> ◦ 2nd half 2021: 26, 28 July, 12 August, 13, 22 October, 6, 10, 31 December. ◦ 2022: 3 January, 6, 13, 14, 15 April, 2, 4, 16* May, 3 June, 12, 28 July, 12 August, 13, 24 October, 5, 12, 31 December.
BPS	Type	<ul style="list-style-type: none"> • Multilateral deferred net settlement system.
	Participants	<ul style="list-style-type: none"> • 32 direct participants of DC3 (credit next day). • 30 direct participants of DC2 (credit same day)
	Transaction types processed	<ul style="list-style-type: none"> • Low-value (up to THB 2 million) and non-urgent THB-denominated electronic credit and debit payments.
	Operating hours	<ul style="list-style-type: none"> • 24 hours a day, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled on a same-day or next-day basis. • The BPS calculates net clearing positions. • Same-day settlement cut-off time = 12:00 ICT. • Next-day settlement cut-off time = 12:30 ICT. • Final settlement takes place via BAHTNET.
	System holidays	<ul style="list-style-type: none"> • BPS is closed on all Thai bank holidays. (Dates as above)
ICAS	Type	<ul style="list-style-type: none"> • Multilateral deferred net settlement system.
	Participants	<ul style="list-style-type: none"> • 36 direct.
	Transaction types processed	<ul style="list-style-type: none"> • Cheque payments which are truncated into electronic items before being processed.
	Operating hours	<ul style="list-style-type: none"> • 24 hours a day, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled on a same-day or next-day basis. • Cheques are sent to the BOT's Electronic Clearing House by member banks before being cleared in ICAS. • Cut-off time for same-day settlement = 14:30 ICT. • Cut-off time for next-day settlement = 15:30 ICT. • Funds are available from 12:00 ICT.
	System holidays	<ul style="list-style-type: none"> • ICAS is closed on all Thai bank holidays. (Dates as above)

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and for treasury payments.
- High-value and urgent domestic THB-denominated credit transfers are settled in real time via BAHTNET.
- Low-value, non-urgent THB-denominated credit transfers are settled on a same-day/next day basis via the BPS.
- In 2020, 464,202 direct credit transactions were processed via the direct credit subsystem of the BPS (326,888 in 2019), with a value of THB 21,644 billion (THB 20,820 billion in 2019). In the same period 96,564 thousand transactions (60,484 in 2019) were processed via the SMART Credit service, with a value of THB 4,258 billion (THB 3,463 billion in 2019).
- High and low-value transfers can be processed via PromptPay (up to THB 2 million per transaction) in real time via BATHNET. PromptPay
 - enables payments to be made by individuals and companies online or via mobile using mobile or ID numbers. There are 29 bank participants in PromptPay.
- In the 12 months between February 2019 and February 2020, the volume of PromptPay transactions more than doubled from 308,343.43 thousand to 624,787.89 thousand. Value increased from THB 1,416.5 billion to THB 2,251 billion.
- Cross-border transfers can be made through BAHTNET via SWIFT. PromptPay is lined with PayNow in Singapore to enable cross-border transactions to be made.
- The BOT is currently implementing ISO 20022 international message standard in BAHTNET, to facilitate interoperability with important payment infrastructures and to support both domestic and cross-border payment transactions.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- High-value direct debits are settled via BAHTNET.
- Low-value direct debits are settled on a next-day basis via the BPS Debit Next Day service.
- In 2020, THB 7,429 billion of direct debits were processed via the BPS.

Cheques

- The cheque is a common cashless payment instrument used by both consumers and small companies. Its use is in slow decline however, as electronic payment methods become more popular.
- In 2020, the total volume of interbank cleared cheques was 47.72 million, with the total value of THB 27.65 trillion, a 16.95% fall on 2019. Value fell 18.44%.
- All cheques are truncated into electronic items before being settled on a next-day basis via ICAS.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were approximately 64,305,201 debit and 24,626,610 million credit cards in circulation in February 2021. There were also 10,656,842 million ATM cards.
- In 2020, 710,264 thousand credit card transactions were processed (648,801 thousand in 2019). Credit card payments totalled THB 1,309 billion in 2020 (THB 1,882 billion in 2019). In the same period, 2,135,853 thousand debit card transactions (166,821 thousand in 2019) were processed. Direct debit card transactions totalled THB 7,956 billion (THB 253 billion in 2019).
- Visa and Mastercard-branded payment cards are the most widely issued.
- American Express and Diners Club credit cards are also available.
- Visa and MasterCard card payments are cleared and settled by their respective international card schemes.
- Debit card payments are settled via the National ITMX switching system.
- The Thai Payment Network (TPN), in partnership with UnionPay International and Bangkok Bank, operates a local-card network for processing electronic payments.

