

## Doing Business in Thailand – Sole Proprietorship

The sole proprietorship is the most commonly used form of engaging in business in Thailand. It is an unincorporated commercial business, which is owned and operated by a single natural person, the proprietor.

All of the sole proprietor's assets, both those used in the business as well as those used only for personal purposes, are subject to unlimited liability for any business transaction in which the proprietor engages. In other words, the creditors of a sole proprietor will be able to enforce their claims against everything owned by such an individual. In this regard, there is no distinction between the private individual and his business operations.

A sole proprietor's income is taxed at the personal income tax rates with exemptions and deductions applicable to all individuals. Furthermore, a sole proprietor is required to collect "value added tax" on the sale of goods or provision of services, but will be exempted from this requirement if the annual income from the business does not exceed THB 1,800,000.

A non-Thai individual is basically not prohibited from engaging in business as a sole proprietor. However, other legal issues under immigration and labor law, which generally require that a non-Thai obtain a particular visa and work permit in order to work in Thailand, may make such an endeavor impossible as a practical matter. The sole proprietorship is, therefore, not a popular way for non-Thais to do business in Thailand, but represents a popular choice for Thais in engaging in businesses in Thailand.

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