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LAND, BUILDINGS TAX SCRUTINISED..... 1

Land, buildings tax scrutinised

Cutting the exemption ceiling for first homes to 20 million baht from 50 million will nearly triple the number of residences subject to the land and buildings tax to 30,000, says Deputy Finance Minister Wisudhi Srisuphan.

According to the Finance Ministry's data, 11,000 homes would be subject to the new property tax payment if the exemption threshold was 50 million baht.

A draft bill on the land and buildings tax is being vetted by the National Legislative Assembly (NLA) after being approved by the cabinet in March, with the waiver at the centre of the debate.

Some NLA members argue the waiver ceiling is too high and should be lowered to widen the number of taxpayers, adding the bill in its current form is also unfair as those who own more than one residence are subject to the tax even if their homes' combined value is less than the 50-million baht threshold for the first property. The Finance Ministry has voiced concerns that lowering the tax exemption threshold may reignite strong outcry from the public.

Mr Wisudhi said it was yet to be decided if the waiver level will be reduced, though influential members on the NLA committee have supported the 20-million-baht tax exemption.

The NLA is set to wrap up the bill in November, after which it will come into force in January 2019, he said.

The new tax, which will replace the outdated house and land tax and the local development tax, aims to narrow income disparity, expand the national taxpayer base, increase tax revenue for local administrations and improve land use.

The draft bill calls for the tax to be levied on first-home owners and farmland appraised at more than 50 million baht. A tax rate of 0.05% will be applied to first homes and agricultural land worth between 50 million and 100 million baht, and a 0.1% rate for homes above 100 million. People owning second homes will be taxed in a range of 0.03-0.1% of the appraisal price.

The tax on vacant land will rise by 0.5 percentage points every three years, up to a cap of 5%, while land for commercial and industrial use will be levied at 0.3-1.5%.

The land and buildings tax is forecast to generate 64.2 billion baht for local administrative organisations, up from the 25.9 bil

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