Siam Legal Chiang Mai Advises Foreign Business Owners to Review Nominee Structures as Proxy Business Crackdown Expands to Northern Thailand

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Siam Legal Chiang Mai, a Thailand-based full-service law firm with more than 20 years of operation, is advising foreign nationals operating businesses in Chiang Mai to review their corporate structures for legal compliance following a major government enforcement operation targeting proxy and nominee business arrangements across the province.

On June 18, 2026, a team of 188 police officers and administrative officials launched a coordinated anti-nominee business operation in Chiang Mai under the command of Pol Maj Gen Yutthana Kaenchan, the Chiang Mai provincial police commander. The operation identified 2 hotels in violation of the Hotel Act, 3 parties in breach of the Immigration Act, multiple companies in which Thai proxies were found holding assets illegally on behalf of foreign nationals, and 11 companies with no legitimate brick-and-mortar offices as claimed in their registration documents. Authorities stated that evidence collection and expanded investigations are ongoing, with legal prosecution being prepared.

Police have described Chiang Mai as one of the areas targeted for expansion of the "Koh Phangan Model,"

referring to the active suppression campaign that began on the southern tourist island of Koh Phangan in Surat Thani province and has since been adopted as a national enforcement template. The Chiang Mai operation represents the formal rollout of that model in northern Thailand, extending the crackdown beyond beach resort destinations to inland urban and commercial centers.

The enforcement targets what Thai law defines as nominee or proxy business arrangements, where a foreign national uses Thai individuals to hold shares or assets on their behalf in order to circumvent restrictions under the Foreign Business Act B.E. 2542. The businesses identified in the initial operation include hotels and companies in which the actual beneficial ownership and operational control did not correspond to what was on record, a pattern that authorities have indicated they intend to pursue systematically across the province, including in commercial areas such as Nimman, the Old City corridor, Hang Dong, and Doi Saket.

"The enforcement activity in Chiang Mai follows a clear policy direction that has been building for some time," said Apichart Mattayanuwat, Attorney at Law at Siam Legal Chiang Mai. "Foreign nationals who have structured their business interests through Thai nominees should understand that the risk of operating in that way has materially increased. The relevant question now is not whether enforcement is coming, but whether the structure in place would withstand scrutiny if it were examined."

The Foreign Business Act restricts foreigners from operating in many categories of business in Thailand without a Foreign Business Licence, or FBL, or other qualifying authorization. A nominee arrangement, in which a Thai national holds shares on behalf of a foreigner without genuine ownership or financial interest, constitutes a violation of this law and exposes both the foreign operator and the Thai nominee to criminal liability. Penalties available under the Act include fines and imprisonment. The Thai nominee who knowingly holds shares on behalf of a foreign principal may also face separate liability. Hotels that are found to be operating in violation of the Hotel Act face additional regulatory consequences, which can include licence revocation and business closure.

There are legal structures that allow foreign nationals to own and operate businesses in Thailand lawfully. The Board of Investment, or BOI, offers promotion schemes that may grant 100% foreign ownership in qualifying sectors, including certain technology, manufacturing, and service businesses. US citizens may qualify to operate majority-owned businesses under the Treaty of Amity between the United States and Thailand. Foreign Business Licences are available for certain restricted activities where a genuine case can be made to the relevant authority. In each case, the structure must reflect genuine ownership rather than a nominal arrangement designed to mask foreign control.

For businesses that are currently operating under nominee structures, a legal review can identify whether restructuring options exist and what the process would involve. Siam Legal Chiang Mai notes that the window between enforcement identification and formal prosecution allows time for voluntary correction in some

circumstances, but that this window is not indefinite once an investigation is underway.

Foreign nationals who are concerned about their current business structure or who are in the process of establishing a business in Chiang Mai and wish to understand their options may consult with a lawyer in Chiang Mai to assess their position under current Thai law.

Siam Legal Chiang Mai is a Thailand-based law firm serving foreign nationals, digital nomads, expatriates, and investors in Chiang Mai and northern Thailand. The firm provides legal services in immigration, visa applications, company formation, property law, and related matters.

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Siam Legal Chiang Mai

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