



## THAILAND – May 2022

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### NO TAX REDUCTION FOR LAND AND BUILDINGS FOR 2022

#### *Tax Base and Tax Rate under the Land and Building Tax Act*

In 2019, Thailand implemented the Land and Building Tax Act B.E. 2562 (2019) (the “Act”) in order to collect tax from land and buildings located across the country. The Act came into effect as of 1 January 2020. Any person (including juristic person) whose name appear to own or possess such land or buildings on 1 January of every year shall be responsible to pay the tax thereupon (Section 9 of the Act).

The tax base for land and buildings for the purpose of tax calculation is the total value of land or buildings, as follows (Section 35 of the Act):

- a) In the case of land, the pre-assessed value of the land shall be used as a basis for the calculation;
- b) In the case of a building, the pre-assessed value of the building shall be used as a basis for the calculation; and
- c) In the case of a building which is a condominium unit, the pre-assessed value of the condominium unit shall be used as a basis for the calculation.

In the case of land or a building which has no pre-assessed value, the calculation of the value shall be in accordance with the rules, procedures and conditions prescribed in the relevant Ministerial Regulation.

The pre-assessed value of land, a building or a building which is a condominium unit shall be by reference to the pre-assessed value of immovable property for the purpose of the

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collection of fees for the registration of rights and juristic acts under the Land Code, as fixed by the Changwat sub-committee with the approval of the Property Assessed-Value Fixing Committee.

Once the tax base is established, it shall be subject to the tax at the following rates (Section 37 of the Act):

- a) Land or a building used for an agricultural purpose shall be subject to a tax rate not exceeding 0.15% of the tax base;
- b) Land or a building used for a residential purpose shall be subject to a tax rate not exceeding 0.3% of the tax base;
- c) Land or a building used otherwise than in (1) or (2) shall be subject to a tax rate not exceeding 1.2% of the tax base; and
- d) Land or a building left empty or unused but otherwise reasonable for its condition shall be subject to a tax rate not exceeding 1.2% of the tax base.

Thereafter, the local government organization shall notify the taxpayer within February of every year (Section 44 of the Act) where the tax must be paid within April of every year (Section 46 of the Act). In addition, the following people shall have the duty to pay tax on behalf of the taxpayer (Section 47):

- 1) The administrator of the estate or heirs in the case of death of the taxpayer;
- 2) The property manager in the case where the taxpayer is an absent person under the Civil and Commercial Code concerning disappearance;
- 3) The legal representative, guardian or curator in the case where the taxpayer is a minor, an incompetent person or a quasi-incompetent person, as the case may be;
- 4) The representative of a juristic person in the case where the taxpayer is a juristic person;
- 5) The liquidator in the case where the taxpayer is a juristic person that is dissolved by liquidation; and
- 6) Any co-owner in the case where the property on which tax is payable is owned by several people.

The taxpayer shall pay the assessed tax to a local government organization at a venue such as, among others, the municipality office, Sub-district Administrative Organization, District Office and Pattaya City Hall.

### **Consequences for unpaid tax**

Any unpaid tax within the specified timeframe is considered as a tax in arrears (Section 58 of the Act). Please note that any tax in arrears may result in the owner being unable to register any rights or juristic acts in transferring the ownership or possessory right in the land or building (Section 60 of the Act). In a worst case scenario, the local administrator

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shall have the power to issue a written order for the seizure, attachment and auction for sale of the taxpayer's property for the purpose of applying the proceeds to the payment of tax in arrears, the penalty, the extra money and costs incurred in the seizure, attachment and auction for sale of such property (Section 62 of the Act).

In addition, the taxpayer who fails to pay tax within the specified timeframe is also subject to the penalty and extra money as follows:

- 1) 40 percent of the amount of tax in arrears, except for the taxpayer who paid tax before receiving a written warning under Section 61 of the Act, which shall be subject to 10 percent of the amount of tax in arrears (Section 68 of the Act);
- 2) 20 percent of the amount of tax in arrears in the event that such tax is paid within the timeframe specified in the written warning under Section 61 of the Act (Section 69 of the Act); and
- 3) Extra money in the amount of one percent per month of the tax in arrears.

### **Reduction of Tax under the Act**

In any case, the Act also allows the government to issue a Royal Decree to reduce the amount of tax on certain types of land and buildings suited to economic or social needs, events, undertakings or conditions of the locality. Such reduction must not exceed 90% of the tax amount required to be paid (Section 55 of the Act).

In this regard, a Royal Decree to Reduce Tax for certain types of Land and Building ("Royal Decree No.1") was issued on 9 June 2020 in order to reduce the collection of tax by 90% in 2020 on the following items:

- 1) Land or building for agricultural purposes;
- 2) Land or building for residential purposes;
- 3) Land or building for the purpose other than (1) or (2); and
- 4) Land or building which has been abandoned or has not been properly utilized.

In line with the above, a Royal Decree to Reduce Tax for certain types of Land and Building No. 2 ("Royal Decree No.2") was issued on 30 January 2021 in order to reduce the collection of tax by 90% in 2021 on the same items; however, there is no such reduction in 2022.

A Royal Decree for the Tax Rate of Land and Building ("Royal Decree 2022") was issued on 10 December 2021 in order to set the tax rate on land and buildings for 2022 and onwards, as follows:

#### **1. Land or building for agricultural purposes**

Appraisal Value or Tax Base (THB)	Tax Rate (%)
< 75 million	0.01
> 75 - 100 million	0.03

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> 100 - 500 million	0.05
> 500 - 1,000 million	0.07
> one billion	0.1

## 2. Land or building for residential purposes

A. Land or building whose the owner, an ordinary person, uses for residing and whose name appears in the household registry under the laws concerning civil registration.

Appraisal Value or Tax Base (THB)	Tax Rate (%)
< 25 million	0.03
> 25 - 50 million	0.05
> 50 million	0.1

B. Building whose the owner, an ordinary person, uses for residing and whose name appears in the household registry under the laws concerning civil registration.

Appraisal Value or Tax Base (THB)	Tax Rate (%)
< 40 million	0.02
> 40 - 60 million	0.03
> 60 - 90 million	0.05
> 90 million	0.1

C. Land or building used for residential purpose other than (A) and (B)

Appraisal Value or Tax Base (THB)	Tax Rate (%)
< 75 million	0.01
> 75 - 100 million	0.03
> 100 - 500 million	0.05

## 3. Land or building for the purpose other than (1) or (2).

Appraisal Value or Tax Base (THB)	Tax Rate (%)
< 50 million	0.3
> 50 - 200 million	0.4
> 200 - 1,000 million	0.5
> 1 - 5 billion	0.6
> five billion	0.7

## 4. Land or building which has been abandoned or has not been properly utilized

Appraisal Value or Tax Base (THB)	Tax Rate (%)
< 50 million	0.3

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> 50 - 200 million	0.4
> 200 - 1,000 million	0.5
> 1 - 5 billion	0.6
> five billion	0.7

Please note that since there are no provisions with regard to reduction of tax in the Royal Decree 2022, it appears that there will be no tax reduction as of 2022 and thereafter; however, the following reductions remain unchanged:

- 1) An ordinary person who owns land and buildings with an appraisal value not exceeding THB 50,000,000 for agricultural purposes.
- 2) An ordinary person who owns both land and buildings with an appraisal value not exceeding THB 50,000,000 for residential purposes, and whose name appears in the household registry as at January 1 in such year.
- 3) An ordinary person who owns only buildings with an appraisal value not exceeding THB 10,000,000 for residential purposes, and whose name appears in the household registry as at January 1 in such year.

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