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PANEL WOES DELAY LAND APPRAISAL PRICE REGIME 1

Panel woes delay land appraisal price regime

The Treasury Department has pushed back implementation of a new appraisal price for land by one year to 2021 after a hiccup in the formation of a new committee.

The delay in enforcement of the four-year land appraisal price, originally scheduled to start on Jan 1, 2020, will be a boon to landlords. The average new land appraisal price is 11% higher than the previous version, said Wilawan Veerakun, Deputy Director-General of the Treasury Department.

To comply with a new act on asset appraisal, which will take effect from Nov 22, a new land appraisal committee chaired by the finance permanent secretary must be established to enforce the new appraisal prices, but the panel has not been formed.

With the postponement, the current version of land appraisal price, meant to be in effect from 2016 to 2019, will be applied next year when the land and building tax takes effect, Ms Wilawan said.

The higher land appraisal price, which is used to compute property tax, typically leads to larger tax liability.

The land and buildings tax, scheduled to come into force from Jan 1, 2020, will replace the house and land tax and the local development tax, which have drawn criticism for being outdated.

For instance, land and buildings tax used for residences with appraisal prices of up to B50mn will be tax-exempt for principal homes, while those valued at B50-75mn will be taxed at 0.03%, B75-100mn at 0.05% and B100mn baht or above at 0.1%.

If owners have more than one home, the second and subsequent residences will be subject to 0.02% tax for those with an appraisal price of up to B50mn.

Tax rates will be applied the same as for principal homes for appraisal prices above B50mn. Principal homes are defined as residences for which the owners' names are listed on the household registration.

Ms Wilawan said farmland will be tax-exempt for the first three years to comply with a measure to alleviate tax burden for low-income rural landowners, while owners of land for other uses who are subject to higher property tax bills will be allowed to gradually phase in the increase each year, rising 25% each year over four years.

For example, a landlord liable for an additional tax payment of B1,000 after the land and buildings tax is enforced will be subject to a B250 incremental tax for the first year, B500 the second year, B750 the third and B1,000 from the fourth year.

With the tax alleviation measure, 99.96% of farmers nationwide will be free from the tax burden, leaving those who own 2,700 plots of farmland subject to the tax, Ms Wilawan said.

International Property Tax Institute

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