

Thai News Update: 29 May 2018

1. Exploration And Production Players Pass Auction Qualifier

Source: Bangkok Post ([Link](#))

As expected, all five exploration and production (E&P) companies have passed the pre-qualification process for the new Erawan and Bongkot gas block auction, says the Mineral Fuels Department. Veerasak Pungrassamee, director-general of the department, said it has approved all five companies -- Chevron, PTTEP, Total, Mubadala and OMV -- as they passed all auction conditions: finances, capability, technical skills and business portfolio. Chevron, PTTEP and Total operate two gas blocks, while Mubadala and OMV are newcomers. Energy policymakers have outlined crucial criteria for the upcoming auctions, with offered gas price to PTT making up 65% of the decision, while 25% will be weighted to state benefits under production-sharing contracts, which should not be less than 50%. Another 10% will gauge other conditions such as special benefits and bonuses, including hiring Thais for 80% of the workforce in the first year of operation and up to 90% at the end of fifth year.

2. ZEN To Triple Number Of Restaurants By 2022

Source: The Nation ([Link](#))

ZEN Corporation Group plans to triple the number of its owned and franchised restaurants under its Thai Brand Business unit by 2022 both in Thailand and around the world. Siruwat Chatchawan, head of the Thai Brand Business, said that the unit is looking to open franchised outlets of what it calls its three hero-product brands - Tummour, Lao Yuan and Jaew Hon - in new overseas markets, especially in China, England, Australia, the United States and the United Arab Emirates (UAE). "In overseas markets, 100 per cent of the restaurant expansion will be through franchising," said Siruwat. "We would like to set up our franchised base in major magnet or spotlight markets around the world as a way to strengthen our brand awareness. "It is then easier for the company to explore franchised opportunities in other potential markets." ZEN Corporation Group operates 167 Thai restaurants under seven brands, of which 80 per cent are through franchising.

3. Withholding Tax To Dampen ICO Fund-Raising

Source: The Nation ([Link](#))

Most of the firms that have expressed an interest in raising funds through an initial coin offering (ICO) say they are concerned about the withholding tax of 15 per cent that will be levied on the profits, the chief of an ICO portal said on May 28 as she warned of the dampening effect on the cryptocurrency sector in Thailand. Karndee Leopairote, the chief executive officer of Icora, is among executives in this fast-moving area of financial innovation that have sounded the alarm over the country's policies on digital currencies. "We have already sent our concerns about the new cryptocurrency Act to the Securities and Exchange Commission (SEC) regarding the imposition of the 15 per cent withholding tax," she said. "This will impact the decision-making of investors who had been looking to put their money into ICOs and about the whole process to issue an ICO." Although the Act has aroused concerns among the issuers and investors, the company has 10 customers that are considering launching an initial coin offering under its ICO portal service. Icora's ICO portal service acts like a financial adviser to the companies planning to launch an ICO, Karndee said. Its role is to examine the purpose of an ICO launch and the business plans of the companies planning these offerings.

4. Rents 'May Rise' On Regulations

Source: Bangkok Post ([Link](#))

Apartment rents are likely to increase after the Office of the Consumer Protection Board's (CPB) new regulations that control lease contracts for residential properties took effect on May 1, say legal and property consultants. Chinapat Visuttiapat, a partner at law firm Siam City Law Offices Ltd, said the new regulations will have a strong impact on apartment owners as they need to revise lease contracts and raise rents to cover new risks. "As the new regulations do not allow apartment owners to collect rents more than three months in advance, monthly rents might be raised," he said. The new rules state that those renting out five residential units or more per month cannot collect more than one month's rent as a deposit and one month's rent for a damage guarantee, on top of the first rent payment. Landlords at more upscale buildings have collected more than three months' rent to cover the costs when more expensive furnishings get damaged. Apartment owners have also been prohibited from collecting utility bills (water and electricity) in excess of the real cost.

But landlords sometimes collect higher utility fees to cover other expenses like garbage collection, electricity for the elevator, CCTV, water pump, key cards, cleaning and security services.

5. PTT, Nine Banks Ink Mou For Cooperation In Technology And Innovation

Source: The Nation ([Link](#))

PTT and nine commercial banks on May 28 signed a “Cooperation in Technology and Innovation” memorandum of understanding to jointly develop financial innovation that will enhance transaction flexibility, thus moving the country towards “Thailand 4.0”. The banks joining the listed energy giant in the collaboration are Bangkok Bank, Krung Thai Bank, Bank of Ayudhya, Kasikornbank, TMB Bank, Siam Commercial Bank, Thanachart Bank, United Overseas Bank (Thai) and the Government Savings Bank. The MoU was signed by PTT’s chief technology and engineering officer, Chansin Treenuchagron, and executives from the nine banks. Chansin said the planned cooperation concerning technological and innovation coincided with the “Thailand 4.0” policy in transforming the country’s economic structure into an innovation-driven economy. The focus will be on promoting and developing financial structure for all parties, in order to create a flexible business operation. “Thus, trust and confidence will be instituted within the workplace, leading to further expansion of commercial operation,” he added.

6. Cabinet Approves Medium-Term Fiscal Plan Until 2021

Source: The Nation ([Link](#))

The cabinet on May 28 approved a medium-term fiscal plan (2019-2021) as required by the new Fiscal Responsibility Act, which puts more restrictions on government off-budget loan-seeking legislation. Nathporn Chatusripitak, an adviser to the PM's Office Minister, said the medium-term fiscal plan calls for the government to run a budget deficit of 450 billion baht between 2018-2019, of 452 billion in 2020, and of 534 billion in 2021. Under the plan, the government needs to increase tax collection and reduce the government's infrastructure expenditures through public-private partnership and Thailand Future Fund. The government also forecast the country's economic growth at 4.2-4.7% in 2018, 3.9-4.9% in 2019, and 3.5-4.5% between 2020-21. The government expects to be able to collect revenue totalling 2.45 trillion baht in 2018, rising to 2.55 trillion in 2019, 2.74 trillion in 2020 and 2.77 trillion in 2021.