

**The Trade Competition Commission Notice on
Guidelines for the Assessment of Fair Trade Practices on Credit Terms
offered by Small and Medium Enterprises as Sellers of Goods or Services**

Whereas the Trade Competition Commission has duty and authority to regulate and ensure fair trade practices, especially small and medium enterprises (SMEs) who are more vulnerable of being taking advantage of due to inferior bargaining power, in which may lead to the harm from unfair trade practices under Section 57 of the Trade Competition Act B.E. 2560 (2017); and it is the government policy to sustainably reduce inequality and enhance trade fairness for small and medium enterprises (SMEs), the Trade Competition Commission views as proper that the determination of standard criteria of credit term to be optimally between 30 and 45 days for small and medium enterprises (SMEs) as recommended by the National Economics and Social Development Council (NESDC) and the Bank of Thailand (BoT);

By virtue of Section 17 (3) of the Trade Competition Act B.E. 2560 (2017), the Trade Competition Commission hereby announces the Notice as follows:

Article 1: This Notice shall be effective when one-hundred-and-eighty (180) days have been lapsed from the day after the date of its publication in the Government Gazette onwards.

Article 2: In this Notice,

“Small and Medium Enterprises (hereinafter SMEs)” mean undertakings with the following characteristics:

1. The production of goods with the employment of no more than two-hundred (200) employees or having an annual revenue of no more than five-hundred (500) million baht,
2. The service provider, wholesaler, or retailer with the employment of no more than one-hundred (100) employees or having an annual revenue of no more than three-hundred (300) million baht;

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“Trade Credit” means an agreement to offer trade credit between an undertaking who is a SME as a seller of goods or service and a buyer of that goods or service, including sale on consignment or any other forms of sale and a payment for such goods or service is being made afterwards according to agreed conditions and period in writing;

“Credit Term” means a period in which a seller of a goods or service granted to a buyer of such goods or service for the fulfilment of a payment for that transaction within an agreed time period in which having written evidence.

Article 3: Trade practices on the determination of credit term between any undertaking who is a trading partner with an undertaking who is a SME are intended to enhance liquidity of that SME, considering those trade practices are not exercise of superior bargaining power, non-discriminatory, not exclusive, having explicit criteria, having written evidence, and being normal business operations in which reasonably explainable.

Article 4: The determination of credit term between any undertaking who is a trading partner with an undertaking who is a SME shall be assessed as fair trade practices as suggested by the following guidelines:

(1) Period of Credit Term

(a) in trading, manufacturing, and service sector, the credit term shall not exceed forty-five (45) days, except there is already a prior agreement with lesser credit term,

(b) in trading, manufacturing, and service sector that are related with agricultural goods or non-complicated processed agricultural goods, the credit term shall not exceed thirty (30) days, except there is already a prior agreement with lesser credit term,

The determination of credit term in which deviate from the aforementioned period in Article 4 (1) may be justified if it has a reasonable explanation from the perspectives of business, marketing, or economics, within the scope of provisions in a contract;

(2) Calculation of Credit Term

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The period of credit term commences on the date of delivery of goods or service fulfilling an agreement between a seller and a buyer in terms of quantity, type, quality, and standard of such goods or service and all proper documents are being transferred between the twos; or in the case of sale on consignment, the period of credit term commences on the date that goods are sold according to an agreed quantity or proportion according to normal trading norms;

(3) Payment of trade credit

A payment made by any undertaking who is a trading partner with a SME shall be accompanied by clearly demonstrated payment steps in line with normal trade practices and a SME shall provide the evidential documents testifying its employment or document(s) proving its status of being a SME to an undertaking who is a trading partner.

Article 5: Any action may be deemed as unfair trade practices including

(1) substantial delay of payment for goods or service exceeding a predetermined and agreed credit term without due course;

(2) alteration of credit term or any other terms and/or conditions in a contract without due course or without prior notification of no less than sixty (60) days;

(3) other unfair compelling behaviors by any undertaking who is a trading partner with a SME; such as an imposition of special conditions related to trade credit in which renders unnecessary burdens onto a contracting party.

This Notice is announced on the 24th of May B.E. 2564 (2021)

Professor Sakon Varanyuwatana

Chairperson of The Trade Competition Commission

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