

## NO&T Thailand Legal Update

May, 2025 No.36

### Reimagining Thailand's Entertainment Complex Bill: Policy Context, Investor Perspectives, and Our Legal Commentary

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#### Introduction

In an effort to revitalize Thailand's economy and promote long-term tourism, the Thai government has introduced the Draft Entertainment Complex Business Act B.E. ... (the "**Bill**"). The Bill proposes the development of the entertainment complexes – integrated facilities that include retail, hotels, entertainment venues and legal casinos. While the primary goal is to attract high-spending visitors, create jobs, and increase tax revenue, a key policy objective is to reduce illegal gambling by offering a legal and controlled alternative, given the reports in Thailand indicating widespread participation in illegal gambling activities across the country.

Thailand has a long-standing history of prohibiting gambling, with most forms banned under the Gambling Act of B.E. 2478 (1935) (the "**Gambling Act**").<sup>1</sup> The introduction of the Bill has sparked widespread concerns about the risk of increased gambling addiction and its broader social impact, including risks related to money laundering. To address these concerns, the Bill includes regulatory measures such as background checks, entry fees, and financial thresholds for Thai nationals seeking to access casinos. Nevertheless, these concerns likely contributed to the government's decision to postpone the Bill's first parliamentary reading, originally scheduled for 9 April 2025, until the next session in July 2025, despite the Bill having been approved in principle by the Cabinet and marked as urgent.

Despite the postponement, the Bill remains significant. It could reshape Thailand's current approach to illegal gambling and modernize the legal framework for entertainment businesses, while also stimulating investment in the tourism sector. Moreover, there is potential for Thailand to become one of the most attractive casino destinations in Asia in addition to Macau. This newsletter explores key takeaways of the Bill to help readers understand its scope and implications.

#### Key Takeaways from the Bill

##### I. Key Definitions

- **Entertainment Complex Business**

The term 'entertainment Complex Business' is defined as a service aimed at tourism, leisure, or recreation that combines multiple types of entertainment businesses listed in the annex of the Bill (the "**List of Non-Casino Businesses**"), together with the casino.

The businesses in the List of Non-Casino Businesses include:

- (i) shopping malls,
- (ii) hotels,
- (iii) service establishments,
- (iv) sports venues,

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<sup>1</sup> Under the Gambling Act, gambling activities are broadly categorized into those listed in List A and List B. Gambling activities listed in List A (such as baccarat, roulette, poker, etc.) are generally prohibited, while those in List B (such as the lottery, boxing, public horse racing, etc.) can be permitted if prior approval is obtained from the relevant authorities. Therefore, under the current law, casinos are generally prohibited as gambling activities.

- (v) yacht and cruising clubs,
- (vi) gaming centers,
- (vii) swimming pools and water parks,
- (viii) amusement parks, and
- (ix) other businesses which may be further designated.

- **Casino**

The term ‘casino’ is defined as a specific venue designated for gambling activities. Under the Bill, the casino must be operated exclusively as a part of a broader licensed entertainment complex that includes at least four (4) businesses out of those nine (9) as listed in the List of Non-Casino Businesses. This means that the Bill does not permit the operation of a standalone casino, unlike some other jurisdictions, such as the United Kingdom or Germany, where the law allows standalone casinos to operate independently without being part of a larger integrated development.

- **Gambling**

The term ‘gambling’ is defined to include playing in accordance with the law governing gambling, and gambling and betting under the Civil and Commercial Code.<sup>2</sup> Although the definition is broad, operators will be permitted to offer only specific types of gambling within the casino, as determined by the Entertainment Complex Policy Committee (the “**Policy Committee**”)<sup>3</sup> which will be further detailed in subordinate regulations.

In addition, gambling must be physically conducted in the licensed entertainment complex only. The Bill prohibits all forms of online gambling, including connecting to a casino’s gambling operations via computer networks or other electronic devices, as well as live-streaming gambling activities for off-site participation.

## II. Number and Locations for Entertainment Complexes

The number of licenses and permitted locations for operating entertainment complexes will be determined through subordinate regulations issued by the Policy Committee. This regulatory approach reflects guidance from the Ad Hoc Parliamentary Committee, which emphasized the need to limit licenses to specific target areas to strategically distribute investment across various provinces, stimulate tourism in diverse regions, and create a balanced attractive competitive environment for investors.

