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NLA agrees on new land and property tax rates

After 19 months for deliberation, the National Legislative Assembly unanimously voted on Friday to pass new land and property tax rates which will come into effect on January 1, 2020.

The new tax rate is 0.3 per cent for a residential unit worth more than Bt50 million, property worth below Bt50 million is exempt. However, if a house owner does not own land, the tax exemption will apply to a house worth no more than Bt10 million.

Estates being used for agricultural purposes will be subject to 0.15 per cent rate of the appraisal value. Farmland worth no more than Bt50 million is exempt.

Commercial use property will be taxed at 1.2 per cent.

Vacant land will be taxed at 1.2 per cent and it will be subject to a tax increase of 0.3 per cent every three years if it remains unused. But the maximum rate is 3 per cent.

All these rates are ceiling tax rates, the committee chaired by Finance Ministry's permanent secretary will decide exact rates later.

Critics say the new law would not help much in terms of government revenue, nor will it help to narrow the wide gap of inequality, due to tax exemptions.

NLA panel gives nod to land tax bill

A bill on a land and buildings tax, that was stuck in a National Legislative Assembly (NLA) standing committee for more than a year, has finally won the panel's approval and is expected to go before lawmakers for a second reading within two weeks.

The standing committee's approval marks a step closer for the new property tax coming into force after the bill passed its first reading in March 2017.

The committee is set to hold a press conference about the legislation within the week, a source at the NLA said Wednesday.

The source added that the government aims to enforce the new property tax by 2020, a year later than originally planned.

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The land and buildings tax was among the first tax laws initiated by the Prayut Chan-o-cha government after it came to power following the May, 2014 coup, and is part of the government's plan to improve land distribution and land use, and reduce economic inequality across the nation.

The source believes the bill, which is meant to replace the outdated house and land tax as well as local development taxes, will sail through the NLA's third reading within the year.

The new property tax should have minimal impact on individuals as the first-home exemption threshold is being set at 50 million baht, while first-home owners with appraisal prices higher than 50 million baht and second homes will be taxed at a lower rate, the source said without revealing the proposed rates.

The new tax on land for commercial purposes is another topic to be debated by the standing committee as it does not have the tax exemption, the source said.

However, the private sector would not oppose the new tax as the rate proposed by the committee is considered to be low, according to the source.

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