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Thailand
Real Estate
Tax

Thailand Reduces Government Fees and Specific Business Tax on the Sale of Property

Summary

The Thai government has taken measures to promote the sale of immovable properties in Thailand by reducing the government fees and specific business tax on the sale of properties in Thailand. This government initiative applies to registrations undertaken with Thailand's land offices between 29 March 2008 and 28 March 2009.

Full Update

On 4 March 2008, the Cabinet passed a resolution to promote the sale of immovable property in Thailand by reducing government fees and special business tax. The details are as follows:

1. *Specific Business Tax (SBT)*

SBT is the tax collected from specific businesses generating income as specified in the Revenue Code which includes the sale of immovable property.

The sale of immovable property for commercial purposes before 29 March 2008 was subject to SBT at the rate of 3% of the earnings or estimated price (as the case may be) or 3.3% with the inclusion of the local tax. The SBT for the sale of the same kind of property of which the registration is made between 29 March 2008 and 28 March 2009, is now reduced to 0.1% of earnings or the estimated price (as the case may be) or 0.11% with the inclusion of the local tax.

The Royal Decree issued under the Revenue Code includes in the definition of commercial property sales, sales of immovable property within 5 years from the date of acquisition as sales for commercial purposes.

2. *Government Fee*

The government fee for the registration of the transfer and mortgage of immovable property is now reduced as follows:

- 2.1 The government fee for the transfer of immovable properties as set out below is reduced from 2% to 0.01% of the government appraisal price. This reduction applies to:
 - (a) Land, buildings or buildings with land under the allocations pursuant to the Law on Allocation of Land or by government authorities. In case of buildings, only single houses, twin houses, row houses and brick row houses are included.
 - (b) Condominium units, either as all the units collectively or as individual units, in a condominium registered under the Condominium Act.

- (c) Office buildings with or without land, which have been granted office building construction licence (or notification of construction of an office building) pursuant to the Building Control Act.

2.2 The government fee for the registration of the mortgage of the land is reduced from 1% to 0.01% of the mortgaged amount. This applies to immovable properties as stated in 2.1 (a) and (b) above.

These reduced government fees apply to the registrations of immovable properties with land offices in Thailand from 29 March 2008 to 28 March 2009, the same period also applies to the SBT reduction.

To extend these measures further, the Cabinet on 22 April 2008 passed a resolution to apply the reduced government fees as stated in 2.1 and 2.2 above to the transfer and mortgage of buildings or buildings with land not exceeding 1-Rai which is not under land allocation. This is limited to the types of buildings in 2.1 (a). The reduced fee applies to the registration of these immovable properties from 3 May 2008 to 28 March 2009.

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