

ENHANCING GROWTH & SUSTAINABILITY THROUGH

Family Holding Company

ONE LAW ACADEMY

14 DECEMBER 2020

SUWINAI WATTANAKORN

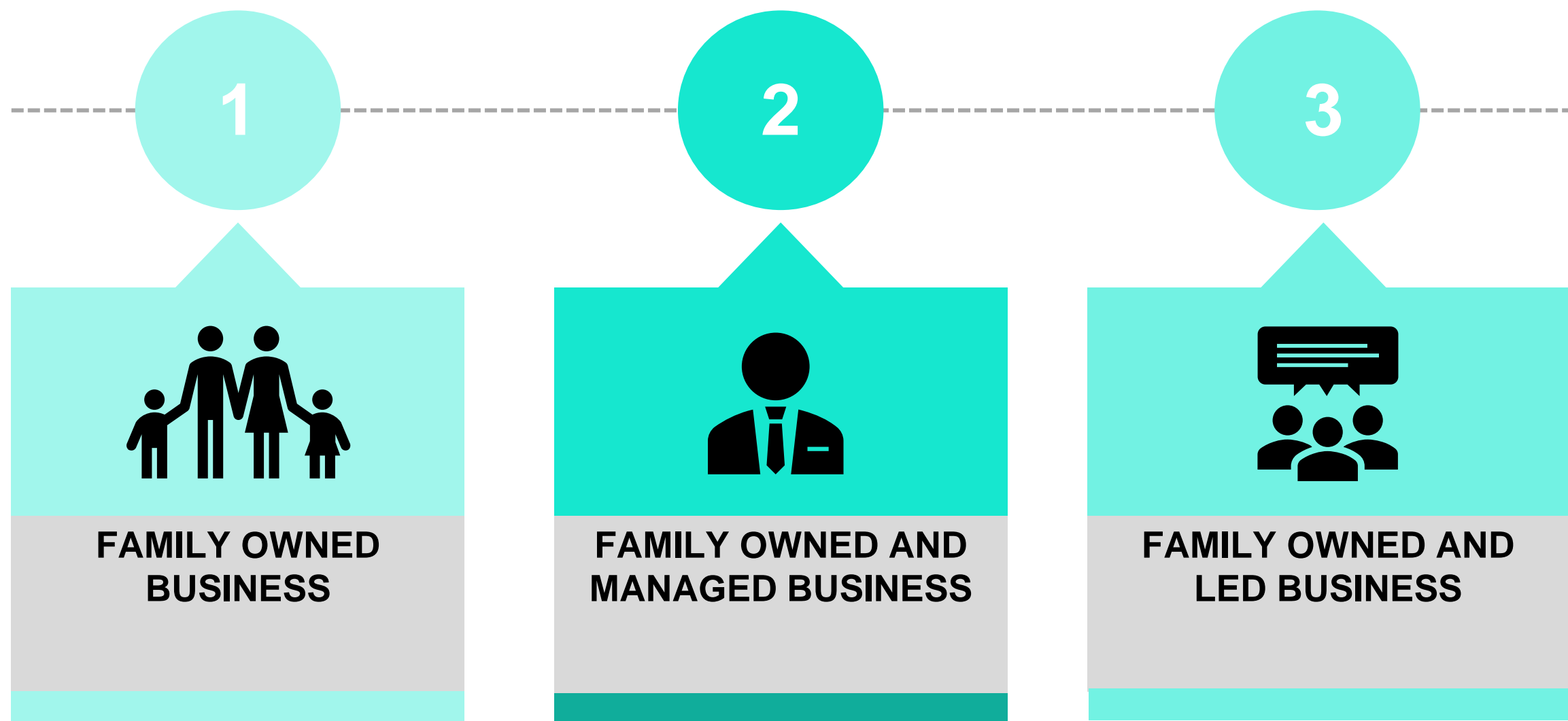
AREEYA ANANWORARAKS

CHINAPAT VISUTTIPAT

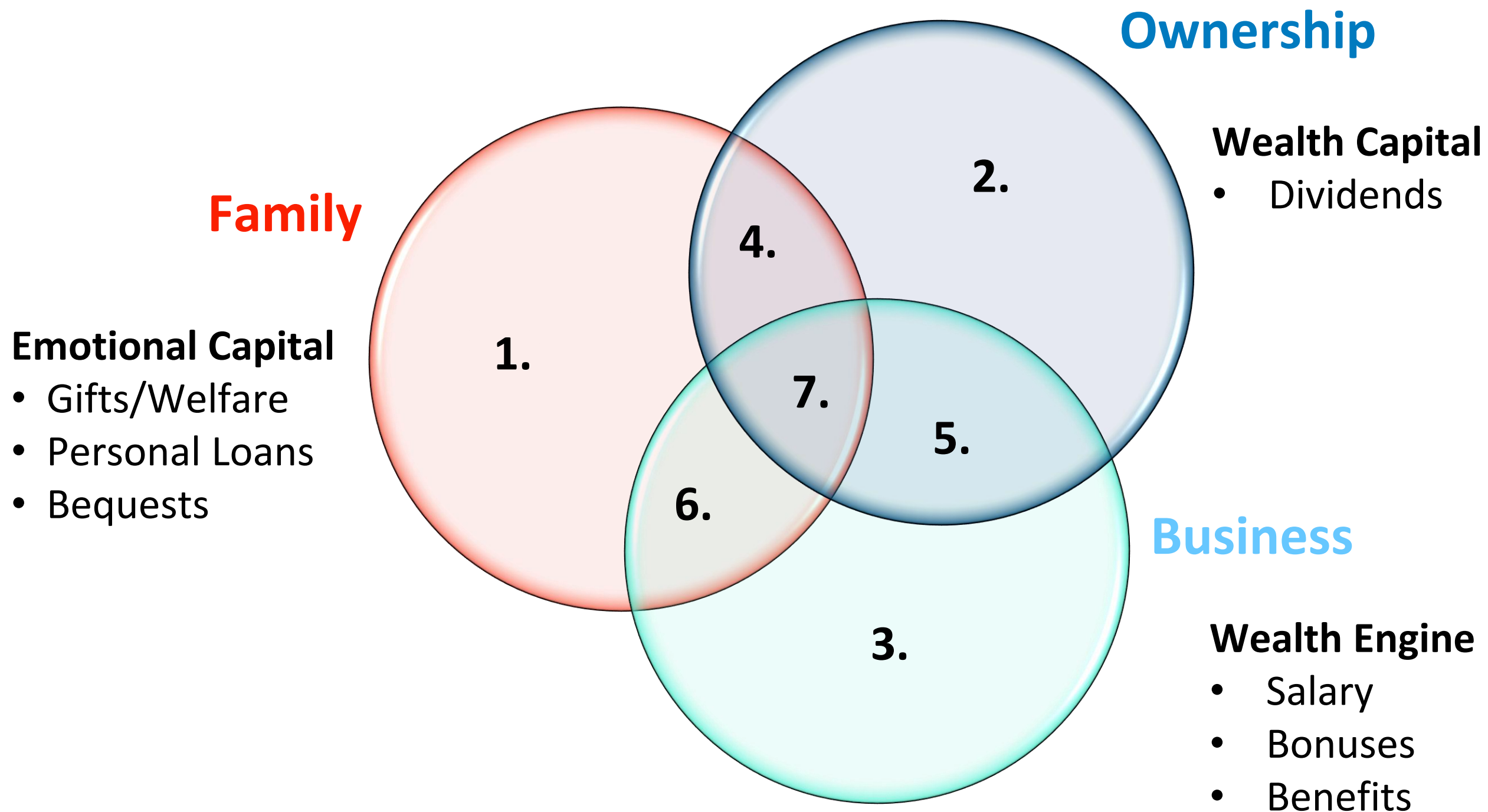
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Family Business

