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# NEWSLETTER

# Thailand Tightens Laws to Combat Nominee Shareholding and Strengthen Anti-Money Laundering Framework

In 2025, Thai government authorities have intensified enforcement efforts to address the widespread use of nominee arrangements as a mechanism to circumvent foreign ownership restrictions under Thai law. These efforts include proposed amendments to the Anti-Money Laundering Act and several strategic Cabinet resolutions. The key recent developments are summarized below:

## 1. THE DRAFT AMENDMENT TO THE ANTI-MONEY LAUNDERING ACT ("PROPOSED AMENDMENT")

The Ministry of Commerce ("**MOC**"), in collaboration with the Anti-Money Laundering Office ("**AMLO**"), has proposed amendments to the Anti-Money Laundering Act. These amendments were open for public hearing from 27 March to 25 April 2025 and are currently under review.

The Proposed Amendment introduces new enforcement mechanisms aimed at eliminating the use of Thai nominees as fronts for foreign-controlled businesses and money laundering. Key provisions include:

### Expansion of Prediction Offenses

The Proposed Amendment expands the scope of predicate offenses to include:

- Bribery of public officials
- Consent given by foreign nationals and unauthorized support or joint operations by Thai nationals in businesses prohibited to foreigners, including:
  - Claiming sole ownership to conceal foreign involvement; and
  - Acting as nominee shareholders to bypass foreign ownership restrictions.

These acts, once being classified as predicate offenses, would render Thai individuals or juristic persons liable under the Anti-Money Laundering Act. Authorized officers would then have the power to **seize or freeze assets** of both Thai and foreign offenders to prevent them from using such assets for further benefit.

While nominee arrangements are already punishable under Section 36 of the Foreign Business Act ("**FBA**"), actions falling within Section 5(1) of the Anti-Money Laundering Act would now also be deemed acts of money laundering and subject to separate criminal penalties.

### New Definitions Introduced

The Proposed Amendment also introduces new definitions for "**persons acting in concert**" and "**beneficial owner**". Legal entities (e.g. limited companies, public limited companies, and other juristic persons) will be required to **report beneficial ownership information to the AMLO** during financial transactions. Beneficial owners will also be legally obligated to disclose their identities, with specific penalties outlined for non-compliance.

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## 2. CABINET RESOLUTIONS ADDRESSING NOMINEE SHAREHOLDING

### Efforts to Curb Nominee Schemes

The Office of the Ombudsman has proactively addressed nominee shareholding through consultations and joint meetings with other relevant authorities. Field inspections and discussions have also been conducted in strategically significant provinces identified as high-risk areas for nominee activities. Findings from these engagements suggest that the legal framework on nominee arrangements is outdated and lacks clarity in both interpretation and enforcement. These ambiguities have enabled the use of Thai nationals as front representatives to conceal foreign control.

As a result, the Office of the Ombudsman has issued recommendations to relevant authorities, including:

- **Land Department and Royal Forest Department:** To ensure compliance with existing land ownership guidelines and implement specific measures for nominee inspection.
- **Ministry of Commerce:** To be designated as the lead authority to prevent, monitor, and suppress nominee-related offenses involving legal entities.

### Proposed Amendments to the Foreign Business Act

The Office of the Ombudsman has also recommended key amendments to the FBA, including:

- **Redefinition of "Foreigner":** Amending Section 4 to include businesses that are formally Thai-owned but effectively controlled by foreigners via indirect holdings or preferential share structures. The qualifications of Thai shareholders holding the remaining 51% must be clearly defined to ensure they are not acting as nominees.
- **Clarification of "Nominee" and "Disguised Transaction":** These terms would be expanded to include individuals or structures used to conceal true foreign ownership or control.
- **Capital Verification Requirements:** Companies would be required to substantiate capital contributions with credible evidence for strengthening enforcement against sham investments.
- **Increased Penalties:** Violations of Sections 36 and 37 of the FBA would be reclassified as predicate offenses under the Anti-Money Laundering Act, allowing for asset seizure and freezing.
- **Expanded Investigative Authority for the DBD:** The Department of Business Development ("**DBD**") would be granted broader powers and authority to investigate and arrest in cases of nominee-related violations.

These initiatives demonstrate Thailand's commitment to aligning with international anti-money laundering standards, promoting business transparency, and safeguarding national economic sovereignty. Foreign investors and business operators should have legal professionals closely review their current business structures to ensure compliance with the forthcoming legal changes.

## 3. NEXT STEPS AND CABINET ACTION

The Cabinet has acknowledged the Office of the Ombudsman's recommendations and has tasked the MOC with leading a coordinated review in consultation with other relevant authorities.

The Cabinet Secretariat has formally informed the MOC of this resolution and requested a summary of findings. The matter is currently pending the MOC's response. Upon submission, the findings will be reviewed and presented at a future Cabinet meeting.


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