

November, 2025 No.39

This issue covers the following topics:

I. Thailand's Startup Revolution: Unlocking Investment and Innovation

Supasit Boonsanong / Kobchai Nitungkorn

II. Compliance Deadline Looms: Thailand's New Regulation for Beauty Service Contracts

Supasit Boonsanong / Kobchai Nitungkorn

I. Thailand's Startup Revolution: Unlocking Investment and Innovation

Introduction

Startups are key drivers of modern economies, enhancing competitiveness and improving quality of life through technological and social innovation. Yet, Thailand's startup ecosystem still faces structural and legal obstacles that limit growth. Certain provisions under Thailand's Civil and Commercial Code (**CCC**), which governs limited companies, remain outdated in relation to modern business models. For instance, current restrictions prevent companies from issuing debentures or convertible instruments, offering shares to non-shareholders or the public, holding shares for allocation to employees or investors, converting preference shares to ordinary shares, or offsetting debt against share payments. These limitations restrict the flexibility essential for innovation-driven enterprises.

To address these challenges, the government has introduced the **Startup Promotion and Act** (the "**Draft Act**"), designed to modernize corporate and fundraising rules, enhance access to finance and expertise, and centralize promotion under **the National Innovation Agency** (the "**NIA**"). The goal is to create a more competitive and innovation-led economy, where Thai startups can attract investment and scale internationally. The Draft Act is currently undergoing a feedback consolidation phase, after which it will be submitted to the Law Reform Commission, the Office of the Council of State, for further deliberation.

2. Governance & Oversight

The Draft Act establishes a **Startup Promotion Committee**, responsible for formulating policies, strategies, and plans aligned with national science, research, and innovation priorities. The Committee oversees implementation, approves measures proposed by the NIA, recommends legal amendments, and monitors compliance and emerging issues. Subcommittees may be formed for specific tasks, and members are entitled to remuneration for their service.

The NIA acts as the primary operational body, managing administrative functions, coordinating with public

and private agencies, providing guidance and support to startups, facilitating funding, investment, and equity programs, and maintaining a centralized, updated database of rights, benefits, programs, and funding sources. It also monitors the performance of startups and incubators, analyzes challenges and success factors, studies international best practices, and fosters collaborations to ensure startups can scale, access resources, and thrive within a structured, supportive ecosystem.

3. Eligibility Criteria for Startups

Under the Draft Act, a startup is defined as a business engaged in the production, distribution, or provision of goods or services with high growth potential, driven by innovation, whether through new technology, advanced know-how, or a novel business model central to operations.

To qualify as a “**Promoted Startup**”, a company must:

- Be a limited company established for no more than **10 years**;
- Have an average annual revenue of no more than **THB 300 million** over the preceding three years in accordance with the Committee Criteria; however, such revenue may differ between business sectors;
- Never have distributed dividends; and
- Not be a controlled subsidiary, unless the parent is also a qualified startup or a company established by a university research entity.

Promoted Startups need to apply through the NIA’s online self-declaration system, with annual self-certification to maintain eligibility.

4. Modernizing Fundraising and Ownership Structures

To modernize Thailand’s legal framework with modern venture practices, the Draft Act introduces targeted exceptions to the CCC, enabling greater fundraising and ownership flexibility.

- **Public and Debt Offerings:** Promoted Startups may issue shares to the public and offer debentures, subject to shareholder approval and the Capital Market Supervisory Board’s rules under applicable securities regulations.
- **Treasury Stocks:** Promoted Startups may hold up to 20% of their own shares through buy-backs or capital increases. These shares carry no voting, quorum, or dividend rights. Buy-backs are permissible under certain circumstances if allowed by the company’s articles of association, approved by shareholders, and within conditions prescribed by the Capital Market Supervisory Board.
- **Issuance to Non-Shareholders:** To the extent permitted by the articles of association and in accordance with special shareholder resolutions, Promoted Startups may issue new shares to employees, directors, or external investors under approved employee equity schemes or investment arrangements.
- **Share Allocation to Employees or Directors:** Repurchased or newly issued shares may be reallocated under employee equity schemes for employees or directors or investment arrangements for investors, as approved by shareholders. Allocations must be completed within defined project periods: up to five years for employee plans and up to two years for investor allocations.
- **Debt-to-Equity Conversion:** Promoted Startups carrying out capital increases for investor allocations may allow investors who are creditors under pre-existing investment agreements to convert debt into equity, offsetting the debt instead of paying for newly issued shares. This mechanism provides

flexibility for venture financing and bridge investments.

- **Convertible Preference Shares:** The Draft Act permits the conversion of preferred shares into ordinary shares when authorized under the company's articles of association, facilitating smoother transitions between financing rounds.

Promoted Startups may also access additional incentives, including facilitated immigration for foreign experts, tax exemptions or reductions, government procurement participation, enhanced IP protections, financial and non-financial support from the NIA, and eligibility for investment promotion under laws governing the Board of Investment, targeted industries, or the Eastern Economic Corridor.