ATM/POS

- There are approximately 113 ATMs per 100,000 adults in Thailand.
- There were approximately 890,764 EFTPOS terminals in Thailand at the end of February 2021.
- Most ATM payments are settled via the National ITMX (14 bank participants), which connects to the international ASEANPay network.
- Internationally branded cards can be settled via their individual schemes.

Electronic wallet

- The dominant electronic money schemes in Thailand are low-value, stored value cards.
- There were 111.2 million stored value e-money cards in Thailand at the end of February 2021.
- Payments are settled via individual schemes.
- Mobile wallet schemes have been widely adopted. Leading e-wallets include TrueMoney, Line Pay and AirPay.
- In 2019, MyPromptQR was launched. Thai QR is the country's standardised QR code.
- E-money transactions totalled THB 29,042.79 million in 2020 (THB 282 billion in 2019).

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are not available.

Demand deposits

- Demand deposits are not widely available.

Time deposits

- Time deposits are available in THB or major foreign currencies for terms of three, six and 12 months.

Treasury (government) bills

- The BOT auctions treasury bills on a weekly basis with maturities of one and three. The BOT has discontinued the issuance of new six-month bills. The Public Debt Management Office will auction the bills on a regular basis instead.
- Government bonds are issued weekly with terms ranging from one month to two years.

Commercial paper

- Domestic commercial paper is available, although few domestic companies are able to issue unsecured paper. Most commercial paper is issued by financial institutions.
- When available, commercial paper is issued with terms up to 270 days, although terms between four and 12 weeks are most common.

Money market funds

- Money market funds are available.

Repurchase agreements


- Bilateral repurchase agreements with maturities ranging from one week to six months are available.

Banker's acceptances

- Banker's acceptances are not commonly used in Thailand.

BNP Paribas Trade Finance Capabilities



Trade payments

Documentary credits	
Documentary collections	

Guarantees

Bank guarantees	
Standby letters of credit	

Supply chain management

Receivables	
Payables	
Inventory	

Trade channels

Connexis Trade	
Connexis Supply Chain	

SWIFTNet Trade for Corporates	
Connexis Connect	
Connexis Guarantee	
SWIFTnet Supply Chain	

- BNP Paribas' Global Trade Solutions (GTS) team in Thailand offers dedicated trade finance support with two senior trade managers. The local GTS team provides corporate clients with high-quality services from sales process through to documentation and daily operations. It offers traditional trade finance and supply chain management solutions in line with the needs of corporations headquartered in, or operating in Thailand, in compliance with local regulations.

International trade

General trade rules

- As a member of the Association of Southeast Asian Nations (ASEAN), Thailand has entered into the ASEAN Trade in Goods Agreement (ATIGA) between member states (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam). Thailand is also a member of the ASEAN Free Trade Area (AFTA) and is committed to reducing and eliminating tariffs between members.
- As a member of the Asia-Pacific Economic Cooperation (APEC) forum, Thailand has agreed to liberalise trade and investment rules between members.

Trade agreements

- Thailand has signed free trade agreements (FTAs) with Bahrain, Australia, Chile, China, Peru and South Korea and economic partnership agreements with Japan and New Zealand.
- Thailand has a preferential trading arrangement with Laos.
- Thailand has agreed in principle an FTA with Bangladesh.
- Thailand is a signatory of the Regional Comprehensive Economic Partnership (RCEP). The country ratified the agreement in February 2021.

- ASEAN has signed FTAs with Australia, China, Hong Kong, Japan, India, New Zealand and South Korea.
- Thailand is in FTA negotiations with a number of states, including EFTA and the EU, India, Pakistan, Sri Lanka, Turkey and the USA.