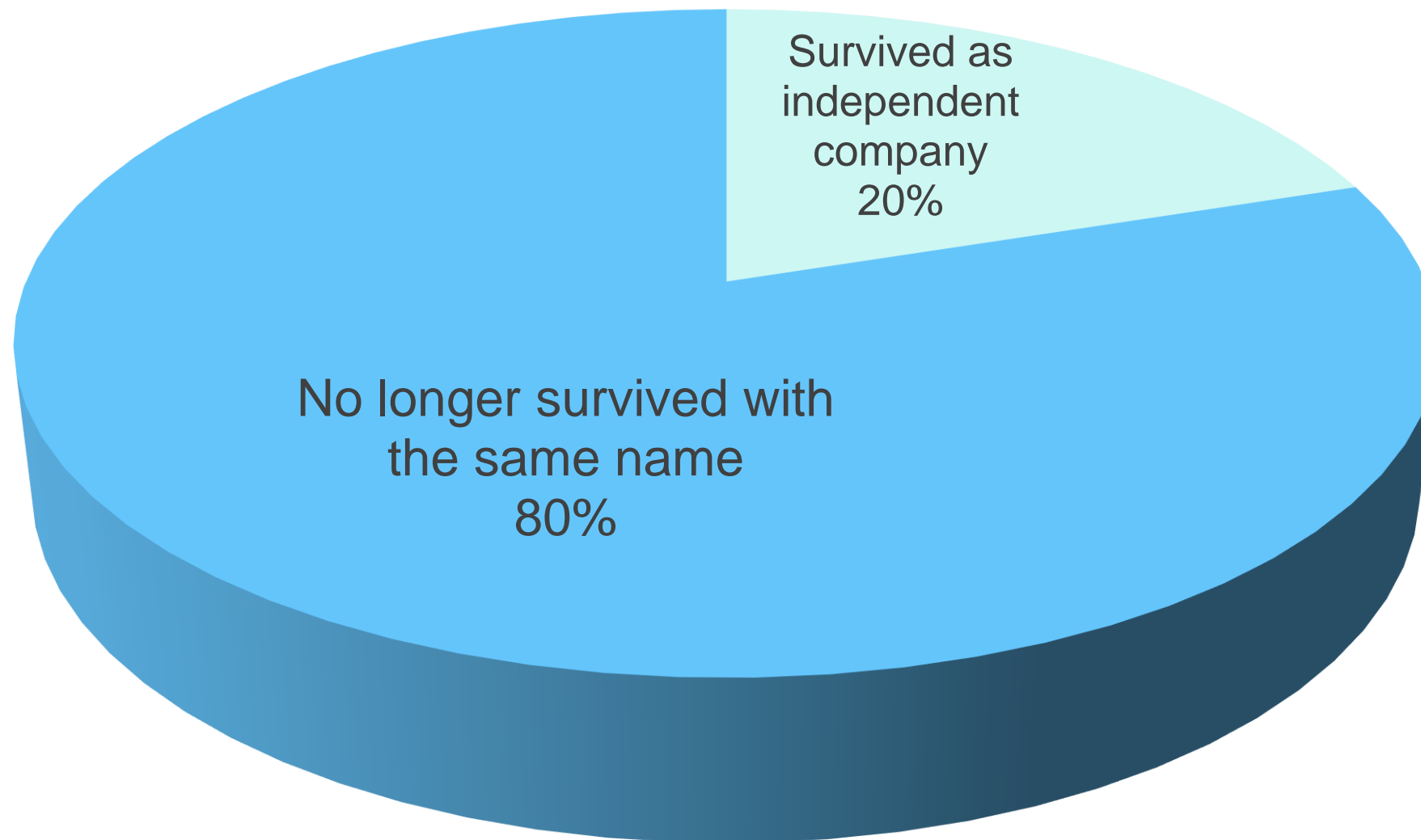


Family Business



Family Business Survival Rates

200 randomly selected Illinois manufacturers
from 1924 to 1984.

