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THAILAND

Newsletter

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Draft Bill for Entertainment Complexes Thailand Moves Towards Legalized Casinos

The Thai Cabinet has issued a draft bill in relation to the regulation and promotion of entertainment complex businesses, which include casinos and various other entertainment venues. The draft bill, entitled the "Entertainment Complex Business Act B.E." (the "**Draft Bill**"), is currently under review by the Ministry of Finance.

The Draft Bill aims to regulate casino businesses, as well as to boost the Thai tourism industry, particularly the 'Fun Economy' sector.

Currently, gambling activities are regulated by the Gambling Act B.E. 2478 (1935) (the "**Gambling Act**").

Under the Gambling Act, gambling activities are categorized into two separate lists: List A (e.g. poker, all roulette-like games, baccarat and slot machines) and List B (e.g. card games, lottery, bingo and billiards). Gambling activities in List A are prohibited unless conducted in a casino established under the Gambling Act, whereas gambling activities in List B are permitted if the licensing officer deems them appropriate and issues licenses therefor, or if authorized by a ministerial regulation to not require licenses.

The legalization of casinos in Thailand is not new. In fact, during the 1940s, several casinos were operated in Thailand with official approval. However, these casinos were soon shut down due to widespread social issues.

The Draft Bill reintroduces the concept of casinos in Thailand in an effort to boost tourism following the impact of COVID-19. The key provisions of this Draft Bill are outlined below.

Entertainment Complex Businesses

The Draft Bill defines an entertainment complex business as a combination of the entertainment businesses listed below, along with casinos.



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1. Department stores;
2. Hotels;
3. Restaurants, nightclubs, discos, pubs, or bars;
4. Sports stadiums;
5. Yachts and cruising clubs;
6. Gaming venues;
7. Swimming pools and water parks;
8. Amusement parks;
9. Areas for promoting Thai culture and OTOP (One Tambon One Product) goods; and
10. Other businesses as specified by the Policy Committee.

The entertainment complex must be established in a specified area and must consist of at least four types of the aforementioned entertainment businesses, along with a casino. At this stage, no specific area has yet been identified. According to the study report compiled by the Extraordinary Committee on Communications, Telecommunications, and Digital Economy and Society Division for the Study of the Establishment of Integrated Entertainment Complex, the Entertainment Complex should be situated in an area in close proximity to major transportation hubs, such as major airports, ports and public transportation, tourist attractions, and also be located in a tourist-friendly province. That said, the Entertainment Complex should be situated away from residential areas and religious sites.

Applicant Eligibility

The Draft Bill stipulates that only limited companies or public limited companies registered in Thailand, with a paid-up capital of no less than THB 10 billion, are eligible to operate such entertainment complexes.

There are no restrictions on the nationality of the directors of the applicant, and public limited companies that are granted an operating license will be exempted from the requirements under the Foreign Business Operation Act, B.E. 2542 (1999), and a specific provision of the Public Limited Companies Act, B.E. 2535 (1992), which requires the board of directors to consist of five members, with at least half residing in Thailand. They will also be exempt from the Civil and Commercial Code (the "CCC") provision requiring that at least 25% of the nominal share value must be paid up upon issuance of shares.

Licensing Process and Fees

Entities seeking to operate an entertainment complex must apply for a license from the newly established governmental regulator, called the Office of Entertainment Complex Commission, which has the authority to charge fees as prescribed by law or local ordinances. Licenses will be valid for 30 years from the date of issuance, with the possibility of renewal for periods not exceeding 10 years. License holders are required to pay an initial licensing fee and annual fees as determined by the Policy Committee, subject to maximum rates outlined in the annex to the Draft Bill.

Operational Assessment and Compliance

Licensees must commence operations within a specified timeframe, adhering to the approved business model and plan for the entertainment complex. They must also implement effective casino control systems and appropriate measures to prevent and address any issues, at a minimum as submitted at the time of application. If the Licensee does not conform to such business model and plan, the Policy Committee is entitled to order the Licensee to correct such failure within the specified timeframe. Failure to make the necessary corrections within the specified timeframe may result in the Policy Committee revoking the license.

Enforceability of Gambling Debts

The Draft Bill clearly specifies that debts incurred from gambling or playing games within the entertainment complex are considered enforceable by law.

Regulatory Control

The Draft Bill outlines the regulatory controls for the operation of the entertainment complex.

- **Casino Operations:** Casinos are permitted to operate within the entertainment complex as licensed operators and are limited to the types specified in the Draft Bill. The Draft Bill also strictly prohibits online or electronic connections for gambling activities that would allow external individuals to participate in gambling remotely via the internet.
- **Designated Casino Areas:** The Draft Bill requires a clearly defined area for casino operations within the entertainment venues.
- **Age and Nationality Restrictions:** Individuals under the age of 20, those who are banned from entering, and Thai nationals who have not registered and paid the casino entry fee are prohibited from entering the casino.
- **Employment Quotas:** Casinos must maintain a ratio of Thai to foreign employees as determined by the Policy Committee.
- **Marketing Restrictions:** The Draft Bill prohibits licensees from inviting, advertising, promoting, or conducting sales promotion activities related to the casino. It also forbids any third parties from carrying out such activities on behalf of the licensees.
- **Penalties for Non-Compliance:** Failure by a licensee to adhere to the specified regulations may result in fines and the potential revocation of their operating license.

Real Estate Transactions

Certain provisions of the CCC, the Act on the Lease of Immovable Property for Commerce and Industry, B.E. 2542 (1999), and the Ministerial Regulation on the Utilization of State Properties, B.E. 2564 (2021) will not apply to the lease, sublease, or rental of land or property for the operation of the entertainment complex. Lease agreements are prohibited from exceeding 50 years, with renewals permitted but not to extend beyond 49 years from the end of the initial 50-year term. These leasing arrangements do not constitute a form of partnership under the Public-Private Partnership Act, B.E. 2562 (2019).

New Supervisory Committees

The Draft Bill establishes a Policy Committee and an Executive Committee to oversee and manage the entertainment complex sector, as well as an office to support and monitor the industry. The Draft Bill also includes provisions for the control and prevention of negative social impacts, such as restricting access to casinos for certain individuals, imposing registration requirements and fees for casino entry, and regulating advertising and promotional activities.

The Draft Bill is expected to create jobs and generate income for the country, as well as to attract more tourists and businesses to the entertainment complex sector. However, the Draft Bill also poses challenges and risks for potential operators, as it requires a high level of investment and compliance, coupled with several limitations, and may face opposition from some segments of society.

The Draft Bill is currently undergoing a public hearing until 18 August 2024.¹ Following this period, the next step is to submit the Draft Bill for the Cabinet's approval. Once approved by the Cabinet, it will be reviewed by the Office of the Council of State before being presented to the House of Representatives for the legislative process.

CMHM will closely monitor this legal development and provide updates once the Draft Bill is enacted. If you have any questions in relation to the issues raised in this newsletter, please contact the authors listed in the left-hand column.

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¹https://law.go.th/listeningDetail?survey_id=NDE0NURHQV9MQVdfRUPTLRFTkQ=