



# Debtors' Second Option: SMEs or Individual Reorganization



**Dr.Kanok Jullamon**

Judge attached to Bankruptcy Division of the Supreme Court  
**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

# Importance of SMEs to the Economy



- 39.6% of GDP were from SMEs
- 26.3% of exports were from SMEs
- 80.3% of total employment were in SMEs sector

(Data in 2014)

# Reasons for a Separate Chapter

1. Eligible debtors in Ch. 3/1 do not include SMEs who are mainly individuals
2. Minimum threshold amount of debt in Ch.3/1 (THB 10 million/USD 285,000) is too high for debt of SMEs (77% under USD 142,000)
3. Complexity of a case



# Main Features of the Law



1. Eligible debtors: must register with OSMEP (Office of SMEs Promotion), Revenue Dept., or Ministry of Commerce
2. Minimum debts: THB 2 million (USD 57,000) or THB 3 million (USD 86,000)
3. File a petition with a pre-approved plan (Prepackaged bankruptcy)
4. Length of the plan: no more than 3 years

# Drawbacks of the Law



1. Registration requirement
2. Minimum threshold amount of debt
3. Based on assumption that the debtor can create his/her own plan
4. Burden on the debtor to call creditors' meeting:  
no power and a meeting place
5. No specific provision on extension of a plan

# Case Statistics



- Only 9 cases filed
- Failure in terms of usage
- SMEs may use other ways to turnaround:  
a number of government-sponsored programs to  
finance SMEs

# 2022 Proposed Amendment



1. The chapter is renamed to reorganization for small-sized enterprises (SE) debtors
2. No need for SMEs characteristics
3. No registration requirement
4. Lowering the minimum debt
5. Pre-pack procedure is optional
6. The plan length is 5 years



# Individual Reorganization



- Proposed SE reorganization permits individual with business debts of not less than THB 1 million to reorganize
- Individual with purely or mainly consumer debts would like to file a debt restructuring plan/repayment plan voluntarily at the start of the bankruptcy process

Thank you for your attention



# Functional Form of Different Procedures