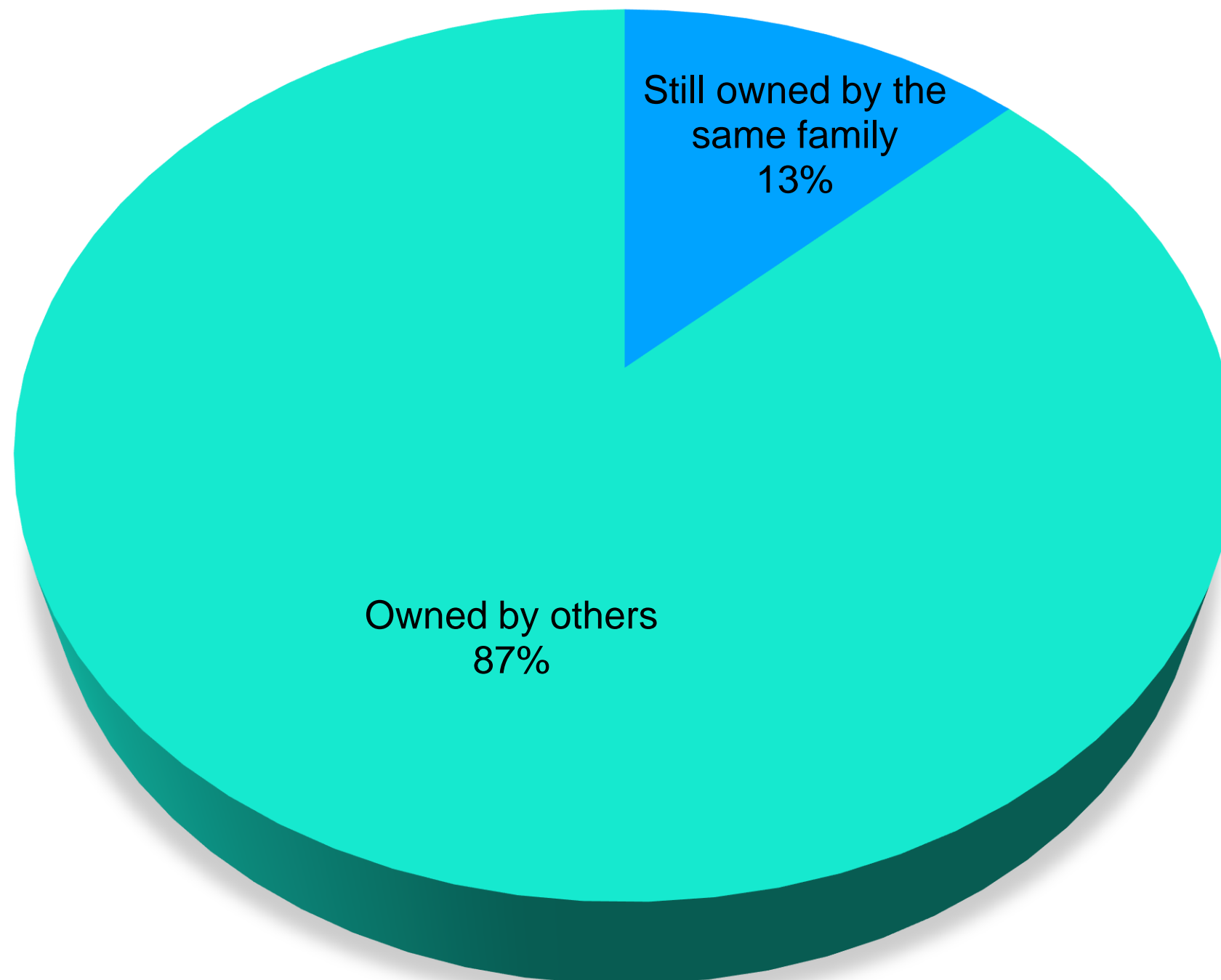


- Survived as independent company
- No longer survived with the same name

Research by John Ward of Northwestern University's Kellogg

Family Business Survival Rates

Of 20% that survived as independent company under the same name

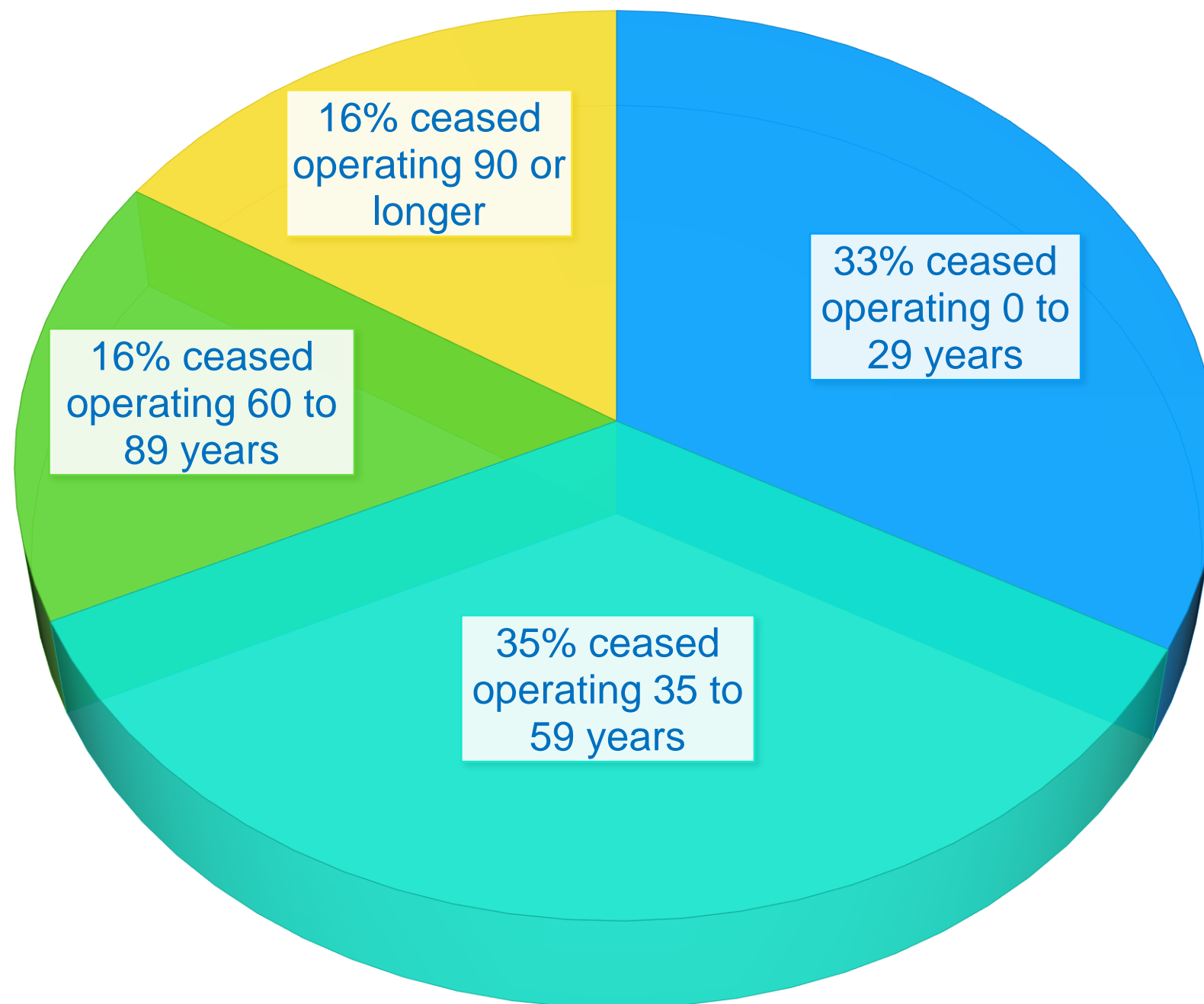


■ Still owned by the same family ■ Owned by others

Research by John Ward of Northwestern University's Kellogg

Family Business Survival Rates

**OF 80% THAT NO LONGER SURVIVED AS
INDEPENDENT COMPANY**

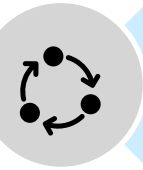


Research by John Ward of Northwestern University's Kellogg

Common pain points in Family Business



Who will participate in the business?



How leadership and ownership will be transferred?



Lack of clear discrimination of assets, liabilities and others between business and family



How to attract and/or retain non-family executives



Family compensation : Remuneration / Welfare



How to choose successor?



Business Decision Making takes relationship over reason or appropriate principle

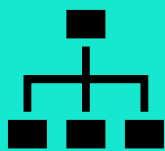


How to strengthen family/shareholder harmony

Pain Points Resolution

1

**“STRUCTURE
IS A FRIEND”**



2

**PREPARE
RELEVANT LEGAL
DOCUMENTS**



3

COMMUNICATION



4

**FAIR BENEFIT
ALLOCATION**



5

**RISK
MANAGEMENT**



6

**CONFLICT
RESOLUTION**



7

PROFESSIONALS



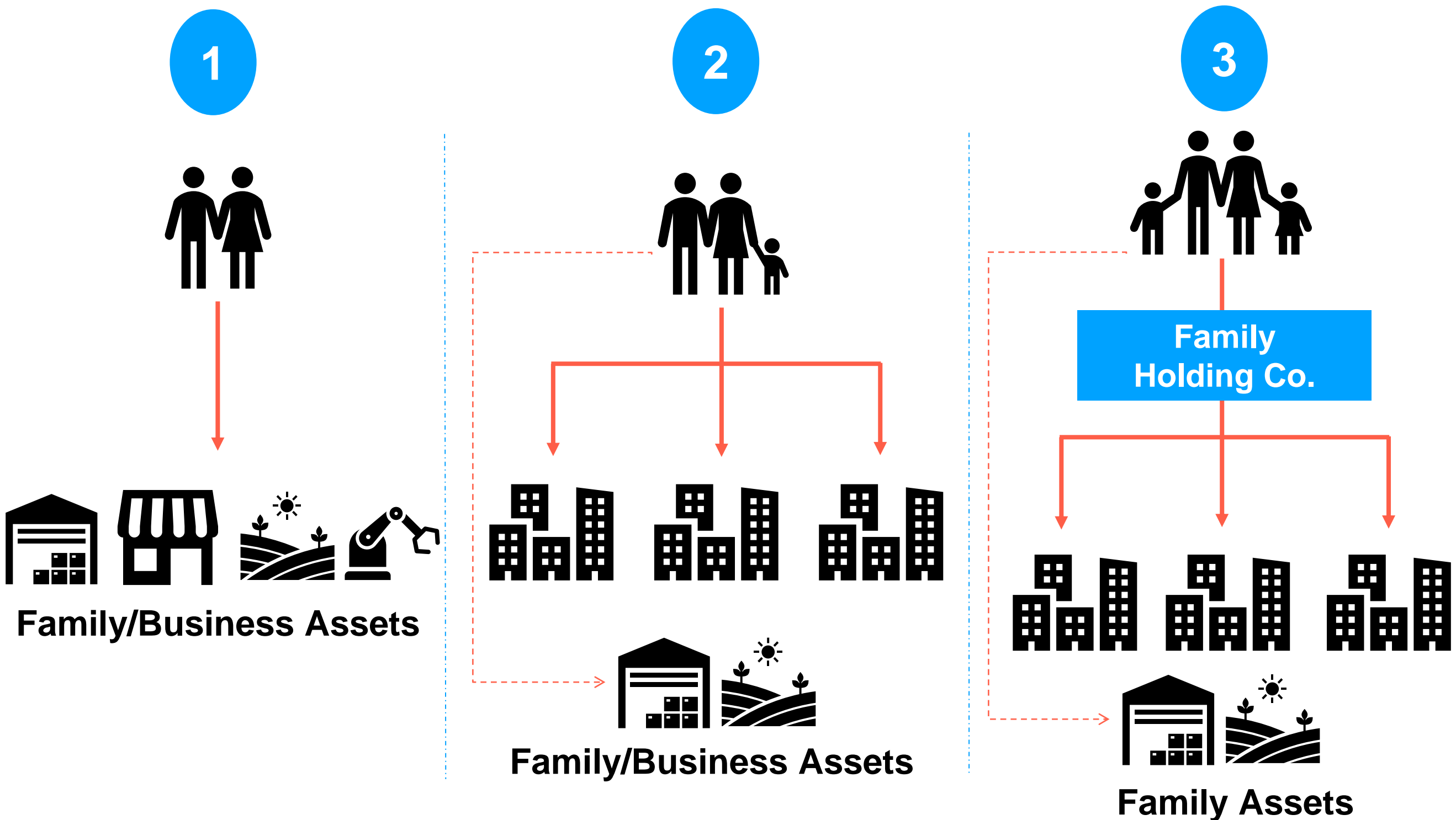
8

**CORPORATE / FAMILY
GOVERNANCE**



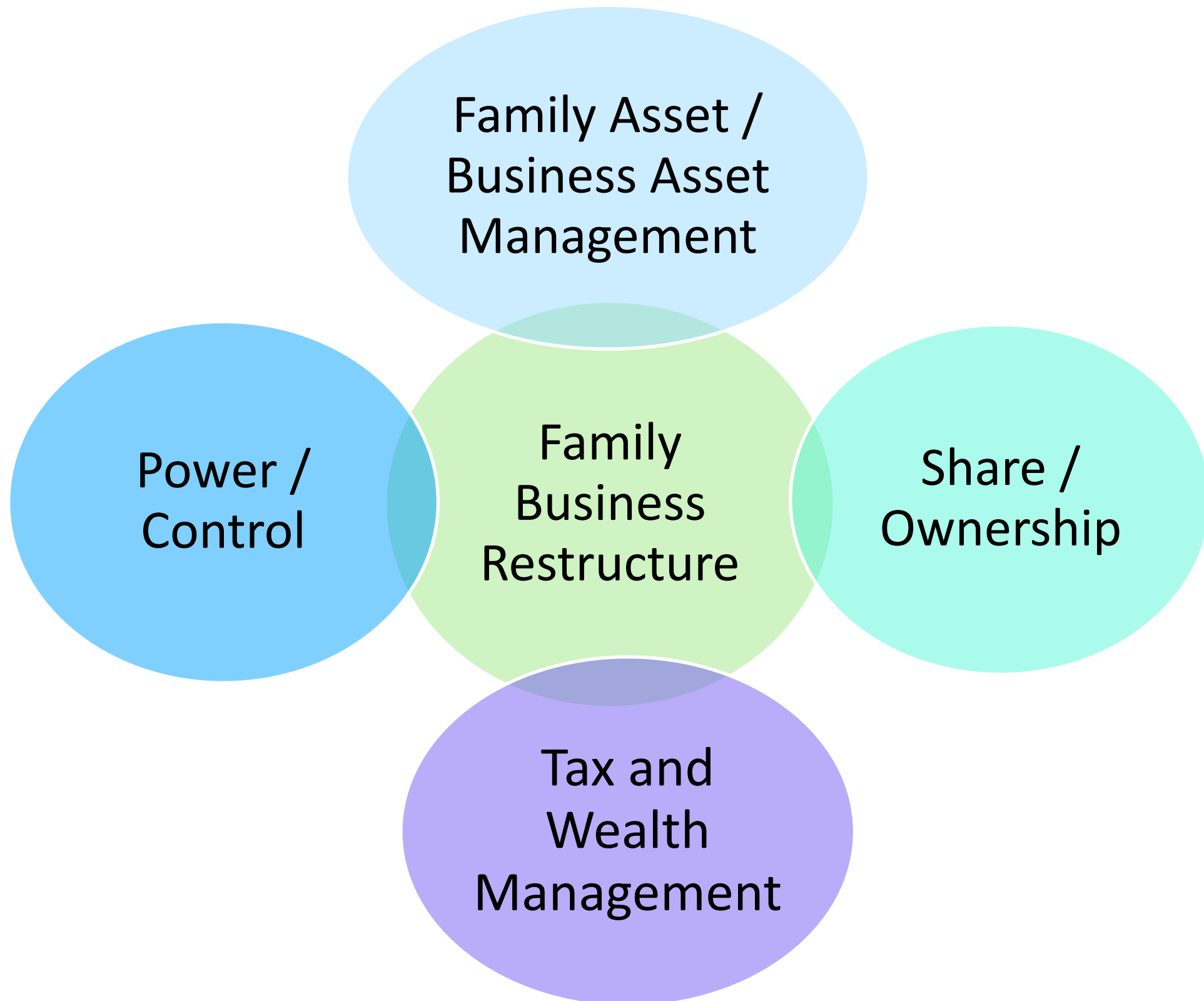
Structure is a Friend : Family Business Restructure

