

# ASEAN TODAY

## REGIONAL LEGAL & BUSINESS NEWS

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### ASEAN Economic Community News

#### Blockchain Technology

A recent report by a global business consulting firm argues that ASEAN will be the top investment destination in the region by 2025, replacing China, and that disruptive trends in the logistics sector will boost ASEAN's position as a leading business hub. The report states that it expects blockchain to influence ASEAN's supply chain management the most. A blockchain facilitates secure online transactions and is a continuously growing list of records linked and secured using cryptography. Blockchain use in the ASEAN region will help boost the logistics industry, accelerate trade growth, and support the rapid adoption of digital technology.

#### ASEAN Disaster Management Platform

ASEAN launched the ASEAN Science-Based Disaster Management Platform (ASDMP) this month. The ASDMP will share disaster management information and help connect scientists and policymakers. The platform will also expedite the collection of scientific technology and research information on disaster management from around the region. Use of the ASDMP will help reduce disaster risk in ASEAN by providing information that disaster management personnel can apply and utilize in developing disaster risk reduction policies and initiatives.

#### Indonesia News

##### Fire Prevention Plan

The Indonesian government wants to halve the number of fire hotspots in the country by 2019. Annual fires linked to the clearing of forests and drainage of peat swamps continue to cause problems. The government plans to ensure that degraded peat areas are not burned and boost fire prevention efforts at the village level in areas historically prone to fires.

#### Myanmar Watch

##### New Companies Act

Myanmar's new Companies Act was signed and approved on December 6, 2017 and will come into force on August 1, 2018. It will replace the previous Companies Act which has been in place since 1914. Under the new Act, foreigners are permitted to own up to 35% of a local company and 35% of a company listed on the Yangon Stock Exchange. Additionally, a company will now only be classified as a foreign company if foreign ownership exceeds 35%, previously, 1% was all that was required.

#### Philippines Bulletin

##### Tax Reform Law

The Philippines' new tax reform law, the Tax Reform for Acceleration and Inclusion (TRAIN) Law, comes into effect on January 1, 2018. The TRAIN law reduces personal income tax, but increases taxes on fuel, cars, tobacco, and sugary beverages. The generated tax income will be used to fund infrastructure and development projects.

#### Cambodia News

##### Patent Protection

Cambodia's Ministry of Industry and Handicrafts (MIH) and China's State Intellectual Property Office (SIPO) signed a Memorandum of Understanding (MOU) that will allow patent owners to protect their intellectual property in both countries. Under the MOU, Chinese patents can be directly registered in Cambodia and receive protection. Additionally, SIPO will provide the MIH with services for searching and evaluation of applications.

#### Vietnam Update

##### Knowledge System

Vietnam's government launched the Digital Vietnamese Knowledge System, a Wikipedia-type portal providing data and information specifically tailored to the Vietnamese. The government hopes it will help spur the development of cutting edge technologies.

## **THAILAND UPDATE**

### **SMEs**

#### **BOI Privileges**

Thailand's Board of Investment (BOI) has approved new measures for small and medium-sized enterprises (SMEs) and extended existing promotional privileges until December 30, 2019. Now, over 100 business categories, instead of 40, are eligible for BOI investment promotions. Basic and additional tax privileges will also be given to SMEs.

#### **Tax Exemption**

The Digital Economy Promotion Agency (DEPA) announced that small and medium-sized enterprises (SMEs) are eligible for a 200% tax exemption for software purchases throughout 2018. All types of software are covered and the DEPA expects the exemption will allow SMEs to save on software expenses and encourage local software developers to meet international standards.

### **Banking**

#### **QR Code Payments**

The Bank of Thailand has now approved seven Thai banks to provide quick response (QR) code payment services to the public. The new digital payment service will move Thailand towards a cashless society. Digital payments will also reduce operating expenses for banking and the country.

### **Economy**

#### **Progressive Prosperity**

The World Bank now classifies Thailand as a progressive prosperity country where extreme poverty has nearly been eliminated and the country has a large middle class. Thailand now needs to satisfy the middle class's growing aspirations and demands and to reform rural-urban and cross-regional economic and social disparities.

### **Real Estate**

#### **Most Expensive Land**

In response to the coming implementation of the land and buildings tax, the Treasury Department completed its appraisal of 32 million land parcels countrywide. The most expensive land in Thailand is on Silom Road at THB1 million per square wah (1sq/w = 4sq/m).

### **Taxation**

#### **Tax Loophole Closure**

The Cabinet approved a draft bill that will close tax loopholes for the transfer of assets and profits. Now, companies and registered partnerships that have relationships must report on the details of the relationship and on any interconnected transactions. Also, juristic persons with interconnected transactions of more than THB30 million yearly must send a report to the authorities.

### **Intellectual Property**

#### **Watch List Upgrade**

The United States removed Thailand from its Priority Watch List of global intellectual property (IP) violators. In recognition of its efforts to improve IP protection and enforcement, Thailand has been upgraded one level to Watch List. This is a milestone for IP in Thailand as the Kingdom has been on the Priority Watch List since 2007.

### **Utilities**

#### **Electricity Bills Stable**

The government does not expect electricity bills to rise this year due the strength of the baht which will offset the rise in imported energy resources. However, the government does plan to revise the base factor used to calculate power bills this year to reflect the changing power demand and supply requirements for Thailand.

### **Logistics**

#### **Shift to Rail**

The government announced that Thailand plans to shift the country's main transport mode away from roads and air to rail. Currently, Thailand is 86% reliant on road transport and only 2% on rail. The Transport Ministry says that road transport costs THB 1.7/ton/k while rail costs THB 0.9/ton/k.

### **Health**

#### **Trans Fat Ban**

The government says that it plans to ban the use of partially hydrogenated oil or trans-fats in food products in Thailand. This is in line with the global movement to phase out trans-fats by 2020. A positive result of the ban is a predicted boost to the country's palm oil sector.