

ASEAN TODAY

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ASEAN Economic Community News

ASEAN Business Survey

The Australian Chamber of Commerce released its Australian Business in ASEAN Survey 2017. The survey findings show that the top attraction for Australian businesses investing into the region is ASEAN's growing consumer market, not the economic integration of the ASEAN Economic Community. Corruption is rated the top challenge for Australian companies doing business in ASEAN. Over 60% of the surveyed firms expanded their trade and investment in the region in the past two years and 85% plan to expand their investment in the next five years. Singapore is the favorite spot to operate a regional hub and Vietnam is the most popular market for expansion. Two-way investment between ASEAN and Australia was US\$224 billion at the end of 2016.

ASEAN-China Consumer Protection

Representatives from ASEAN and China met in Beijing to discuss best practices and models for the effective functioning of product alert systems affecting voluntary and official recalls and bans of defective products. Both parties will continue to work together to identify areas of future technical cooperation and the operation of product recall systems. Stable and robust consumer protection systems are part of the ASEAN Economic Community Blueprint's initiatives.

Cambodia News

Competitiveness Challenges

Cambodia dropped five places on the World Economic Forum's Global Competitiveness Report this year and is now the third least competitive country in ASEAN. Cambodia ranked at 94 out of 137 countries, Laos ranked at 98, and Myanmar was omitted from the competitiveness index for the second year running.

Indonesia Watch

Immigration News

Indonesia's Directorate General of Customs and Excise now requires all foreign directors of import/export businesses to have work permits in order to apply for, amend, or renew their Customs Registration Number. This also applies to directors that don't reside in Indonesia. The Rehiring and Relocation of Illegals program was implemented earlier this year and allows illegal foreign workers to obtain valid work permits. The government warns that the program ends on December 31, 2017.

Vietnam Bulletin

Business Conditions

To help simplify the administrative process, especially for small and medium-sized enterprises, Vietnam's Ministry of Industry and Trade plans to cut its current 1200 conditions on business and investment in half. This is part of Vietnam's ongoing institutional reforms to make the country more attractive to local and international investment.

Laos News

Trademarks

Laos' Intellectual Property Department (IDP) says that the country's number of trademark registrations is not growing. The IDP attributes this to businesses lacking an adequate understanding of the concept of intellectual property and the importance of protecting unique identifiers such as titles, logos, and product labeling. The IDP has only received 40,000 trademark registration applications since 1991.

Philippines Update

Inbound Investment

The Philippine government wants to amend the current constitution to ease foreign ownership restrictions to increase inbound investment. It also wants to increase foreign ownership limits in sectors on the Foreign Investment Negative List.

THAILAND UPDATE

Tax

Exemptions Review

Thailand's Finance Ministry is considering three initiatives in a planned amendment of the Revenue Code. One is the elimination of the current capital-gains tax exemption when selling shares of Thai stock. The review of other tax exemptions for other sectors will also be made. The other two initiatives are to increase government revenue and create fairness to tax payers.

Health Insurance Deduction

The cabinet approved an additional personal income tax break for health insurance premiums. Now, taxpayers can claim a deduction of up to 15,000 baht. The new measure went into force retroactively from January 1, 2017. Additionally, the tax break will be allowed for a maximum of 100,000 baht for tax-deductible life insurance premiums that include health insurance riders.

Intellectual Property Infringement Protection

Thailand is increasing its crackdown activities on intellectual property (IP) infringements, in part to get delisted from the US Priority Watch List. The Department of Intellectual Property (DIP) is also planning to continue modernizing the Kingdom's IP laws and will amend current IP regulations related to the online marketplace and e-commerce. The proposed amendments will allow IP owners to force internet service providers to take down all posts that infringe on their IP rights.

Insurance

First Marine Insurance Law

The Office of Insurance Commission (OIC) approved Thailand's first marine insurance law and sent it to the cabinet for consideration. Thailand does not have a marine insurance law, thus the courts have been applying Britain's Marine Insurance Act of 1906 to adjudicate lawsuits related to insurance claims. The OIC says that when the law is passed, it will help strengthen the local insurance industry's competitiveness as well as investor confidence.

