

Topics March 2021

The Bill of amendment of the Civil and Commercial Code (No. ..) B.E. (Amendment of interest rates).

On March 9, 2021 the Cabinet had a resolution approving the Bill Amendment the Civil and Commercial Code (No. ..) BE as proposed by the Office of the Council of State with the detail of the bill as follows:

1. Amendment of interest rates which not determined by juristic act or expressly by law (standard rate) under Section 7 of the Civil and Commercial Code by adjusting from "seven and a half percent (7.5 %) per annum" to "three percent (3 %) per annum", which may be adjusted to decrease or increase by enactment the royal decree.

2. Amendment of the default interest rate by adjusting to " seven and a half percent (7.5 %) per annum" to "the rate specified in accordance with Section 7 of the Civil and Commercial Code (three percent (3 %) per annum) add-on interest of two percent (2%) per annum". Therefore, in case the Bill came into force, the new default interest rate would be five percent (5%) per annum.

3 . Determine the base for the calculation of default interest on the debt that the creditor sets the debtor to pay in installments by requiring that in the case where a debtor fails to make any payment of installments, the creditor is entitled to demand the default interest based on the amount of principal of such default installment only.

4. The new interest rate under the Bill shall only be applicable for the debt or the installment payment of which is due on the effective date of the Bill onwards.