



THAILAND – March 2019

THE FUTURE OF PROPERTY TAX IN THAILAND 1

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 Most experts agree that these are outdated acts.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

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.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

- 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.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or anyh opinions expressed in the articles.