

## Credit Terms for SMEs under Trade Competition Act B.E. 2560 (“TCA”)

The Trade Competition Commission of Thailand (“TCC”) issued its Notification on Guidelines for Consideration of Fair Trade Practices Related to Credit Terms with SMEs as Sellers of Goods or Services on 24<sup>th</sup> May 2021 (“**Credit Terms Regulation**”) under the Trade Competition Act B.E. 2560 (A.D. 2017) (“TCA”) and it will become effective from 16<sup>th</sup> December 2021. It governs the credit terms set out by business operators (buyers) for their SME sellers and suppliers in trade, manufacture, and services under Section 57 of the TCA. We summarized the major provisions of this regulation below.

- (1) An SME under the Credit Terms Regulation means (1) a business operator who manufactures goods and employs not more than 200 employees or has the annual revenue of not more than THB500 million per year; or (2) a business operator who provides services, operates a wholesale or retail business and employs not more than 100 employees or has the annual revenue of not more than THB300 million per year.
- (2) The credit term must not be more than 45 days for trading, manufacturing and services not related to agriculture, and not more than 30 days for trading, manufacturing and services related to agricultural produce or processed agricultural products using a non-complicated manufacturing process. However, the parties can agree to have a credit term longer than the above if there is a justifiable reason in terms of business, marketing or economics.
- (3) The credit term must commence from the completion date of the delivery of goods or the provision of services, or the completion date of the sales of the consigned goods, as agreed between the parties in the normal trade practice, in case of the consignment.
- (4) The payment process must be clearly specified. The SME must give to the business operator (the buyer) the evidence of the number of its employees and the amount of its annual revenue.
- (5) Any delay in making payment beyond the agreed credit term without a reasonable ground, any change to the credit term or other agreed terms and conditions without a reasonable ground or without a prior notice of 60 days or longer, and any other terms and conditions related to the credit term imposing an unnecessary burden on SME is an unfair trade practice.



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