

**Newsletter No. 61 (EN)**

**Essential Amendments  
of Civil and Commercial Code  
on Partnerships and Limited Companies**

*April 2010*

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## Amendments of Civil and Commercial Code on Partnerships and Limited Companies

On 14 February 2006, the cabinet has approved in principle the draft Act Amending Civil and Commercial Code in accordance with the Legislation Development Plan to Abrogate laws and regulations which incur excessive burdens to public as purposed by the Ministry of Commerce. This amendment was published on 3 March 2008 and came into force on 1 July 2008.

As a result of this amendment investment projects experience some major simplifications.

1. According to Section 1020 of the former Civil and commercial Code every person was entitled to view the documents kept by the Registrar in regards to the Company. Since the amendment of 2008 only interested persons can request the certificate of registration of a company.
2. In regards to Ordinary Partnerships Section 1064/1 has been added and states that managing partner of a registered partnership who wishes to resign from this post shall tender his resignation letter to any other managing partner. The resignation takes place as soon as the letter reaches this said partner. In case the company has only one managing partner this partner has to tender the resignation letter to every other partner.
3. According to Section 1097 the number of promoters and/or founders of a limited Company was reduced from seven to 3. Thus, this amendment released the burden of gathering names of seven persons as required before the amendment.
4. The new Section 1111/1 shortens the process of registration for a Company set up to one day in order to reduce the proceeding and unnecessary expenses. However from the experience a Company should expect it to be 3 to 4 working days which is in fact more realistic.

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5. Section 1147 has been repealed and as a matter of this a company does not have to keep 10 copies of an altered memorandum or new regulation at the registry.
6. The new Section 1175 states that a notice to attend a general meeting has to be published in a newspaper at least once instead of twice (like it was before) and has to be sent to every shareholder that appears in the registry with acknowledgement of receipt. This is a more severe rule compared to the regulation before and was obviously introduced due to shareholder safety.
7. Section 1194 was amended according to the cabinets decision and states that the condition of passing special resolutions from holding two successive general meetings with majority votes and two-thirds votes will now be passed by one general meeting with three-fourth votes.
8. Section 1226 reduces the procedural and time requirements in case of reduction of capital in a corporation. Before the amendment there were seven publications in newspapers necessary whereas now only one publication has to be done which makes a reduction of capital less time consuming and cheaper. The timeframe an investor can object in is also reduced to thirty days instead of three months. This makes it possible to react on certain business requirements much faster than before.
9. The requirements of amalgamation of companies are reduced by the amendment in Section 1240. A publication in newspapers have to be made at least once instead of seven times and the time frame for investors to object is now sixty days instead of six months. In addition to that the company does not have to make the announcement via registered letter any more.
10. The regulation formerly stated in Section 1246 and stating the rules in regards to the removal of defunct companies from the register has been repealed and is now assimilated in Sections 1073/1 – 4. As a matter of this the new regulation is

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now applicable to not just limited companies but also to registered and limited partnerships and states that:-

- The registrar can request a proof of business in case he has a reasonable ground that the questionable business is not in operation. The questionable business will be given thirty days from the date of sending the letter to give a statement in this regards; and
- Further on, the registrar can request information about liquidation proceedings in case of companies or partnerships being wound up and under course of liquidation when he has a reasonable ground that there is no liquidator to act.

11. The Sections 1246/1-7 add criteria and procedures of how to converse a registered or limited partnership into a limited company. These regulations had not been in existence until the amendment in 2008. A registered or limited partnership can be transformed into a limited company in case of:-

- consent of all partners;
- writing to the Registrar within fourteen days starting with the day of consent;
- at least one publication in a newspaper; and
- no objection has been raised, or, in case of objection, the claim has been satisfied or security has been given.

### **Conclusion:**

The amendments of the Civil and Commercial Code on Partnerships and Limited Companies make it more efficient and less expensive to settle up a limited company in Thailand. Many issues and processes become easier and more convenient to handle. A lot issues in regards to settling up a company were about time consumption and

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expenses. These issues are cleared and therefore investing becomes less intricate and expensive, thus more attractive.

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