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Business Focus | Entertainment

The Draft Entertainment Complex Act: Key Features And Implications For Thailand

Thailand has long been a popular tourist destination, with tourism playing a crucial role in the country's economy and significantly contributing to its GDP. In a bid to further boost its appeal, Thailand has recently announced plans to introduce entertainment complexes, a new form of tourist attraction designed to attract even more visitors. These complexes, which will include casinos alongside other entertainment and leisure facilities, aim to diversify the country's tourism offerings and drive growth in the sector. This article explores the key aspects of the Draft Entertainment Complex Act and its potential impact on Thailand's tourism industry.

Following a public hearing in which the majority of participants expressed support, the draft of Entertainment Complex Act ("the Draft Bill") is expected to be submitted to the Cabinet by the end of this year, according to news report. This proposed legislation aims to regulate and promote investment within the country, ensure standardized and lawful operations of entertainment complex —particularly casinos, and it is expected to positively impact the overall tourism industry in Thailand.

Understanding the key contents of this Bill in advance is a prudent step for stakeholders preparing for potential changes. Below is an outlook of its core aspects.

Types of business under "Entertainment Complex"

Under Section 3 of the draft Bill, an "entertainment complex" is defined as a venue that includes a casino alongside at least four additional types of businesses. These businesses, listed in the annex to the Draft Bill, include:

1. Shopping malls
2. Hotels
3. Restaurants, nightclubs, discos, pubs, or bars
4. Sports and entertainment facilities
5. Yacht and cruising clubs

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6. Gaming establishments
7. Swimming pools
8. Amusement parks
9. OTOB centers
10. Other businesses as prescribed by the Committee.

Each type of business established under the entertainment complex shall comply with its specific law and regulations governing its operation. Nevertheless, the regulations on the operation hours, location, restrictions on the sale and consumption of alcoholic beverages, and designated smoking area will be defined by the Policy Committee (“the Committee”) through further announcement.

The term “casino” under this Bill is defined as a facility designated for gambling activities within a specific location. The key regulations to control its operation are stipulated as follows:

1. **Designated Area:** The specific zone for casino operation will be defined by the Committee’s announcement.
2. **Debts Enforcement:** Any debts arising from casino within the entertainment complex, without any formal agreement or contract, shall be legally enforceable.
3. **Online Gambling:** License holders are prohibited from facilitating online gambling that extends beyond the physical entertainment complex.
4. **Advertisement Restrictions:** The license holder shall not advertise, invite, promote or organize promotional activities in relation to the casino. This advertisement includes hiring any person with an agreement to increase the number of participants in gambling, unless expressly permitted by Committee announcements.
5. **Loan to Gamblers:** License holders may extend loans to gamblers, subject to the rules and regulations prescribed by the Committee.

Licensing Framework

Under Section 49 of the Draft Bill, the licenses for operating entertainment complexes are valid for 30 years from the date of issuance by the Committee. The license holders must pay an initial licensing fee and annual fees as outlined in the annex to the Draft Bill.

As stipulated in Paragraph 2 of Section 49, license holders must undergo performance evaluations to ensure operations align with the approved plans. These evaluations also serve as a basis for reviewing and revising operational strategies.

Upon expiration of the 30-year license term, renewal may be considered in increments of 10 years, subject to additional fees as determined by the Committee.

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Eligibility Criteria For Applicants

1. Applicants seeking a license must meet the following criteria: Be a limited company or public company registered under Thai law;
2. Have a minimum paid up capital of THB 10 billion; and
3. Directors of the license-holding entity must be natural persons of legal age and free from prohibitions under Section 42 of the draft bill.

Public companies holding licenses shall be exempted from the Foreign Business Act (“FBA”) and are not required to acquire the Foreign Business License (“FBL”) to operate its business. Apart from that, there are other exemptions applied as follows:

- **Section 67 of Public Limited Company Act:** There will be no requirement on the number of board of directors required to reside in Thailand.
- **Section 1105 (Paragraph 3) of Thai Civil and Commercial Code:** There will be no requirement of the first payment of shares.
- **Section 48 of the Draft Bill:** The requirement on the ratio of Thai and foreign employees in the entertainment complex shall be defined by the Committee’s announcement.

Operational Obligations For License Holders

License holders are required to operate their entertainment complexes strictly in accordance with the operational plan submitted during the application process. This includes:

- Implementing a robust and effective system to oversee casino activities; and
- Adopting preventative measures to address potential issues. These measures must meet or exceed the standards outlined in the original plan in the application.

Any deviation from the approved plan is permitted only with prior approval from the Committee. If the license holder fails to comply with the submitted plan or to secure the Committee’s approval for change, the Committee retains the authority to revoke the license.

The Fee Structure in relation to the license shall be as follows:

1. **Initial License Application Fee:** THB 100,000 per application.
2. **License Fee:** THB 5 billion per license, with an annual fee of THB 1 billion.
3. **License Renewal Fee:** THB 5 billion per renewal, with an annual fee of THB 1 billion.
4. **Casino Entry Fee for Thai Nationals:** THB 5,000 per entry.

Designated Location For Entertainment Complex

According to Section 41 of the Bill, the location for the entertainment complex will be designated to be in the area prescribed by the forthcoming Royal Decree, which has yet to be enacted. Nevertheless, news reports suggest that key tourist destinations such as Bangkok, Pattaya, Phuket, and Chiang Mai are unofficially considered candidates for establishing the entertainment complex.

Next Steps

Once the Draft Bill is approved by the Cabinet, it will be submitted to Parliament for further deliberation and approval. During this period, amendments may be made based on feedback from relevant authorities.

Additionally, several regulations, such as those concerning operating hours, alcohol sales, and other aspects, will be outlined by the Committee through subsequent official announcements. These announcements will provide further clarity on the implementation of the Bill once enacted.

As Thailand anticipates the launch of its entertainment complexes, should you have any questions or require further information, please feel free to contact the author.

For limited companies, specific license exemptions are still absent. This means that if the license holder is a limited company with more than 50 percent of foreign shareholders, it must comply with the FBA and obtain an FBL unless further announcement is made by the Committee.

For more information, please get in touch with [our foreign direct investment practice](#), or alternatively, please contact the author, Thanyaluck Thongrompo at thanyaluck.t@kap.co.th or visit www.kap.co.th