Family Business : Family/Business Assets Holding Pattern



Structure is a Friend : Family Business Restructure

Family Business Restructure : What to consider



Legal and Tax Landscape for Family Business Restructuring and Wealth Management

Corporate

Contract

**Corporate
Income Tax**

**Personal
Income Tax**

Territorial basis

Cash basis

Capital Gain

Dividend

Gift Tax

Inheritance Tax

Property Tax

VAT

Special Business Tax

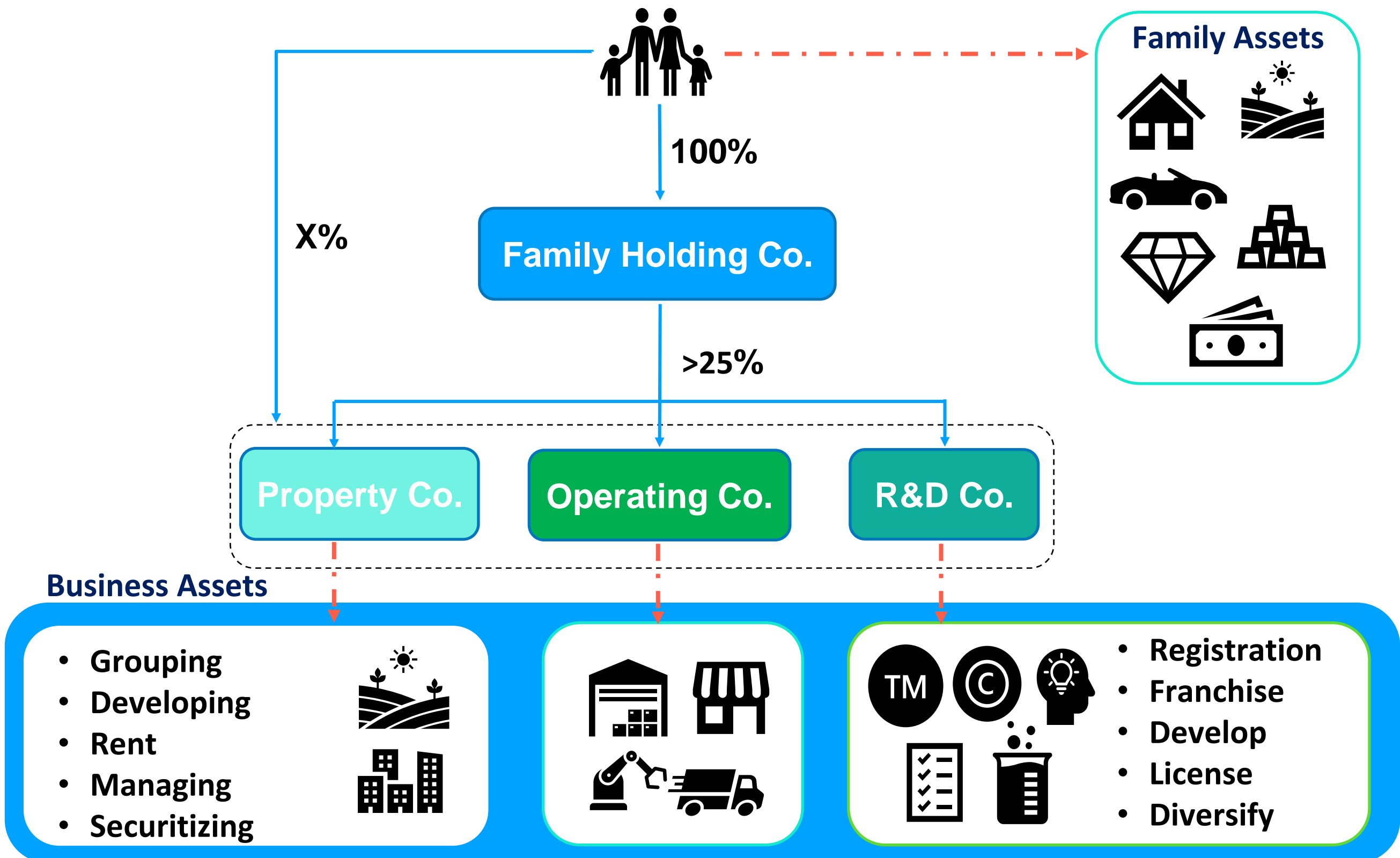
Non-Deductible Expense

Exchange Control

Transfer Pricing

Structure is a Friend : Family Business Restructure

Family Assets / Business Assets : How to Manage



Family Business Restructure : Relevant Taxes and Costs

Taxes and Fee	Amalgamation	Entire Business Transfer	Partial Business Transfer	Asset Acquisition
Personal Income Tax	Exempt	Exempt	N/A	5 – 35%
Corporate Income Tax	Exempt	Exempt	20%	20%
Value Added Tax	Exempt	Exempt	Exempt	7%
Special Business Tax	Exempt	Exempt	Exempt	3.3%
Stamp Duty	Exempt	Exempt	Exempt	N/A
Land Transfer Fee	Exempt	2%	2%	2%

Remark : Tax losses cannot be utilized in case of the amalgamation. For the entire business transfer, the transferee can utilize its tax losses only.

Family Holding Company : How to Set up

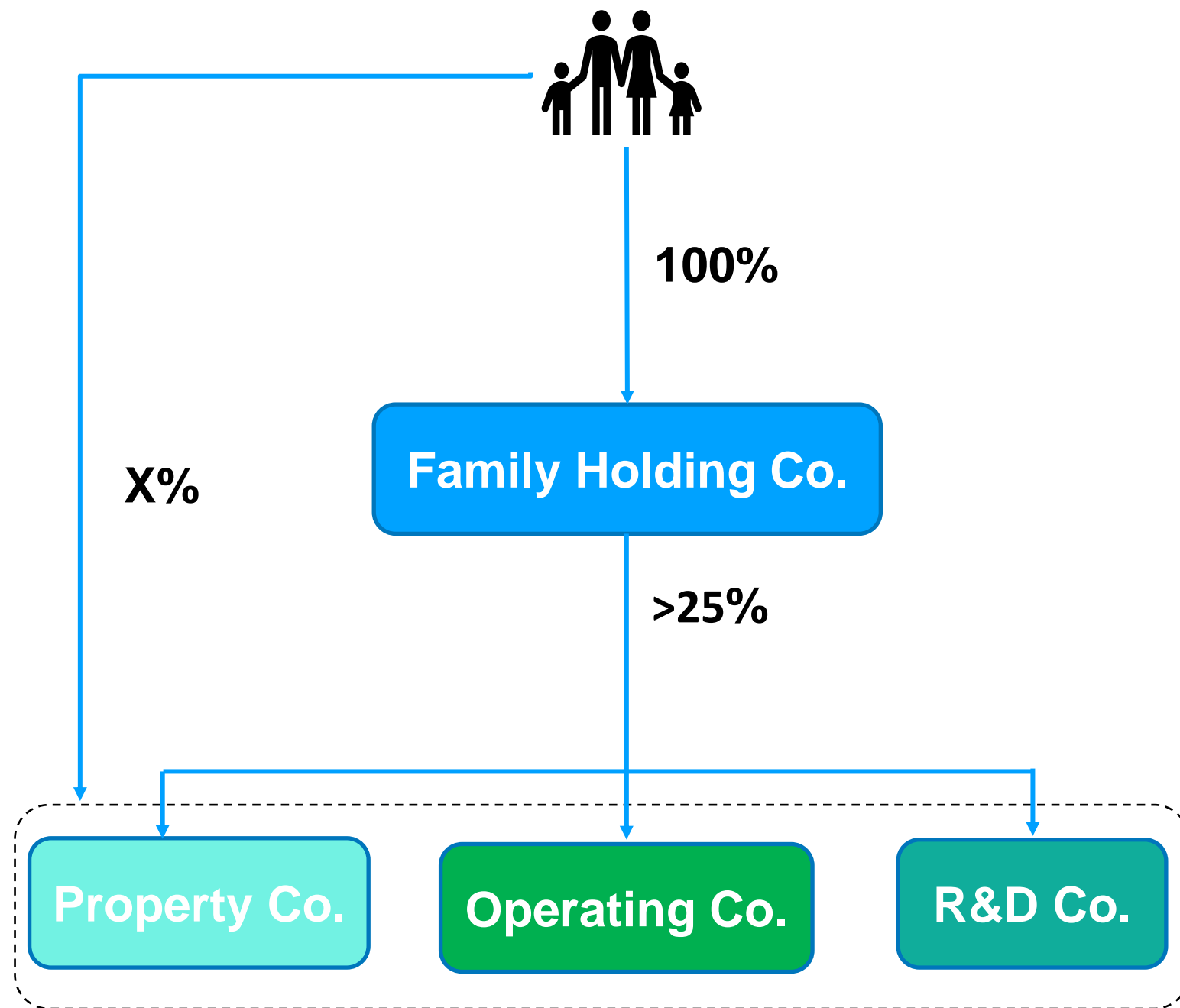
1 Old / New Company?