Imports / exports

Imports	Crude petroleum	Integrated circuits	Natural gas	Vehicle parts	Gold
Primary Import sources	China (22.0%)	Japan (14.0%)	USA (7.0%)	Malaysia (6.0%)	
Exports	Office machinery	Integrated circuits	Automobiles and parts	Delivery trucks	Gold
Export markets	USA (13.0%)	China (12.0%)	Japan (10.0%)	Vietnam (5.0%)	

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	214,251	233,688	251,108	242,701	226,716
	- services USD m	67,793	70,964	77,474	81,178	31,703
Imports	- goods USD m	177,711	201,107	228,721	215,976	186,896
	- services USD m	43,511	46,668	54,939	56,855	46,868
Current account as % GDP		+ 11.9	+ 9.6	+ 5.6	+ 7.0	+ 3.3

Source: IMF, International Financial Statistics, June 2021.

Documentation

- The following documentation is required in order to import goods into Thailand:
 - commercial invoice
 - bill of lading
 - packing list
 - customs declaration
 - terminal handling receipts.

Import licences

- Licences are not required for most imports.
- The Ministry of Commerce issues licences for controlled or restricted goods.
- The Food and Drug Administration issues licenses for certain food and pharmaceutical products.

Import taxes and tariffs

- Tariffs are generally set at an ad valorem rate.
- In some instances, non-ad valorem specific rates, duty free rates or alternate duty rates are placed on imports.

Financing requirements

- None

Risk mitigation

- None.

Prohibited imports

- Prohibited imports are published on a negative list.
- Thailand prohibits the import of certain items in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Trade finance - Exports

Documentation

- The following documentation is required in order to export goods from Thailand:
 - commercial invoice
 - customs declaration
 - terminal handling receipt
 - bill of lading
 - certificate of origin.

Export licences

- Licences are required when exporting rubber rice, sugar, tinned tuna, coal, charcoal and textile products.

Export taxes and tariffs

- Tariffs are generally set at an ad valorem rate.
- In some instances, non-ad valorem specific rates, duty free rates or alternate duty rates are placed on exports.

Financing requirements

- None

Risk mitigation

- Export-Import Bank of Thailand (EXIM Thailand), Thailand's national export credit agency, provides state-supported export credit insurance and financing.
- Export credit insurance and financing are also available privately from domestic and commercial banks.

Prohibited exports

- Prohibited exports are published on a negative list.

Regulatory requirements

Reporting regulations

- Foreign currency transactions with a value of USD 50,000 or above (or its equivalent) between resident accounts and accounts held by non-residents must be reported to the BOT on a daily basis.

Reporting method

- Banks submit daily reports on their client's behalf via the BOT International Transactions Reporting System.

Exchange controls

- Exchange controls are administered by the BOT.
- The BOT is in the process of relaxing foreign exchange regulations under the Foreign Exchange regulation Reform.
- The threshold for proceeds from abroad that do not need to be repatriated has been raised to USD 1 million (previously USD 200,000). Any person receiving foreign currencies from abroad in an amount equivalent to USD 1 million or above is required to repatriate such funds immediately and sell to an authorized bank or deposit them in a foreign currency account with an authorized bank within 360 days of receipt.

- Liquidity provided by financial institutions to non-residents without an underlying trade or investment is limited to THB 200 million. Borrowing from non-residents is limited to THB 10 million.
- A Thai company is allowed to lend to non-affiliated business entities abroad without any limit.
- Non-residents require approval from the BOT, the Ministry of Finance and the Securities Exchange Commission to issue or sell securities and money market instruments in Thailand.
- The central banks of Thailand and Malaysia launched the operation of a local-currency settlement framework for the settlement of MYR (Malaysian ringgit) and THB in 2016. The bilateral framework makes the process of obtaining THB in Malaysia and MYR in Thailand to settle import/export trade accounts much more efficient. The framework also covers THB.

