

TCCT updated the progress and enforcement of Credit Term measures for SMEs

Office of Trade Competition Commission (TCCT) revealed the progress on setting a standard of “Credit term” length which can be requested from small and medium-sized enterprise (SME) sellers/service providers at 30 or 45 days, depending on the types of products/services. The Guidelines on Unfair Trade Practices Pertaining to Credit Term with SMEs (hereafter, “The Guideline”) was recently announced in the Royal Thai Government Gazette, will be effective from December 16th, 2021.

The Guideline will prescribe the standard of credit term period and counting method of credit term period and define relevant conducts that may be deemed to be characterized by unfair trade practices. The Guideline aimed to increase liquidity for SMEs and create mechanisms to help and solve inequality relevant to credit terms between SMEs and large business operators.

Mr. Santichai Santawanpas, Commissioner of Trade Competition and spokesperson of TCCT, stated that TCCT is prompted to issue this guideline because SMEs have faced financial difficulties during COVID-19 pandemics due to lengthy credit terms from larger business operators. To alleviate these difficulties, TCCT, therefore, published the official announcement on Unfair Trade Practices Pertaining to Credit Term with SMEs. The announcement will be legally effective after 180 days after the official announcement in the Royal Thai Government Gazette, which is on 16 December 2021.

Specifically, The Guideline determines the definition of SMEs, credit term period from 30 days or 45 days, the procedures of payment between business operators. Business conducts proscribed in this guideline may be deemed as unfair trade practices against Section 57 of the Trade Competition Act B.E. 2560. A violation of Section 57 is subject to an administrative fine of not more than 10% of the turnover in the year of offense.