



Debtors' First Option: Voluntary Insolvency



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**International Conference on Voluntary Insolvency and SMEs or Individual
Reorganization Procedure: Debtors' Options to Restart, 14 July 2023**

Thai Bankruptcy Law: Development Timeline

- 1940: Modern bankruptcy law system
- 1998: Business Reorganization for Companies Debtor
- 2016: Business Reorganization for SMEs Debtor
- Nov 2022: Proposal to amend both Business Reorganization chapters

Bankruptcy Procedure

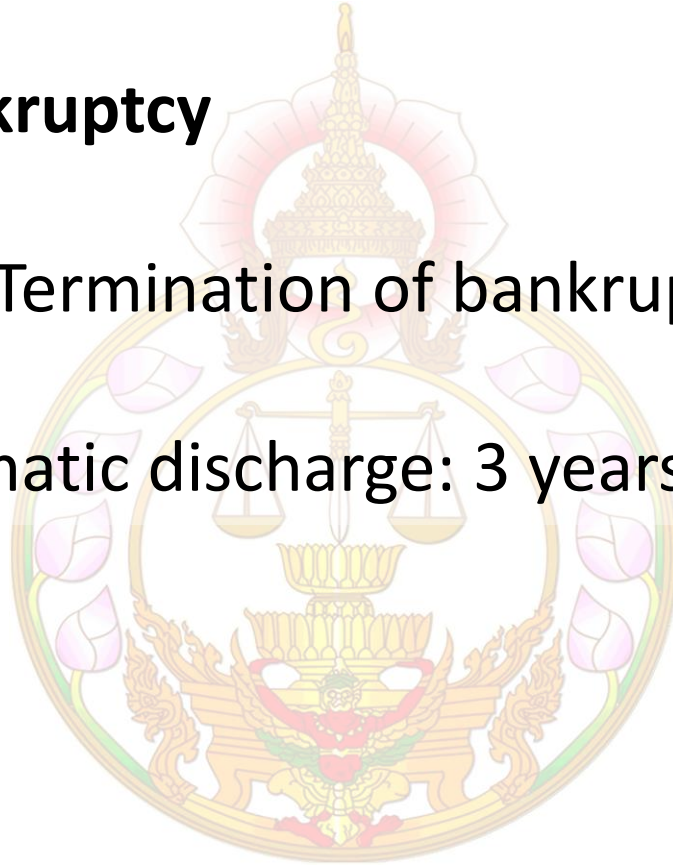
- Eligibility: a natural person and a juristic person
- Commencement method: only involuntary
- Insolvency requirement
- Minimum amount of indebtedness (THB 1 million (approx. USD 29,000) for a natural person and THB 2 million for a juristic person)

Bankruptcy Procedure (cont.)

- Absolute receivership order or dismissal order
- A repayment plan/debt agreement
- A bankruptcy judgment
- Thai bankruptcy law: **a creditor-focused system**

Exits from Bankruptcy

- 1940-2003: Termination of bankruptcy
- 2004: Automatic discharge: 3 years





Present Restrictions

1. An individual cannot start the process
2. The minimum amount of debts exclude majority of Thai people

Concerns for Voluntary Bankruptcy

1. Potential rise of bad debts/NPL
2. Moral hazard: the financial discipline

Considerations for Voluntary Bankruptcy

- 1) The insolvency requirement
- 2) Minimum amount of debt

Safeguards/Preventive Measures:

- 1) Verification of the debtor net income
- 2) Debt restructuring before bankruptcy filing
- 3) Credit counselling/ financial literacy education
- 4) Limitation on the number of filing
- 5) Sunset clause for reassessment



Goals of Bankruptcy Law

1. To collect and distribute the debtors' assets to their creditors (Debt collection mechanism)

Recovery rate

2. Free an individual debtor from overwhelming debts ("Fresh start" concept)

Thank you for your attention



Q & A

Functional Form of Different Procedures