2 Share Swap

3 Non-Cash Transaction

4 Share Capital

5 Type of Shares



Family Holding Company : Its Nature and Function

1 Anti-Take Over

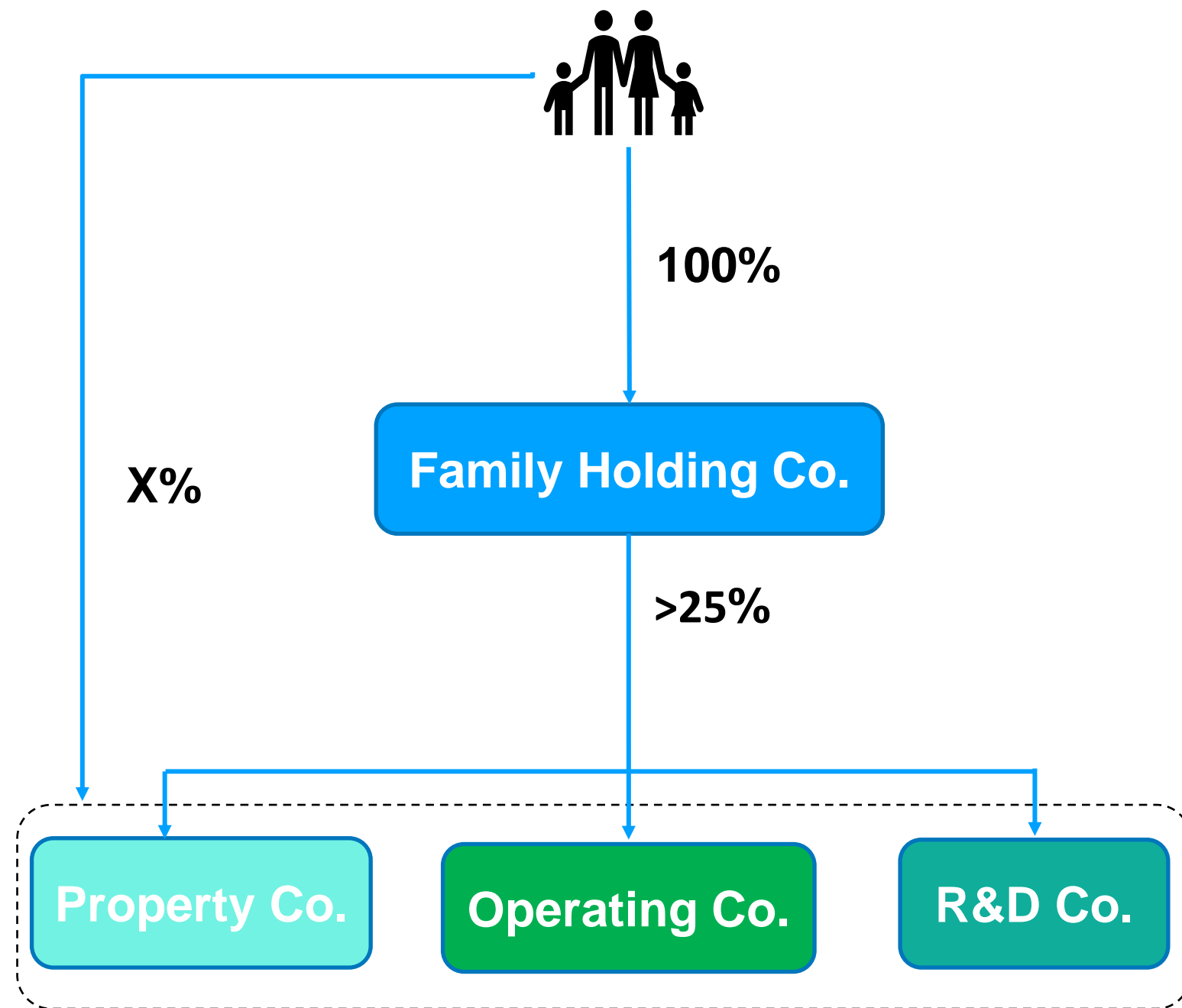
2 Cash Pooling
in Safety Zone

3 Family Shelter /
Risk Prevention

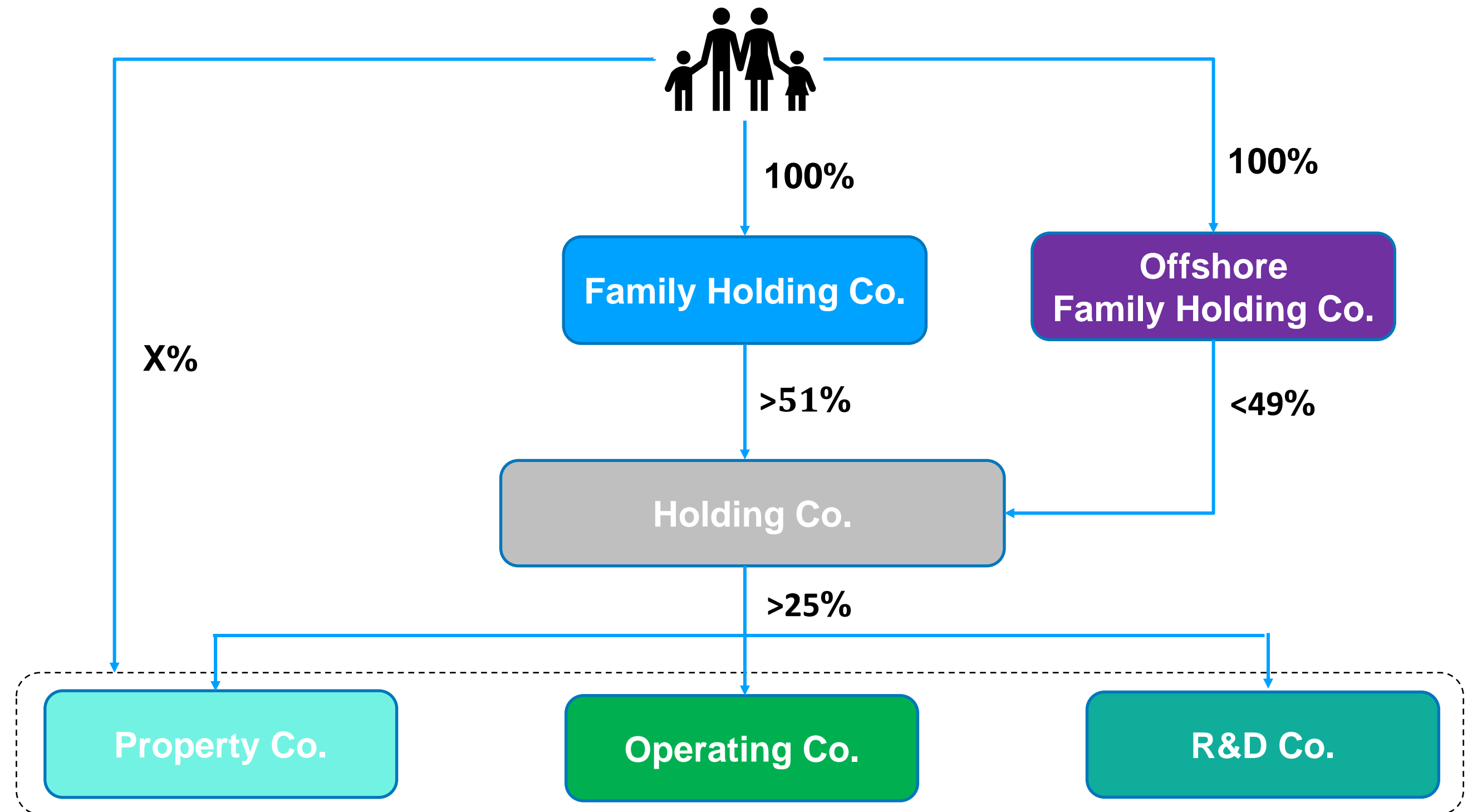
4 Tax / Wealth
Management

5 Family Asset
Allocation

6 Tax Audit Safeguard

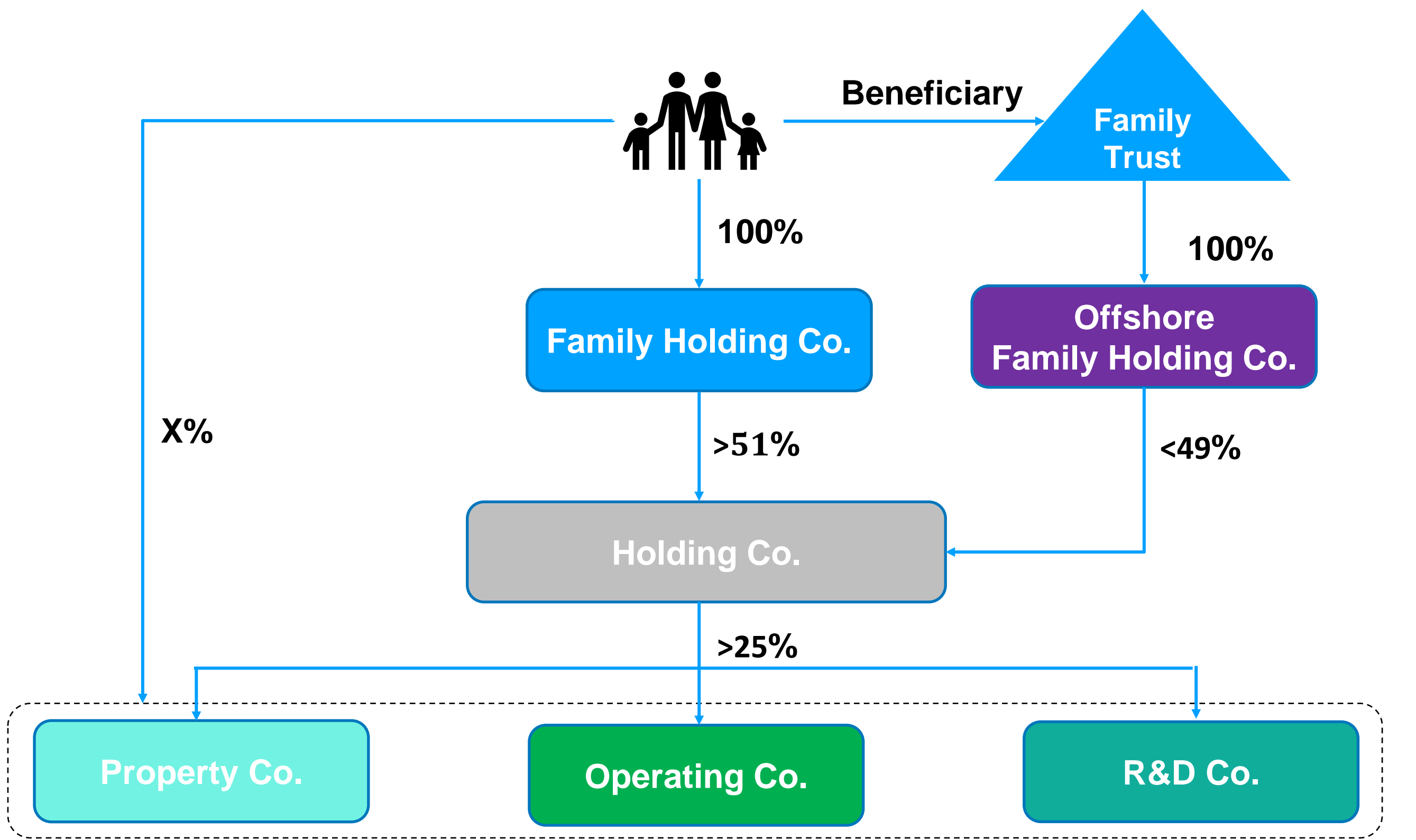


Family Holding Company : Offshore Family Holding Co.



Structure is a Friend : Family Business Restructure

Family Holding Company : Offshore Family Trust



Legal Documents For Family Business

ARTICLES OF ASSOCIATION



- TYPE OF SHARES
- QUORUM AND RESOLUTION OF THE SHAREHOLDER MEETING
- RESERVE MATTER
- SHARE TRANSFER RESTRICTION
- DEADLOCK RESOLUTION
- DIRECTORS STRUCTURE
- QUORUM AND RESOLUTION OF THE DIRECTOR MEETING
- DIVIDEND POLICY

SHAREHOLDER AGREEMENT



