NEW AMENDMENT TO THE CIVIL AND COMMERCIAL CODE

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On 11 April 2021, the Emergency Decree on Amending the Civil and Commercial Code B.E. 2564 (2021) (the "**Emergency Decree**") came into force. The Emergency Decree, which amends key provisions of the Civil and Commercial Code ("**CCC**") with respect to calculation of interest rates, was promulgated to reflect changing economic conditions in Thailand. In this regard, the material amendments are as follows:

1. **Amendment of Section 7 of the CCC**. If the interest rate is not fixed by a juristic act or by a provision in the law, it shall be 3% per annum instead of 7.5% per annum.

   The rate can be adjusted lower or higher in accordance with the country's economic conditions by Royal Decree. The rate shall be reviewed by the Ministry of Finance every three years to be similar to the average rate between the deposit interest rate and the lending rate of commercial banks.

   Remark: The amended Section 7 of the CCC applies to the calculation of the due interest payment from the date the Emergency Decree came into force. However, it shall not affect the calculation of interest before the Emergency Decree came into force.

2. **Amendment of Section 224 of the CCC**. For monetary debt, the interest during default shall be calculated from the rate as prescribed in Section 7 plus 2% per annum. In summary, the default interest rate shall be 5% per annum instead of 7.5% per annum.

   The principles in Section 224 that remain unchanged are that creditors may demand a higher rate of interest on any legitimate grounds; interest shall not bear interest during default; and the proof of further damages is admissible.

   Remark: The amended Section 224 of the CCC applies to the calculation of the due interest payment from the date the Emergency Decree came into force. However, it shall not affect the calculation of interest before this Emergency Decree came into force.

3. **Section 224/1 has been added to the CCC**. Section 224/1 prescribes that if the debtor has a duty to settle the principal by installments, and he or she is in default on any installment, then the creditor may claim for the default interest only from the principal of such unpaid installment. Any agreement that does not comply with this provision is void.

   Remark: Section 224/1 of the CCC applies to the calculation of the due interest payment from the date the Emergency Decree came into force. However, it shall not affect the calculation of interest before the Emergency Decree came into force.

Section of CCC	Previous Provision	Amended Provision
Section 7: The interest rate that has not been agreed before.	7.5% per annum (fixed rate)	3% per annum (Reviewed by the Ministry of Finance every 3 year)
Section 224: Default interest	7.5% per annum (fixed rate)	5% per annum (3% complied with amended Section 7 of CCC plus 2%)
Section 224/1: Calculation of default interest on period in installments	Calculated from the total principal	Calculated from the principal only for the installment that is in default. (Not eligible to agree otherwise)

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