

## **CHAPTER 18 EXCHANGE CONTROLS**

The basis for currency exchange restrictions in Thailand is to be found in the Exchange Control Act (1942). Under this Act, Thailand regulates the manner in which money is brought into, taken out, or in certain cases, held in the country.

Historically, the Bank of Thailand has been in charge of enforcing exchange control requirements. However, it has been policy for a long time for exchange controls to be gradually eased, with the responsibility for enforcement being transferred to commercial banks, rather than the Bank of Thailand itself.

**Authority delegated to commercial banks** While the Bank of Thailand administers the exchange control program, in many cases it delegates power to commercial banks or other institutions.

**Foreign currency** A person who is living in Thailand is permitted to use foreign exchange that originates from abroad to service his external obligations. Normally, and unless a special exception exists, any persons receiving foreign currency are required to sell or deposit their foreign currency with an authorized agent, within seven days from the date of receipt.

**Local currency** There is no restriction on the amount of Thai currency that may be brought into the country. A person travelling to Thailand's bordering countries may take out local currency up to Baht 500,000 and to other countries may take out up to Baht 50,000 without authorization.

**Foreign currency accounts** Companies and individuals resident in Thailand may open foreign currency accounts in Thailand provided that:

1. The accounts are opened with authorized banks in Thailand and with funds that originate from abroad.
2. The depositor must submit the documents that show obligations to pay in foreign currency to persons in foreign countries or authorized banks or the Export - Import Bank within 3 months of the date of the deposit.
3. Withdrawals may be made either for payments of normal business transactions to persons outside the country upon submission of supporting evidence, or for conversion into Baht at authorized banks.
4. The total amount of daily outstanding balance in all accounts must not exceed US\$5 million for a juristic person and US\$ 500,000 for an individual.
5. Non-residents may freely open and maintain foreign currency accounts with authorized banks in Thailand. No restrictions are placed on the opening

of the accounts as long as the funds originate from overseas. Balances on such accounts may be transferred without formality.

**Non-resident Baht accounts** Non-residents may open such accounts with any authorized banks in Thailand. They may be freely credited with proceeds from sale of foreign currencies originating from abroad, with amounts transferred from other non-resident bank accounts, with import payments and with authorized payments that may be approved by authorized banks. No restrictions are imposed on drawing funds from the accounts including conversion into foreign currencies for remittance abroad.

**Exports** There are no exchange controls relating to exports, but proceeds of exports must be brought into the country immediately after payment is received and within 120 days from the date of the export.

**Imports** Importers may freely purchase or draw foreign exchange from their own foreign currency accounts for import payments. Letters of Credit may be opened without authorization.

**Transactions on invisibles** All receipts from invisibles must be surrendered to an authorized bank or deposited in a foreign currency account with an authorized bank within 15 days of the date of receipt. Payments for invisibles such as services related to foreign trade, educational purposes or family allowances abroad can be made freely. For travelling expenses abroad, a resident can take out foreign currency without limit.

**Foreign investments** Prior approval is required in many cases in order to invest or lend abroad but prior approval is not required in order to invest money in Thailand. Foreign investments in Thailand that receive promotional privileges from the Board of Investment are accorded various incentives and special benefits. Repatriation of investment funds, dividends and profits as well as loan repayments and interest payments thereon, may be made freely after settlement of all applicable taxes in Thailand.

**Information reports and bank records** Each receipt or payment in foreign currency in an amount of over US\$5,000 must be reported to the Bank of Thailand for record purposes. Banks must keep records of documents supporting remittances. In some cases, it is necessary to show reports of inward remittance of funds to support certain privileges such as: the purchase by a foreigner of a condominium, the application of a foreigner for a residence permit or for obtaining Board of Investment privileges.

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