- TYPE OF SHARES
- GROUP OF SHAREHOLDERS
- SHAREHOLDING RATIO
- SHARE TRANSFER RESTRICTION
- DIRECTORS STRUCTURE
- DIRECTOR APPOINTMENT
- MINORITY SHAREHOLDER'S RIGHT
- CONFLICT RESOLUTION

FAMILY CHARTER

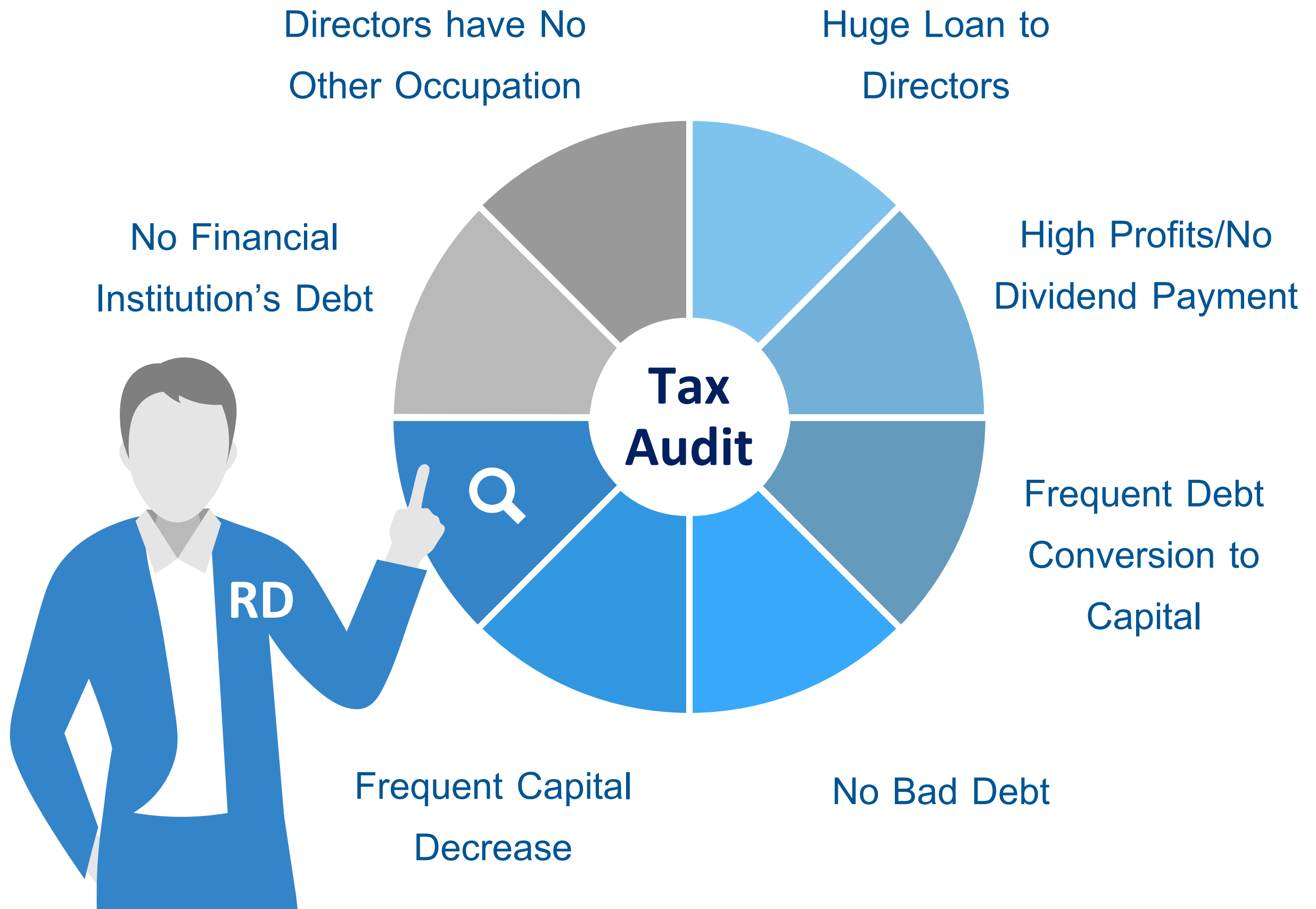


- FAMILY VALUE / VISION
- FAMILY COUNCIL
- FAMILY MEMBERS' RIGHT
- FAMILY BUSINESSES' BOARD OF DIRECTOR AND SUCCESSION PLAN
- SHARE TRANSFER / RESTRICTION
- DIVIDEND POLICY
- FAMILY WELFARE / FUND
- FAMILY OFFICE

Common Mistakes in Family Holding Company Utilization

- 
- Share Capital
 - Corporate Welfare
 - False Use of Fund
 - Incorrect Cash Management
 - Travelling Expenses for Personal Purposes
 - Entertainment Expenses for Personal F&B
 - Key Man Insurance
 - Family Welfare
 - Use of Company's Fund without Interest
 - Salaries Paid to Non-Worker
 - Incorrect Account
 - Personal Use of Company's Assets/Fund
 - Low Capital/High Debt

