

Thailand: Land and Building Tax Regulations & Extensions

Effective since March 2019, the Thai government had introduced the Land and Building Tax Act B.E. 2562 (2019) (“LBTA”). The LBTA obligates land and building owners to pay applicable tax. The tax collection process under the LBTA was originally scheduled to commence in January 2020. However, given the implementation difficulties such as: land appraisal and payment process, all applicable deadlines have been extended. Moreover, the government had also introduced tax reduction scheme for specific land types, as well as, COVID-19 related tax relief.

1). Extension of Land & Building Tax Collection

Due to the current implementation difficulties, all previous LBTA related deadlines were extended for another 4 – 5 months. For instance, deadline for mailing of the tax assessment form has been extended to June 2020 (originally February 2020) and deadline to pay the said tax has been extended to August 2020 (originally April 2020).

Overall, the extension of all related deadlines is designed to provide more breathing room to both the authorities and taxpayers alike.

2). Lands & Buildings Tax Collection Scheme

Under LBTA Section 37, collection of lands and buildings tax are separated into 4 main types, these are:

- a) Land for agricultural purpose;
- b) Land for residential purpose;
- c) Land for other purpose (excluding A and B);
- d) Untendered land.

Each type is subject to their individual tax rate. Land for agricultural purpose is subject to a tax rate of not exceeding 0.15% of the tax appraisal value (excluding aquaculture and textile activities). Whereas land for residential purpose is subject to a tax rate of not exceeding 0.3% of the tax appraisal value. With this being said, specific types of land, such as: those that are pending sale, under an ongoing development project or hotel may be considered as exceptions to the typical tax collection scheme.

Additionally, the Thai cabinet has introduced and approved COVID-19 land & building tax relief scheme, which took effect on June 10, 2020. This tax relief scheme is designed to provide additional tax relief during COVID-19 pandemic. Under the COVID-19 land & building tax relief scheme, taxpayers are eligible for a 90% reduction to the usual appraised value for the 2020 tax payment covering all land types.

3). *Lands & Buildings Tax Exemptions*

The LBTA also provided additional tax exemption to the taxpayers for the first home and/or agricultural land. A first home including land owned by an individual with an appraised value under THB 50,000,000 is eligible for tax exemption. Primary residential building excluding land (e.g. apartment or condominium) with an appraised value under THB 10,000,000 is also eligible for tax exemption.

Moreover, agricultural land owned by an individual within a designated agricultural area with an appraised value under THB 50,000,000 is also exempted. However, the same with an appraised value over THB 50,000,000 will only be eligible for 3 years tax exemption (2020 – 2022).

4). *Lands & Buildings Tax Reductions*

Lastly, the Royal Decree Re: Reductions on Land and Building Tax B.E. 2563 (2020) was introduced to further clarify and prescribe tax reduction rates and requirements for each land type.

Taxpayers should be attentive to the applicable reduction rates and their respective requirements to ensure maximum tax reduction. For example, a land owned via inheritance and used for residential purpose is eligible for 50% tax reduction, but it must be owned by an individual along with a valid inheritance transfer before March 13, 2019. Furthermore, land under development for home plus land, apartment complex or industrial estate are typically eligible for 90% tax reduction for 3 years from the initialization of the development project.

In the same way, schools, sporting venues, entertainment venues, zoos and airfields are typically eligible for 90% tax reduction, but without a fixed period. Nonetheless, these land types must comply with their respective laws and regulations to be eligible for such reduction.

Seeing multiple regulations, exemption and reduction scheme, taxpayers are encouraged to stay up-to-date and be attentive to fully utilize the benefits and remain in compliance with applicable laws. For more information on the latest land and tax regulations, please contact us at: law@ilct.co.th.

By: Chart Chotiphol
Counsel/BDM

International Legal Counsellors Thailand Ltd.

บริษัท ที่ปรึกษากฎหมายสากล จำกัด

Affiliation : Russin & Vecchi



+66 2 679 6005



+66 2 679 6041



www.ilct.co.th



law@ilct.co.th