Taxation

Resident / non-resident

Resident/non-resident

- A limited company is tax resident if it is incorporated in Thailand.
- A branch of a foreign company or a partnership is considered tax resident if it is registered with the Ministry of Commerce (MOC) to conduct business in Thailand.
- For corporate income tax (CIT) purposes, a joint venture (JV) can be considered a taxable entity (separate from the JV partners) even if the JV is not incorporated or registered with the MOC but is registered with the Revenue Department. In these circumstances, the JV is liable for CIT (separately from the JV partners).
- A branch of a foreign company that (i) carries on a business in Thailand or (ii) has an employee, representative, or intermediary who engages in business activities for the foreign company in Thailand, is deemed to carry on a business in Thailand and is subject to CIT on Thailand-sourced income.

Financial instruments

- Thailand has no specific rules for the taxation of financial instruments. The tax treatment is based on general principles as articulated in the Thai Revenue Code, which are clarified in private tax rulings and court decisions.

Interest and financing costs

- Whilst there are no specific rules for the taxation of interest and financing costs (e.g. thin capitalisation), they should in principle be determined by reference to market values.

Foreign exchange

- The Revenue Code Amendment Act No. 50 B.E. 2562 provides additional exchange rates that may be used by a company.
- The exchange rates (effective on or after 1 January 2019) that may be used are:
- The average buying rate or average selling rate of commercial banks as calculated by the BOT.
- The average of the buying and selling rates of commercial banks as calculated by the BOT.

Advance tax ruling availability

- Advance private rulings are available at the request of the taxpayer. The status of a private tax ruling in Thailand is not legally binding on the Thailand Revenue Department. There are several past tax rulings that are available for reference on the website of the Thai Revenue Department (www.rd.go.th).
- Advance pricing agreements (APAs) are available under the transfer pricing regime.

Capital gains tax

- Capital gains are subject to the normal corporate income tax rate, with no restrictions on the use of capital losses to offset net taxable profits.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	1%	10% or exemption	3%	N/A
Non-resident entities	15% (1)	10%	15%	10% (4)

1. Interest paid to a non-resident company is subject to a 15% withholding tax unless the rate is reduced under a tax treaty

A 1% advance withholding tax applies to interest payments made by a corporation to a corporation carrying on business in Thailand, or by a corporation to a financial institution for interest on debentures or bonds, except for interest on deposits or negotiable instruments paid between a bank or finance company.

2. Dividends paid to another Thai company are subject to a 10% withholding tax, or are exempt if certain conditions are satisfied. Dividends paid to a non-resident company are subject to a 10% withholding tax. The withholding tax rate on dividends paid to a non-resident may be reduced under a tax treaty.
3. Royalties paid to another Thai company are subject to a 3% advance withholding tax, which may be credited against the final corporate income tax due for the accounting period. Royalties paid to a non-resident are subject to a 15% final withholding tax, unless the rate is reduced under a tax treaty.
4. Technical service fees paid to another Thai company are subject to a 3% advance withholding tax, which is used as a credit against the final corporate income tax due for the accounting period. Technical service fees treated as royalties and paid to a non-resident are subject to a 15% final withholding tax, unless the rate is reduced under a tax treaty.
5. A 10% branch remittance tax is imposed on after-tax profits paid or deemed paid to a head office.

Tax treaties / tax information exchange agreements (TIEAs)

- Thailand has concluded 61 income tax treaties.

Thin capitalisation

- There are no specific tax rules in relation to thin capitalisation.

Transfer pricing

- Under the transfer pricing regime, taxpayers must declare in their annual corporate tax return whether revenue and expense transactions are based on market prices, and the tax authorities may adjust income to reflect a market price.
- Advance pricing agreements may be obtained and, while transfer pricing documentation is not formally required to be maintained, there is an assumption (based on filing requirements and directives to revenue officers) that documentation should be available by the corporate income tax return filing date. A taxpayer may initiate an adjustment (up or down) if there is adequate documentation to substantiate the adjustment.

Stamp duty

- Normally, the transfer of shares, debentures, bonds and certificates of indebtedness is subject to stamp duty at a rate of 0.1% on the greater of the value of the paid-up registered shares or the value as defined in the instrument, unless an exemption is applicable, and 0.05% (capped at THB 10,000)

on loan agreements.

Cash pooling

- There are no specific tax rules for cash pooling arrangements.

Financial transactions / Banking services tax

- Apart from VAT or SBT, no specific financial transactions and/or service taxes apply to services, loans, money transfers, and letters of credit.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com).



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