Focus Points : Tax Audit Risk



Corporate / Family Governance



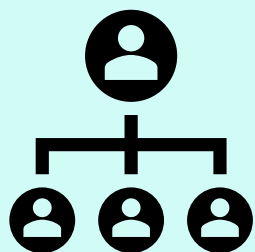
TRANSPARENCY

- ENSURE ENGAGEMENT AND COMMUNICATION WITH SHAREHOLDERS



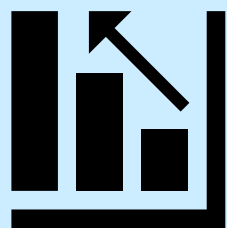
INTEGRITY

- ENSURE DISCLOSURE AND FINANCIAL INTEGRITY



ACCOUNTABILITY

- ESTABLISH CLEAR LEADERSHIP ROLE AND RESPONSIBILITIES OF THE BOARD
- STRENGTHEN EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL



COMPETITIVENESS

- NURTURE INNOVATION AND RESPONSIBLE
- DEFINE OBJECTIVE THAT PROMOTE SUSTAINABLE VALUE CREATION
- STRENGTHEN BOARD EFFECTIVENESS
- ENSURE EFFECTIVE CEO AND PEOPLE MANAGEMENT

Family Business Sustainability : Going Public

Going Public : Why IPO?



Increase Company Value



More Access to Money Market



Asset Allocation and Wealth Management



Strategic Partner and JV opportunities



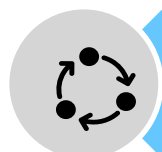
Reputation and Recognition



Anti-Take Over



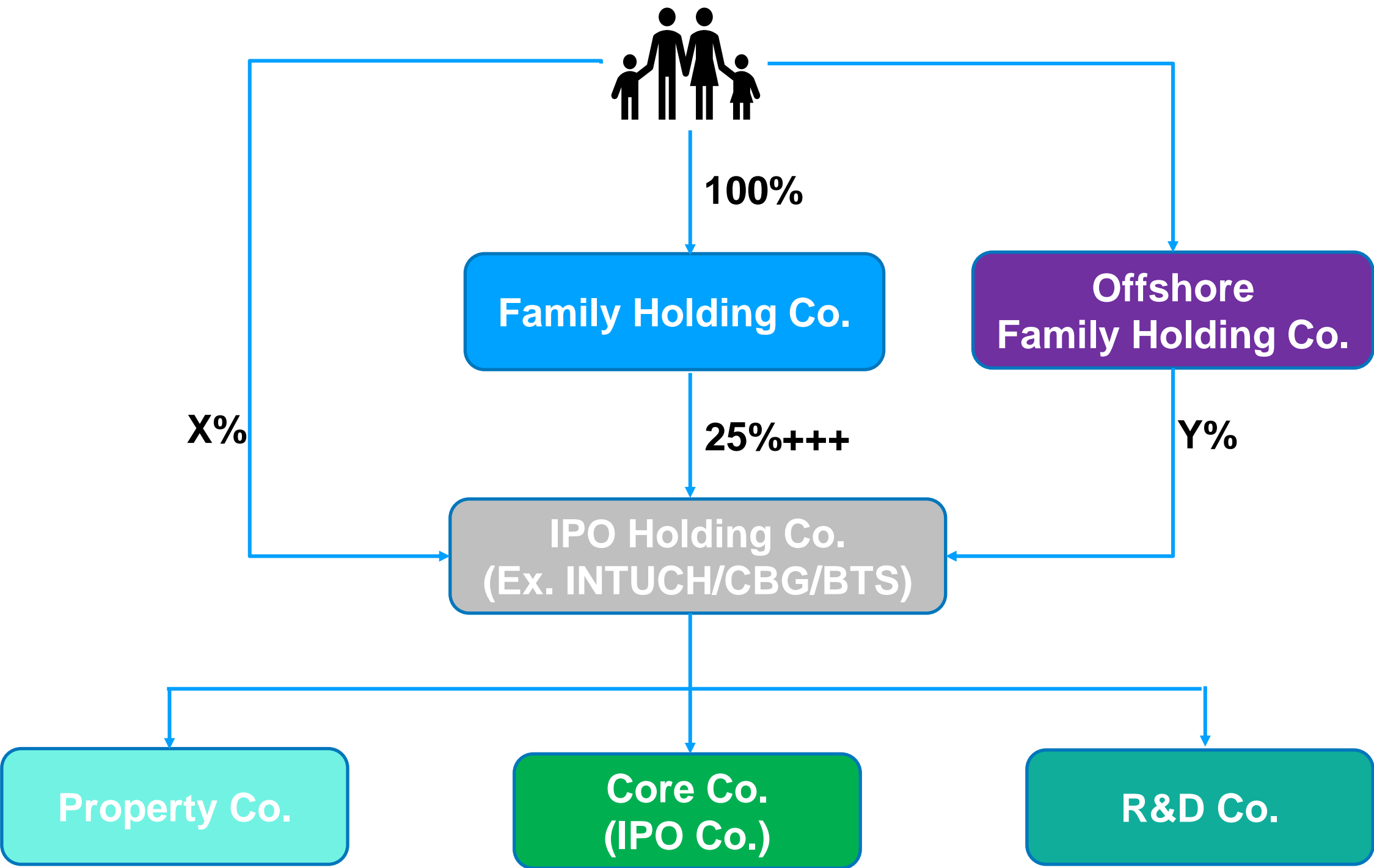
Professional and HR Management



Exit Strategy / Tax Benefit

Family Business Sustainability : Going Public

Going Public : Structure for IPO



Going Public : Family Holding in SET

Updated on 13 Dec 2020

Listed Company in SET	Symbol	Family Holding Company	Shareholding Ratio
ALT TELECOM PUBLIC COMPANY LIMITED	ALT	ALT TELECOM PUBLIC COMPANY LIMITED	53.50%
CENTRAL PATTANA PUBLIC COMPANY LIMITED	CPN	CENTRA HOLDING COMPANY LIMITED	26.21%
AMARIN PRINTING AND PUBLISHING PUBLIC COMPANY LIMITED	AMARIN	VADHANABHAKDI COMPANY LIMITED	60.11%
AMATA VN PUBLIC COMPANY LIMITED	AMATAV	AMATA ASIA LIMITED	36.21%
ASIA HOTEL PUBLIC COMPANY LIMITED	ASIA	A.B.K. ENTERPRISE COMPANY LIMITED	46.33%
TOA PAINT (THAILAND) PUBLIC COMPANY LIMITED	TOA	TOA GROUP HOLDING COMPANY LIMITED	29.99%
BERLI JUCKER PUBLIC COMPANY LIMITED	BJC	T.C.C. CORPORATION COMPANY LIMITED	60.22%
BURIRAM SUGAR PUBLIC COMPANY LIMITED	BRR	BURIRAM CAPITAL COMPANY LIMITED	50.59%
CARABAO GROUP PUBLIC COMPANY LIMITED	CBG	SATHIENTHAMHOLDING COMPANY LIMITED	25.01%

Going Public : Family Holding in SET

Updated on 13 Dec 2020

Listed Company in SET	Symbol	Family Holding Company	Shareholding Ratio
CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED	CCP	THEEPAKORN HOLDING COMPANY LIMITED	38.80%
CHEWATHAI PUBLIC COMPANY LIMITED	CHEWA	CHATCHEWA COMPANY LIMITED	67.64%
CH. KARNCHANG PUBLIC COMPANY LIMITED	CK	MAHASIRISIAM COMPANY LIMITED	14.33%
		CH. KARNCHANG HOLDING COMPANY LIMITED	10.73%
		CK. OFFICE TOWER COMPANY LIMITED	5.08%
CP ALL PUBLIC COMPANY LIMITED	CPALL	CP MERCHANDISING COMPANY LIMITED	30.17%
CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	CPF	CHAROEN POKPHAND COMPANY LIMITED	24.94%
		CHAROEN POKPHAND HOLDING COMPANY LIMITED	8.20%
CHUMPORN PALM OIL INDUSTRY PUBLIC COMPANY LIMITED	CPI	CHUMPORN HOLDING COMPANY LIMITED	33.93%

