

# GUIDELINES FOR BUSINESS ENVIRONMENT IMPROVEMENT IN EXAMPLE OF THAILAND AND RA

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**Abstract:** despite positive changes in the Republic of Armenia, there are still many problems that hinder the development of the business environment. Among them, one can underline cross-border trade, loans, property registration, contracts, investors' interests, which are also conditioned by corruption risks, shadow economy, tax administration and political stance.

**Keywords:** business environment, rating assessment, investor protection, tax payments, access to credit, corruption risk.

## РУКОВОДЯЩИЕ ПРИНЦИПЫ УЛУЧШЕНИЯ БИЗНЕС-СРЕДЫ НА ПРИМЕРЕ ТАИЛАНДА И РА

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**Аннотация:** несмотря на позитивные изменения в Республике Армения по-прежнему существует много проблем, которые препятствуют развитию бизнес-среды. Среди них можно выделить вопросы, связанные с трансграничной торговлей, регистрацией собственности, кредитами, контрактами, интересами инвесторов, которые также обусловлены коррупционными рисками, теневой экономикой, налоговым администрированием и политической позицией.

**Ключевые слова:** бизнес-среда, рейтинговая оценка, защита инвесторов, налоговые платежи, доступ к кредитам, коррупционный риск.

The business environment is the main guarantee of economic and social stability of each country, the development of which provides an opportunity to alleviate the economic and social difficulties, creating stable conditions for further economic growth.

Developed countries have achieved a high level of economic diversification and sustainable growth due to the efficiency of entrepreneurship [1].

This study presents the state of the business environment of the Kingdom of Thailand and the Republic of Armenia and the issues that hinder it, as well as the ratings of Thailand and Armenia in prestigious international studies aimed at creating a favorable business environment and increasing the transparency of the regulatory environment.

The World Bank and International Finance Corporation publishes Doing Business annual reports.

Turning to the 2019 Doing Business rankings, it is clear that Thailand ranks 27th out of 190 countries in terms of ease of doing business [3].

In Thailand, the indicators of starting conditions for business start-up, electricity connection, investor protection, tax payments, access to loans, ease of issuing construction permits have become easier. However, in terms of "Contract Enforcement" and "International Trade Convenience" indicators, it fell 37th to 62nd (Table 1), respectively, due to the lack of electronic submission of export documents. with improvement.

Table 1. Armenia and Thailand Indices in Doing Business Reports 2018-2019 [4]

Indicators	Armenia		Rise / Fall	Thailand		Rise / Fall
	2018	2019		2018	2019	
Starting conditions for starting a business	15	10	5 ↑	47	36	11 ↑
Issuance of construction permit	89	62	27 ↑	43	34	9 ↑
Tax payments	23	16	7 ↑	68	67	1 ↑

Contractual application	47	30	17↑	34	37	3↓
Credit availability	42	48	6↓	48	42	6↑
Ease of international transportation	43	52	9↓	57	62	5↓
Electrical connection	66	30	36↑	13	6	7↑
Investor protection	62	120	58↓	16	3	13↑
Property registration	13	13	0	68	67	1↑
Insolvency inquiry	97	95	2↑	26	24	2↑

The Thai government's targeting of the Doing Business rankings and the attractiveness of doing business have been fueled by measures taken by the Thai government, which have created opportunities for attracting foreign investors and implementing new investment projects.

What were those events?

- Simplification of business pre-registration procedures (publication, notarization, verification);
- Reduction of business registration capacity up to 4 days (compared to 27 days before);
- Simplification of settlement of investment disputes of small shareholders, aimed at increasing the protection of their interests;
- Expanding the role of shareholders in the management of the company, increasing the requirements for disclosure of information on transactions concluded by affiliates;
- Simplification of tax legislation procedures (reduction of tax applications, improvement of tax audit processes);
- Reduction of the tax rate for property registration by up to 4.3% (compared to 7.3% previously);
- Regulation of electricity generation procedures; Transparency of tariff information.

The One Window Principle adopted by the Thai Government was a strategic roadmap for improving the business environment. This system not only simplifies the procedures for registering companies, but also reduces costs and time required.

In Thailand, the attraction of foreign investment and the development of the business environment have been facilitated not only by the improvement of tax legislation, but also by the establishment of government agencies of professional groups, which provide foreign investors with reliable, systematic information on the country's macroeconomic indicators. Functions of issuing permits, registering an organization, establishing relations with potential business partners, financing programs through targeted subsidies, cooperating with various private organizations, ie, a platform for effective state-business-civil society cooperation is established in this country.

According to the ranking of "Doing Business" in 2019, the Republic of Armenia ranked 41st among 190 countries in terms of ease of doing business, improving its position by 6 positions compared to last year [5].

The role of tax administration in improving the business environment is enormous. It can, in fact, have both a stimulating and a deterrent effect on the development of the business environment, the establishment of partnerships between businesses and the state. In this regard, the tax policy in Armenia is aimed at improving the administration [2], however, despite the positive changes, there are still many problems in the Republic. Among them, we can emphasize the issues related to the ease of conducting international trade, access to credit, registration of property, protection of investors' interests. Of course, these problems are due to corruption risks, shadow economy, high unemployment, unequal income distribution, tax administration, lack of professional knowledge of businesses, limited or no access to financial resources, ie, a situation is created when investors. The motivations for doing business become uncomfortable or very risky.

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