In addition to these corporate and fundraising privileges, Promoted Startups may receive additional support from relevant authorities, including facilitated immigration and work permits for foreign experts, tax exemptions or reductions, access to government procurement programs, enhanced intellectual property protections, financial or non-financial support from the NIA, and eligibility for investment promotion or competitiveness measures under laws governing the Board of Investment, targeted industries, or the Eastern Economic Corridor.

Together, these measures modernize corporate structures, support employee equity participation, and make Thai startups more competitive and investor-friendly.

Conclusion

The Draft Act is a landmark initiative designed to transform Thailand's startup ecosystem by providing Promoted Startups with enhanced legal flexibility, streamlined fundraising mechanisms, and access to targeted incentives and support programs. By aligning domestic corporate law with global venture practices, it strengthens Thailand's investment ecosystem, facilitates foreign direct investment (FDI), and creates a more competitive environment for both local and international investors. With improved governance, clear eligibility criteria, and centralized oversight by the NIA, Thai startups are better positioned to attract capital, retain talent, and scale efficiently, ultimately driving innovation, economic growth, and global competitiveness.

For further information and any questions in relation to the issues in this newsletter, please contact Supasit Boonsanong at supasit.b@nagashima.com or Kobchai Nitungkorn at kobchai.n@nagashima.com.

[Authors]



Supasit Boonsanong (Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd. Partner)
supasit.b@nagashima.com

Supasit obtained an LL.M. from the Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee in 1991. He has extensive experience in complex cross-border energy transactions, including project finance, M&As, and operations in renewable, oil, gas, and petrochemical sectors. He advises leading energy companies on project development, joint ventures, licensing, supply, construction, and financing agreements, and is skilled in negotiating EPC contracts.



Kobchai Nitungkorn (Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd.)
kobchai.n@nagashima.com

Kobchai Nitungkorn is a leading projects and M&A lawyer in Thailand. Kobchai has extensive experience advising businesses on various types of legal matters, including mergers and acquisitions, joint ventures, venture capital, projects development, energy projects and wide range of corporate and commercial transactions. He is experienced in leading legal due diligence, drafting and negotiating commercial contracts for M&A transactions and advising on and negotiating transaction documents for the development of energy projects in Thailand and the region. He also regularly advises

companies in relation to corporate governance, foreign investment regulations, corporate restructuring, regulatory compliance, and administrative laws. Kobchai is recognized as a “Rising Star” by IFLR 1000. Kobchai holds an LL.M. from Columbia Law School and an LL.B. from Chulalongkorn University (first class honours).

II. Compliance Deadline Looms: Thailand’s New Regulation for Beauty Service Contracts

Introduction

Thailand’s Office of the Consumer Protection Board (OCPB) has introduced a major regulatory overhaul for the beauty service sector. The classification of the Beauty Service Business as a **"Contract-Controlled Business"** mandates the use of essential terms and strictly prohibits unfair clauses to enhance consumer protection. The deadline for full compliance is 24 January 2026.

The Scope

The Notification on Prescribing the Beauty Service Business as a Contract-Controlled Business B.E. 2568 (2025) (the **"Notification"**) applies to any **Beauty Service Business** that provides certain services under a contract for continuous service, a fixed number of sessions, or a defined period.

These services encompass:

- Massages, spas, and other methods for cleanliness or aesthetics.
- Facial, skin, and body care.
- Weight control and body contouring.

Applicable Channels: The regulation is comprehensive, applying to operators across all in-person and online service channels, including via digital platforms. Examples of affected businesses include spas, massage centers and weight management and slimming centers.

Exclusions: The Notification explicitly excludes plastic surgery, liposuction rehabilitation as a therapeutic treatment performed by medical professionals under the Medical Profession Act and the treatment of diseases or illnesses performed by a medical practitioner under the Medical Practice Act.

Details of Mandatory Contract Requirements

The Notification specifies key protections that must be included in every contract with a client:

I. Mandatory Contractual Terms

1. **Essential Terms:** Businesses must use the **contract containing** all required terms and conditions issued by the OCPB.
2. **Mandatory Refund Timelines:** The contract must clearly state the mandatory processing timelines for refunds (for unused services) via cash and credit card.
3. **Contract Execution and Readability:**
 - The business must produce **two copies** with identical content and provide one copy to the consumer immediately upon signing.
 - The text must be legible, with a font size **no smaller than 2 millimeters** (and no more than 11 characters per inch).

- Electronic contracts must contain the same mandatory terms, written in clear and legible Thai language, which must comply with the Electronic Transactions Act B.E. 2544 (2001).

II. Prohibited Unfair Clauses

The regulation expressly prohibits clauses that are deemed unfair to the consumer, for instance:

Limitation of Liability:

- Any clause that seeks to limit or exempt liability for **harm or damage** caused to life, body, health, mind, or property as a result of the service.
- Any clause limiting liability for **proprietary loss** occurring within the business location.

