

Legal Update

FEE REDUCTION ON PROPERTY TRANSACTIONS

Due to the stimulus package for tax benefit on property transactions which was expired on 28 March 2009, on 26 March 2009 the Ministry of Interior announced the notifications in respect of extension of fee reduction on property transactions to be 0.01 percent for another one year period (i.e. until 28 March 2010) to be in conformity with the Cabinet's approvals on 2 December 2008 and 17 March 2009, respectively. Significant provisions of such notifications are as follows:

1. Fee for transfer and mortgage of land, house, or land including house subdivided pursuant to the land allocation laws.
2. Fee for transfer and mortgage of residential house and commercial building including land thereon of up to one rai (1,600 square meters) which is not the land and house as mentioned in item 1.
3. Fee for transfer of office building or the office building including the land thereon so permitted under the construction license or the receipt of constructing office building according to the construction control law.
4. Fee for transfer and mortgage of condominium.

The fee rate as mentioned above has been effective from 29 March 2009 until 28 March 2010.

In addition, the Royal Decree issued in accordance with the Revenue Code in respect of the reduction of the specific business tax ("**SBT**") for the sale of immovable property for trading or business purpose from 3.0 percent to be 0.1 percent has been effective since 29 March 2009 as well. Under the said Royal Decree, the registration of the sale of immovable property during 29 March 2009 to 28 March 2010 will be subject to SBT at the rate 0.11 percent (including the municipality tax) of the income derived from sale of such immovable property.

Source: <http://www.thaigov.go.th> – March 2009

<http://www.dol.go.th> – March 2009

<http://www.ratchakitcha.soc.go.th> – May 2009

Vickery & Worachai Ltd.

Lawyers

16th Floor, GPF Witthayu Towers A, 93/1 Wireless Road, Bangkok 10330, Thailand
Telephone: (66) 02-256-6311, (66) 02-650-9691, Fax: (66) 02-256-6317/8
Email: vwlaw@loxinfo.co.th, Website: www.v-w.co.th

🏠 EXEMPTION OF INCOME TAX ON THE PURCHASE OF PROPERTY

On 30 March 2009, the Minister of Finance has issued the Ministerial Regulation No. 271 to exempt the personal income tax on the purchase of immovable property according to the following details:

1. The individual taxpayer is exempted for the income tax on the purchase of immovable property, i.e. building, land with the building, or the condominium unit for residence (collectively referred to as "Properties") on the actual payment up to Baht 300,000.
2. The payment in respect of the purchase of such shall be made during 1 January 2009 to 31 December 2009 and the ownership of same shall be completely transferred within such period.
3. The taxpayer shall continually retain the ownership of the Properties at least three years from the date of registration of transfer of the ownership.
4. The Properties have never been registered for the transfer of ownership, either in whole or in part.

Source: <http://www.rd.go.th> – May 2009

🏠 PARTIAL BUSINESS TRANSFER TRANSACTIONS

The Royal Decree issued in accordance with the Revenue Code prescribing the exemption of Value Added Tax (VAT), Specific Business Tax (SBT) and stamp duty in respect of the partial business transfer between a limited company and/or a public limited company has been effective since 19 May 2009. Provided that such exemption shall apply only for the partial business transfer transaction made during **1 January 2009 to 31 December 2009** in accordance with the applicable regulations, methods and conditions to be announced by the Director-General of the Revenue Department.

Source: <http://www.ratchakitcha.soc.go.th> – May 2009

Vickery & Worachai Ltd.

Lawyers

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Email: vwlaw@loxinfo.co.th, Website: www.v-w.co.th