## III. License Requirements

Operating an entertainment complex business requires a license from the Policy Committee and must meet the following key conditions:

- **Minimum registered capital:** The applicant must be a limited company or public limited company registered in Thailand with a minimum paid-up capital of THB 10,000,000,000.
- **Casino space:** The casino area must not be more than ten percent (10%) of either the land or utilized space of a building where the entertainment complex is located, whichever is lower. However, the exact ratio will be further specified by the Policy Committee through subsequent notification.
- **Self-operation:** Licensees are required to operate the entertainment complex business themselves and may not delegate full or partial management authority to others without prior approval from the Executive Committee of the Office of the Entertainment Complex Business (the “**Executive Committee**”)<sup>4</sup>. While the Bill does not explicitly provide for exceptions to the self-operation requirement, it may be reasonable to allow the outsourcing of certain functions that do not materially affect the sound operation of the entertainment complex business, particularly where such delegation serves

<sup>2</sup> Under this definition, ‘gambling’ should be interpreted to cover the gambling activities listed in List A and List B under the Gambling Act.

<sup>3</sup> The Policy Committee is the top committee under the Bill. It consists of (i) the Prime Minister as the Chairperson, (ii) a Deputy Prime Minister as the Vice Chairperson, (iii) top executive officials including Ministers from multiple Ministries, and (iv) experts from various fields to be appointed by the Prime Minister.

<sup>4</sup> The Executive Committee is a committee that have the duty and authority to oversee the operations of the Office of the Entertainment Complex Business and ensure compliance with laws, regulations, rules, and resolutions of the Policy Committee, as well as other duties as prescribed in the Bill, such as issuing notifications to set forth the criteria, procedures, and conditions for the licensing and operation of entertainment complexes.

professional or operational efficiency. Nonetheless, this issue should be carefully monitored, as future legislative developments may offer greater clarity.

- **Director's disqualifications:** Directors of license applicants must not possess any disqualifying characteristics, including:
  - (i) having been dismissed from a position for misconduct;
  - (ii) having a final conviction for property-related crimes involving dishonesty;
  - (iii) having a final conviction for money laundering, financing terrorism, or supporting the proliferation of weapons of mass destruction;
  - (iv) being or having been a fraudulent bankrupt; and
  - (v) being declared legally incompetent or quasi-incompetent.

Any changes to directors, executives, or the corporate structure of the licensee must also receive prior approval of the Executive Committee. In case the licensee's group companies<sup>5</sup> undertake the management of the entertainment complex<sup>6</sup>, the directors thereof must not have the same disqualifying characteristics.

- **Impact mitigation measures:** The applicant must submit evidence showing measures for the prevention, mitigation, and remediation of potential impacts resulting from the operation of the entertainment complex business that aligns with the policy proposed by the Policy Committee, as one of mandatory documents with the license application.
- **Employment:** The licensee must employ Thai nationals in accordance with the specified ratio under the subordinate regulation.
- **License period:** Licenses are valid for thirty (30) years from the date of issuance. The Policy Committee has the authority to consider renewing the license for additional terms, each not exceeding ten (10) years.
- **Fees:**

Fee Type	Amount (THB)
Application Fee	100,000 per application
License Issuance Fee	5,000,000,000
Annual Fee	1,000,000,000 per year
Renewal Fee	5,000,000,000

The high license fees are a distinctive feature of Thailand's casino regulations.

#### IV. Foreign Business Restrictions

Under the Bill, licensees are exempted from the Foreign Business Act B.E. 2542 (1999) (the "**FBA**"). This means that a company with foreign shareholding exceeding fifty percent (50%) (i.e., deemed a "foreign entity" under the FBA) can operate an entertainment complex business without requiring to comply with the restrictions under the FBA.

However, the Bill does not exempt foreign companies from land ownership restrictions under the Land Code. Therefore, if a company qualifies as a foreign entity under the Land Code, it remains prohibited from holding land ownership in Thailand.

Thus, a 100% foreign-owned company is eligible to obtain a license, however, the regulations under the Land Code still apply. Therefore, if land ownership is required for the operation, the foreign operator would need to partner with a Thai local entity and then set up the joint venture company.

<sup>5</sup> Under the Bill, 'group company' refers to:

A juristic person in which the licensee holds at least twenty percent (20%) of the total voting shares; or

A juristic person in which the same shareholder holds at least twenty percent (20%) of the total voting shares in both the juristic person and the licensee.

<sup>6</sup> Under the Bill, the meaning of "undertake the management of the entertainment complex" remains unclear. This term should be further clarified in the Bill or accompanying sub-regulations in order to determine the scope of directors who must not possess disqualifying characteristics.