Going Public : Family Holding in SET

Updated on 13 Dec 2020

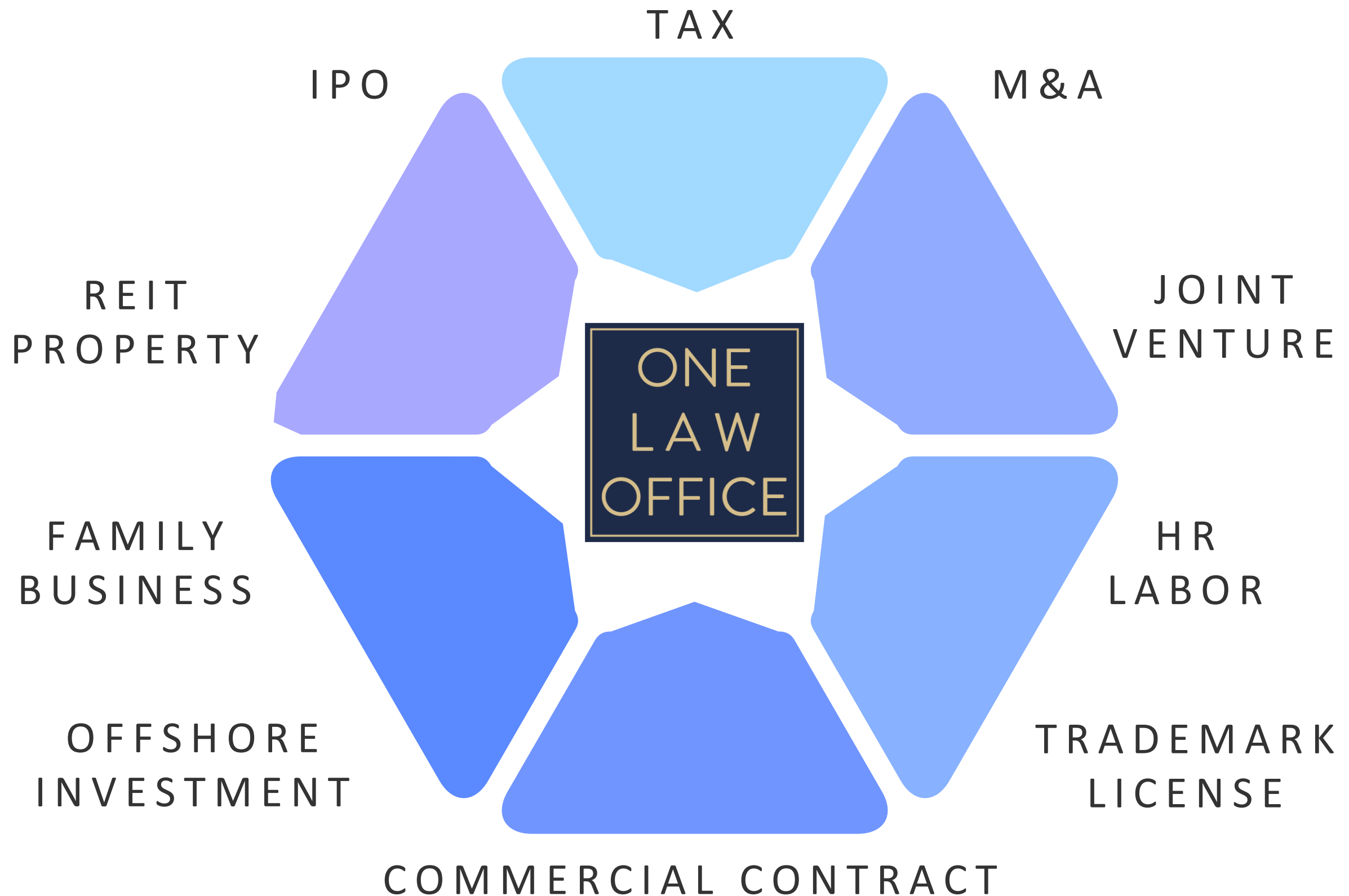
Listed Company in SET	Symbol	Family Holding Company	Shareholding Ratio
DIAMOND BUILDING PRODUCTS PUBLIC COMPANY LIMITED	DRT	MYRIAD MATERIALS COMPANY LIMITED	51.46%
DUSIT THANI PUBLIC COMPANY LIMITED	DTC	CHANUT & CHILDREN COMPANY LIMITED	49.74%
EASTERN COMMERCIAL LEASING PUBLIC COMPANY LIMITED	ECL	PREMIUM FINANCIAL SERVICES COMPANY LIMITED	25.40%
EASTERN POLYMER GROUP PUBLIC COMPANY LIMITED	EPG	VITHURAPAKORN HOLDING COMPANY LIMITED	60.00%
FN FACTORY OUTLET PUBLIC COMPANY LIMITED	FN	Q ASSET COMPANY LIMITED	31.49%
GRANDE ASSET HOTELS AND PROPERTY PUBLIC COMPANY LIMITED	GRAND	METRO PREMIER HOLDING COMPANY LIMITED	33.84%
GUNKUL ENGINEERING PUBLIC COMPANY LIMITED	GUNKUL	GUNKUL GROUP COMPANY LIMITED	49.90%
KHONBURI SUGAR PUBLIC COMPANY LIMITED	KBS	KHONBURI CAPITAL COMPANY LIMITED	27.55%
KULTHORN KIRBY PUBLIC COMPANY LIMITED	KKC	SIMAKULTHORN HOLDING COMPANY LIMITED	36.05%

Q&A



ONE Law Office

www.onelaw.co.th



Speaker Profile



Suwinai Wattanakorn

Head Consultant

One Law Office Limited

Tel: +66(0)2-219-2111

E-mail: suwinai@onelaw.co.th

Suwinai is Head Consultant at ONE Law Office Limited. Prior to joining ONE Law Office Limited in 2019, Suwinai was an associate in tax practice group at a leading Thai international law firm, and a Legal Officer at The Office of His Majesty's Principal Private Secretary. He has over 7 years of experience in client service roles in both local and international settings.

At present, his day-to-day practice focuses on assisting both domestic and international clients from a multitude of industries with regard to direct tax, indirect tax and international tax matters, as well as handling related work.



Speaker Profile



Areeya Ananworaraks

Partner

One Law Office Limited

Tel: +66(0)2-219-2111

E-mail: areeya@onelaw.co.th

Areeya Ananworaraks is a Partner and was previously a legal officer with the Revenue Department. She joined BDO Advisory Limited during the period September 2007 – March 2016 and SCL Tax Consultants Limited during the period March 2016 – December 2019.

She has 15 years of tax consulting experience. Her specialties including corporate income tax, personal income tax, international tax, value added tax, specific business tax, stamp duty and petroleum income tax. Areeya has extensive experience on cross border transactions, tax inspection, petroleum business and legal matters.

In addition, she has advised numerous clients on establishing operations in Thailand as well as carrying out numerous tax due diligence assignments for potential investors.



Speaker Profile



chinapat@onelaw.co.th

Tel: 092-286-4770

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1. ประสบการณ์มากกว่า 30 ปีในงานให้คำปรึกษากฎหมาย ด้านภาษีอากร / IPO / M&A ตลอดจนสัญญาทางธุรกิจ รวมถึง Offshore Incorporation / Family Business
2. ให้คำปรึกษาแก่ลูกค้าทั้งในไทย ในตลาดหลักทรัพย์ และต่างประเทศ
3. วิทยากรบรรยายเรื่องสัญญาธุรกิจและภาษีในงานสัมมนาและฝึกอบรมตลอดเวลา กว่า 18 ปี เป็น “อาจารย์พิเศษด้านภาษีอากร” และกฎหมายธุรกิจในหลักสูตรปริญญาตรี/โท International Program คณะนิติศาสตร์ / คณะบัญชี
4. วิทยากรประจำให้แก่ สถาบันกรรมการไทย (IOD) สมาคมบริษัทจัดการลงทุน (AIMC) ตลาดหลักทรัพย์แห่งประเทศไทย สภาวิชาชีพบัญชี กระทรวงพาณิชย์ ธนาคารฯ บริษัทประกันชีวิต และ สมาคมธุรกิจต่างๆ
5. “คณะกรรมการภาษี” ของสภาหอการค้าแห่งประเทศไทย และ “ผู้ไกล่เกลี่ยคดีภาษี” ประจำศาลภาษีอากรกลาง / คณะทำงาน ธนาคารที่ดิน (องค์การมหาชน)
6. “กรรมการตรวจสอบ” (Audit Committee) บริษัทจดทะเบียนในตลาดหลักทรัพย์ฯ

www.facebook.com/TaxTank chinapat.lawclub@icloud.com

Chinapat has more than 30 years of experience in being a professional legal and tax advisor on corporate & tax laws, finance & securities regulations as well as M&A, IPO, property fund, REITs, family business, private equity fund, venture capital, hotel & property, offshore incorporation and major business law practices including business contracts.

Chinapat also has more than 18 years of experience as a public speaker and in-house training on commercial contract, tax planning and tax risk management, family business, hotel/apartment, franchise, and family business as well as a visiting lecturer on tax and intellectual property programs for both Bachelor's and Master's Degrees in the state/private universities and business associations.

Moreover, Chinapat provides the exclusive and intensive lecture to the Association of Investment Management Companies (AIMC), Thai Financial Planners Association (TFPA), the Stock Exchange of Thailand (SET), The Federation of Accounting Professions (FAP), Commercial Banks, Life Insurance Companies, and Business Associations.

Chinapat also assists the business sector as the "Sub-Tax Committee" (Revenue Tax) under the Thai Chamber of Commerce / Board of Trade of Thailand, Working Team (Legal Advisor) of the Land Bank Administration Institute (Public Organization) and he is appointed to act as the Tax Conciliator of the Central Tax Court as well as the "Audit Committee" in the listed companies of the Stock Market.

chinapat@onelaw.co.th

Tel: 092-286-4770

WWW.ONELAW.CO.TH

