



THAILAND – March 2019

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New Land and Building Tax Act in Thailand

Thailand’s new Land and Building Tax Act B.E. 2562 (2019) (the “Act”) came into effect on March 13, 2019. Payment of land and building tax under the new Act will be required from January 1, 2020, onwards.

The new Act revokes and replaces various pieces of formerly applicable legislation, including the House and Land Tax B.E. 2475 (1932) and its amendments; the Land Development Tax B.E. 2508 (1965) and its amendments; the Notification of the National Executive Council No. 156 dated June 4, B.E. 2515 (1972); and the Royal Decree Designating the Medium Price of Land for Land Development Tax Assessment B.E. 2529 (1986).

Under the Act, both individual and juristic persons who have ownership, possessory, or usage rights over land or buildings (including condominium units), as of January 1 of each year, will be required to pay land and building tax to the local administrative authorities. Payment will be due in April of each year.

The official assessed price of the land, building, or condominium unit, as determined by the government authority for the purpose of collecting registration fees under the current Land Code, will be used as the basis for calculation of the land and building tax. The actual land and building tax rate that authorities will collect will be announced by royal decree in due course, subject to the fixed maximum rates, exemptions, and transition period rates outlined below.

Fixed Maximum Rates for Land and Building Tax

Use	Maximum Tax Rate
Agricultural	0.15%
Residential	0.30%
Other	1.20%
Vacant/unused	1.20% *
<i>* If the land or building is unused for more than three years, the rate will be increased by 0.30% every three years, until the rate reaches 3.0%</i>	

Exemptions

The Act provides limited exemptions to owners that meet the following criteria:

Taxpayer	Use	Exempted Value
Owner of Land or Building	Agricultural	Up to THB 50 million
Owner of Land and Building whose name must be on the house registration book as of January 1 in such year	Residential	Up to THB 50 million
Owner of Building (Not Land) whose name must be on the house registration book as of January 1 in such year	Residential	Up to THB 10 million

Transition Period Rates

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For the first two years of tax collection under the Act commencing from January 1, 2020, the land and building tax rates will be reduced for the following land and/or building owners:

Taxpayer	Use	Value of the property (THB)	Tax Rate
1 Owner of land and/or building	Agricultural	less than or equal to 75 million	0.01%
		> 75–100 million	0.03%
		> 100–500 million	0.05%
		> 500 million – 1 billion	0.07%
		> 1 billion	0.10%
2 Owner of land and building who is an individual and whose name is on the house registration book	Residential	less than or equal to 25 million	0.03%
		> 25–50 million	0.05%
		> 50 million	0.10%
3 Owner of building (but not land) who is an individual and whose name is on the house registration book	Residential	less than or equal to 40 million	0.02%
		> 40–65 million	0.03%
		> 65–90 million	0.05%
		> 90 million	0.10%
4 Owner of land or building other than categories 2 and 3 above	Residential	less than or equal to 50 million	0.02%
		> 50–75 million	0.03%
		> 75–100 million	0.05%
		> 100 million	0.10%
5 Owner of land and/or building	Other	less than or equal to 50 million	0.30%
		> 50–200 million	0.40%
		> 200 million – 1 billion	0.50%
		> 1–5 billion	0.60%
		> 5 billion	0.70%
6 Owner of land and/or building	Unused or vacant	less than or equal to 50 million	0.30%
		> 50–200 million	0.40%
		> 200 million – 1 billion	0.50%
		> 1–5 billion	0.60%
		> 5 billion	0.70%

In addition, individual owners who use the land, or building, for agricultural purposes will be exempt for the first three years of tax collection under the Act.

The Future of Property Tax in Thailand

Owning land or a building in any country, especially a country like Thailand is a smart investment decision. Though owning land or building is smart because the prices of property in Thailand are soaring, this investment also costs. You need to pay taxes if you own land or building in Thailand and the tax laws keep on changing.

If you own land or building in Thailand or you are planning to buy it from a reliable website that offers Thailand real estate for sale and Thailand property for sale then do read on. Here you can know how property tax is expected to change in this Southeast Asian country. Doing so will ensure that you don't miss paying any taxes.

The New Act

In November 2018, the Land and Building Tax Act was passed by the National Legislative Assembly. It will probably be effective from January 1, 2020 and will replace the Local Land Development Tax Act and Household and Land Tax Act. Most experts agree that these are outdated acts. The aim of the new act is to enhance and encourage the use of land, boost efficiency in tax collection, reduce income disparity and increase public revenue.

The Changes

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Some of the changes that will be initiated when the Land and Building Tax Act becomes effective are listed right here:

The tax base won't be yearly rent, but it will be the value of buildings or land as appraised by the Thailand government. People seeking real estate for rent or Thailand property for rent need to remember this change.

The collecting agent for taxes would be the local Subdistrict Administrative Organization.

The properties that are taxable as per this new act are buildings, land and condominium units.

Who Needs to Pay the Taxes?

According to the Land and Building Tax Act, any individual or corporate that owns land or a building needs to pay the taxes.

A beneficiary of buildings or land owned by the government.

Any person who is liable to pay the taxes on behalf of the people who need to pay the taxes.

Uses Matter

The ceiling rate as per the Land and Building Tax Act will be different in accordance with how a property is being used.

- If you own agricultural land in Thailand, the ceiling rate is 0.15 percent.
- In case you own residential home, the ceiling rate is 0.3 percent.
- If you own a commercial land, the ceiling rate is 1.2 percent.
- If you have a vacant building or land, the ceiling rate would be 1.2 percent.
- The tax rate of vacant land or building will increase by 0.3 percent for every 3 years the land or building is vacant, but it won't exceed 3 percent.

The Future of Tax Exemption

The Land and Building Tax Act contains a broad tax reduction clause for reasons like social context or economic necessity. The reduction can be as high as 90 percent of the tax. According to a research report by NLA that was published before the drafting of the Land and Building Tax Act, tax reductions were proposed for property located in special economic zones, property used for public service and property owned by financial institutions. Ask your tax expert if you own such a property and hoping for tax reductions in the future.

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