In addition, for public limited companies, the Bill also provides an exemption from Section 67 of the Public Limited Companies Act B.E. 2535 (1992), which ordinarily requires that no fewer than half of the company's directors shall reside in Thailand. Nonetheless, the number of foreign directors must not exceed the limit set by the Policy Committee.

## **V. Land Lease Limitation**

Under the Bill, the lease, sublease, or grant of leasehold rights over land or real estate for the operation of an entertainment complex business is in line with general leasing rules under the Thai Civil and Commercial Code. Specifically, the lease term must not exceed thirty (30) years, with the possibility of renewal for additional terms not exceeding thirty (30) years each.

Notably, the current version of the Bill no longer includes previously proposed exemptions that would have allowed longer lease terms or waived certain requirements under the Act on the Lease of Immovable Property for Commercial and Industrial Purposes B.E. 2542 (1999).

## **VI. Marketing**

The Bill prohibits all forms of direct or indirect marketing and promotional activities related to casinos, including solicitation, advertising, public relations, promotional campaigns and any similar activities that could be deemed as encouraging gambling behavior. Exceptions to this prohibition may be granted only if the activity complies with the prescribed specific rules, methods, criteria, procedures and conditions. Moreover, any conduct that could reasonably be interpreted as promoting gambling will be considered a violation, even if not explicitly labeled as such. Therefore, it remains uncertain to what extent complimentary items and services (commonly referred to as 'comps') and similar incentives may be permissible under the Bill.

## **VII. Requirements on Thai Nationals to Access Casino**

Thai nationals must meet stringent financial and screening requirements before being allowed to gamble in a licensed casino. Specifically:

- The individual must maintain a fixed deposit account of no less than THB 50,000,000 for a continuous period of at least six (6) months.
- The individual must pass a background check in accordance with specified criteria, procedures and conditions.
- An entry fee of THB 5,000 per visit is also imposed on Thai nationals for entering a casino.

Notably, the current version of the Bill does not impose equivalent financial screening requirements on foreign nationals. However, in an effort to mitigate money laundering risks, the Bill designates licensees as "financial institutions" under the Anti-Money Laundering Act B.E. 2542 (1999) and subjects them to the full scope of obligations thereunder, irrespective of customer nationality.

These obligations include, among others, the duty to verify customer identity prior to executing designated transactions, such as occasional transactions valued at THB 100,000 or more, and the duty to report any transactions exceeding a prescribed threshold as well as any suspicious transaction to the relevant authorities. Such measures are intended to ensure that entertainment complexes operate within a comprehensive anti-money laundering (AML) framework and maintain regulatory integrity.

Given the high financial threshold well beyond the reach of most Thai citizens, and the absence of comparable restrictions for foreigners, the Bill clearly reflects the government's intent to position entertainment complexes primarily as tourism-driven economic zones, rather than venues that encourage gambling among the general Thai population. However, this approach may lead to unintended consequences. By limiting legal gambling access to the wealthy, we believe that there is a risk that lower-income individuals may continue to turn to illegal gambling channels, which lack oversight and consumer protection. In this context, the risk of increased gambling addiction among Thai people may persist or even worsen, particularly if underground gambling remains prevalent and easily accessible.

## **VIII. Tax on GGR**

The Bill does not specify the tax rate on Gross Gaming Revenue ("GGR") at this stage. This omission suggests that the GGR tax framework may be addressed in subsequent subordinate legislation or through additional

regulatory guidance issued by the relevant authorities. As such, it will be important to monitor future developments to determine the tax rate on GGR and assess its competitiveness in comparison to other countries.

### **Conclusion**

As the Bill awaits formal consideration in the upcoming parliamentary session, its final form and the extent of any revisions remain to be seen. In the meantime, ongoing discussions, particularly around the social perception of gambling and the economic potential of integrated tourism, are likely to shape the legislative path forward.

While the legislative process is still unfolding, the Bill's current provisions offer a preliminary framework for future compliance, licensing expectations, and investment structuring. Importantly, the government's emphasis on tightly regulated participation, especially for Thai nationals, signals a commitment to maintaining a controlled and reputable investment environment.

From a legal and strategic perspective, this interim period presents an opportunity for foreign investors and stakeholders to begin evaluating potential entry structures, regulatory obligations, and risk management strategies in anticipation of future developments.

We are closely monitoring the progress of the Bill and welcome further discussion with interested stakeholders regarding its potential implications.

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