

## Thailand: Adjustment of Interest Rate and Default Interest Rate

In an effort to modernize, improve and update the old Civil and Commercial Code (“CCC”), of which has been in used for many years without any updates. For this, the Thai government gazette has published a new amendment to the CCC detailing three key adjustments to various interest rate payments to bring the CCC in line with the current financial and business landscapes.

This new amendment to the CCC (“Interest Rate Amendment”) includes the adjustments of: (1) monetary debt interest rate, (2) monetary debt default interest rate and (3) monetary debt interest rate pays by installments. The Interest Rate Amendment became effective on April 11, 2021. The summary of the mentioned three adjustments is as follow.

### 1). *Adjustment on Debt Related Interested Rate*

In the event that there are no pre-existing contractual agreement or governing provisions to stipulate the interest rate payment, the debtor shall be liable for 3% interest rate per year (subject to revision every 3 years).

Previous Interest Rate	New Interest Rate
7.5% per year	3% per year

### 2). *Adjustment on Debt Related Default Interested Rate*

If the debtor violated any pre-existing contractual agreement, the debtor shall be liable for 5% of the default interest rate per year.

Previous Interest Rate	New Interest Rate
7.5% per year	5% per year

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### 3). *Adjustment on Debt Related Default Interest Rate (Installment)*

In the instance that a debtor has agreed to pay the default debt interest rate by installments, the default interest rate shall now be calculated based on the principal amount of the due unpaid installment.

Previous Interest Rate	New Interest Rate
Calculate based on the total unpaid principal amount	Calculate based on the principal amount of the due unpaid installment

In conclusion, this Interest Rate Amendment adjusted the payments of monetary debt interest rate, monetary default interest rate and monetary debt interest rate pay by installment that are not bound by any pre-existing contractual agreement or governing provisions. Additionally, any interest payments due before this Interest Rate Amendment's effective date (April 11, 2021) shall still be governed by the previous interest rate rules. For the interest payments due after the effective date, the new rules shall apply. For further assistance, please contact [law@ilct.co.th](mailto:law@ilct.co.th).

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