Special Economic Zones

Rental Fee Waiver

The Treasury Department wants to waive rental fees for private investors for state land in special economic zones (SEZ) in border areas if they develop the land within two years. If they do so, the investor will receive a one-year rental fee waiver. The Treasury Department believes that faster development will help draw new investors.

Banking

Basel III

The Bank of Thailand ordered Thailand's five largest banks to strengthen their capital reserves to comply with the Basel III rule. These five bank control 70% of Thailand's banking system's assets. The higher capital requirement is an increased safety measure and does not imply that the five banks have any financial problems.

Bank of Thailand Act

Under the amended section 19 of the Bank of Thailand Act, financial institutions, not the government, are now mutually responsible for the cost of bailing out other financial institutions. The government will be a secondary source of funding if problems escalate beyond the financial institutions ability to handle.

SMEs

Foreign Exchange Hedging

To help protect small and medium-sized enterprises from the rapidly strengthening baht, the government wants to set up a foreign exchange hedging scheme. To encourage SMEs to use the scheme to protect against foreign currency risks, the government plans to subsidize hedging fees. The baht is the best performing currency in Asia against the US dollar in 2017 to date.

E-Commerce

Digital Payments

The Bank of Thailand and the Monetary Authority of Singapore want to connect their national digital payment systems. Asian governments are increasingly interested in modernizing their payments systems and moving away from the use of cash.

Thailand Legal Review

Online Work Permit and Visa System

The Board of Investment (BOI) is phasing in a new e-service channel that will allow BOI companies to electronically file work permit and long-term visa applications and renewals for expatriates. Furthermore, with the new Single Window for Visa and Work Permit System, foreign national employees will receive a digital work permit instead of the hardcopy work permit booklet currently issued. The BOI has partnered with the Immigration Bureau (IMM) and the Department of Employment (DOE) to allow foreign national employees of BOI-promoted companies to apply online for their visas and work permits through a one-time online application. The expatriate employee will have to use a smartphone or other electronic device to register and download their Digital Work Permit from the DOE. Any change in an employee's work status will automatically be updated and shown on their Digital Work Permit.

This new system will be implemented from October 2, 2017. However, a BOI-promoted company will not be able to use the new system unless the company has completed the BOI Single Window training and workshop. Companies must register online and enrolment for two company representatives will be on a first come, first-served basis. Employers are recommended to complete the training without delay. After January 1, 2018, all BOI companies who use the One Stop Service Center (OSSC) in Bangkok and the Immigration Office and Employment Offices in Chiang Mai and Phuket Provinces must use the Single Window system. The Single Window system will expand nationwide starting in October 2018.

The time frame for the phasing in of the new system is as follows:

Phase I – October 1-15: Five pilot companies selected by the BOI will be trained to use the new Single Window system.

Phase II – October 17-20: Other companies will be trained to use the system.

Phase III – October 24: Companies who have completed the training will be able to start using the Single Window system.

Phase IV – November and December 2017: The BOI has already set the schedule of dates for training and workshops during these two months. The plan is to train 30 companies per day. Companies not able to register in Phase II are still eligible to apply for registration in November and December 2017.

Phase V – After January 1, 2018: All BOI companies who wish to use the OSSC in Bangkok and the Immigration Office and Employment Office in Chiang Mai and Phuket Provinces will be required to use the Single Window system. Companies should expect extensive delays with their applications if they do not complete the training by this date.

Note

During the transition period, employers should expect the online process to be slower than the old application process. Service interruptions and technical difficulties may also arise and cause delays during the early implementation stages. It currently takes a couple of days to complete the application process in the old system; however, applying through the new online system will most likely take additional days due to the number of steps in the application process. While the online process will be longer for the initial work permit and long-term visa applications, expatriate employees can begin work on the date their Candidate Nomination application is approved. The new online system will eventually reduce the renewal, amendment, and cancellation processing times.

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