Consumer Rights & Cancellation:

- Any clause that **prohibits the consumer from cancelling** the contract or demanding a refund for unused services.
- Any clause imposing a blanket **"no-refund"** policy.

Unilateral Changes & Control:

- Any clause that allows the business to **unilaterally change** the services, fees, or contractual terms.
- Any clause that binds the consumer to the business operator's rules or policies **without the consumer's express and voluntary consent**.

Contract Extension & Termination:

- Any clause that **automatically extends or renews** the service period or contract upon expiration without the consumer's express and voluntary consent.
- Any clause that permits the business to **terminate the contract without notice or cause and allows the business to forfeit prepayments upon termination**.

Penalties for Non-Compliance

Failure to comply with the mandated contract terms and standard form requirements applicable to a "Contract-Controlled Business" under the **Consumer Protection Act B.E. 2522 (1979)** is a serious offense carrying criminal penalties, including both imprisonment and monetary penalties.

If the offender is a juristic person (company), the director, manager, or person responsible for the business's operation may also be subject to the criminal penalties under certain circumstances.

Therefore, businesses must ensure their controlled contracts strictly comply with the requirements.

Actionable Steps for Your Business

Compliance is mandatory and non-negotiable. Your business should immediately take the following actionable steps:

- **Legal Review and Redrafting:** Conduct a comprehensive audit of all existing service contracts, membership forms, and course sales contracts. **All documents must be redrafted** to align with the OCPB's standard contract form and ensure all prohibited clauses are removed.
- **Operational Readiness:** Update internal accounting and operations systems to ensure strict adherence to the new, mandatory refund deadlines.
- **Employee Training:** Implement **mandatory training** for all sales, marketing, and customer service

teams to ensure they understand the new consumer rights and proper cancellation procedures.

Conclusion and Next Steps

The deadline of 24 January 2026 for full compliance marks a significant shift in consumer protection standards for the Thai beauty service industry. Compliance with these new regulations is essential not only to avoid substantial criminal penalties imposed on both your business and management, but also to demonstrate a commitment to best practices and consumer trust. We strongly recommend initiating your compliance audit immediately.

Should you require assistance with the legal review, redrafting of contracts, or compliance training, please do not hesitate to contact Kobchai Nitungkorn at kobchai.n@nagashima.com.

[Authors]



Supasit Boonsanong (Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd. Partner)
supasit.b@nagashima.com

Supasit obtained an LL.M. from the Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee in 1991. He has extensive experience in complex cross-border energy transactions, including project finance, M&As, and operations in renewable, oil, gas, and petrochemical sectors. He advises leading energy companies on project development, joint ventures, licensing, supply, construction, and financing agreements, and is skilled in negotiating EPC contracts.



Kobchai Nitungkorn (Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd.)
kobchai.n@nagashima.com

Kobchai Nitungkorn is a leading projects and M&A lawyer in Thailand. Kobchai has extensive experience advising businesses on various types of legal matters, including mergers and acquisitions, joint ventures, venture capital, projects development, energy projects and wide range of corporate and commercial transactions. He is experienced in leading legal due diligence, drafting and negotiating commercial contracts for M&A transactions and advising on and negotiating transaction documents for the development of energy projects in Thailand and the region. He also regularly advises companies in relation to corporate governance, foreign investment regulations, corporate restructuring, regulatory compliance, and administrative laws. Kobchai is recognized as a “Rising Star” by IFLR 1000. Kobchai holds an LL.M. from Columbia Law School and an LL.B. from Chulalongkorn University (first class honours).

This newsletter is given as general information for reference purposes only and therefore does not constitute our firm's legal advice. Any opinion stated in this newsletter is a personal view of the author(s) and not our firm's official view. For any specific matter or legal issue, please do not rely on this newsletter but make sure to consult a legal adviser. We would be delighted to answer your questions, if any.

If you would like to receive our newsletters by email directly, please fill out the "Subscription Form" at the top of each Newsletter series page: <https://www.nagashima.com/en/newsletters/>.
Should you have any questions about our newsletters, please contact us at <newsletter@nagashima.com>.

Other Publications

Recently we also featured in a number of articles and books covering a wide range of legal areas to address the latest legal issues. Please follow the link below to access each publications.



Lexology GTDT - Real Estate 2024 – Thailand

This article provides comparative analysis of real estate regulations in different jurisdictions worldwide, with answers to crucial questions in key areas such as: acquisition of real estate, including recording conveyance documents, foreign investors, investment entities, leases and mortgages and contracts and financing, including liens, interest, enforcement, protection of collateral, covenants and bankruptcy.



Chambers Global Practice Guides Investing In... 2025 Thailand – Law and Practice

The Investing In... 2025 guide features close to 40 jurisdictions. The guide provides the latest information on foreign direct investment, market trends, mergers and acquisitions, corporate governance and disclosure/reporting, capital markets, antitrust/competition, tax, employment and labour, and IP and data protection.