

## **New Financial Assistance to Business Operators Affected by COVID-19**

On 10<sup>th</sup> April 2021, the Thai Government enacted the Emergency Decree on Assistance and Rehabilitation for Business Operators Affected by the COVID-19 Pandemic B.E. 2564 (“**ED**”) to provide additional financial assistance to business operators affected by the COVID-19 pandemic by having the Bank of Thailand (“**BOT**”) provide soft loan and debt restructuring facilities up to THB350 billion with interest at the rate of 0.01% per annum to them through the financial institutions (“**FI**”) which are commercial banks and other specific purpose financial institutions. These facilities are split into:

- (1) THB250 billion term loan facilities for the FI to further lend to business operators to be guaranteed by the Thai Credit Guarantee Corporation (“**TCG**”) not more than 40% of the total credit facilities provided by each FI; and
- (2) THB100 billion term loan facilities to the FI for debt restructuring under the asset warehousing with buy-back options.

The FI must obtain the loan facilities from the BOT within 2 years from 10<sup>th</sup> April 2021 and repay the loan facilities to the BOT within 5 years from the loan drawdown date.

### **Soft Loan**

The new borrower without an existing credit line with the FI, and the existing borrower with a credit line of not more than THB500 million (or a higher amount to be determined by the BOT) as of 28<sup>th</sup> February 2021 (excluding consumer loan facilities) can obtain the soft loan facilities from the FI.

The loan is free from interest for the first 6 months and then is subject to interest at 2% per annum for the first 2 years but not to exceed 5% per annum for the whole term of the loan.

### **Asset Warehousing with Buy-Back Option**

Only the existing borrower of the FI whose debt is secured by the collateral asset (owned by the borrower or any other person) before 1<sup>st</sup> March 2021 can obtain assistance under asset warehousing scheme.

The borrower must transfer the existing collateral asset to the FI to repay its existing debts at an amount agreed between the parties. The borrower can lease the collateral asset for its business operation from the FI and has an option to buy back the collateral asset during the period of 5 years from the collateral sale/transfer date at the price not higher than the sale/transfer price plus

expenses for maintenance of the collateral asset and other costs to be determined by the BOT, less the rental fees received by the FI from the collateral asset during the warehousing period.



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