

NEWSLETTER

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TAX UPDATE

1. Tax Exemption for Granting Immovable Property to Children is Revoked

Under tax law, giving away immovable property (i.e. land or house) is considered sale and the person who gives immovable property shall be deemed to earn an assessable income equal to the official estimated price of the immovable property given away. Consequently, the giver will be liable to pay personal income tax based on the official estimated price of the immovable property given away. However, when a parent gives any immovable property to a child, the parent is exempt from personal income tax.

Effective February 1, 2016, the parent who gives any immovable property to a child will be exempt from personal income tax up to Baht 20 Million in any calendar year. Any value in excess of Baht 20 Million shall be subject to tax at the rate of 5%.

For more information, please contact our lawyers for consultation.

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TAX UPDATE

2. High Value Property Lease Agreement and High Value Hire of Work Agreement Must be affixed with the Stamp Duty at a Local Revenue Office

An immovable property lease agreement and a hire of work agreement must be affixed with the stamp duty at a rate of 0.1% of value of each contract (Baht 1 stamp duty for Baht 1,000 of contract value or a fraction thereof). Prior to April 5, 2016, one may (i) purchase the stamp duty from a local revenue office and affix the stamp duty to an agreement by himself/herself without a need to bring any agreement to the local revenue office or (ii) bring an agreement to pay the stamp duty at a local revenue office.

A lessor or a contractor can no longer purchase the stamp duty from the local revenue office and affix the stamp duty to their contract by themselves. Effectively, one cannot affix the stamp duty to the high value immovable property lease agreement and the high value hire of work agreement by himself or herself. But those high value agreements must be brought to the local revenue office to pay the stamp duty to an official.

Without the stamp duty being duly affixed, the immovable property lease agreement and the hire of work agreement are inadmissible in court of law. The hire of work agreement includes a services agreement. This new requirement to pay the stamp duty by cash at a local revenue office will affect businesses who are involved with high value property lease and high value services. The threshold of Baht 1,000,000 is not very high.

For more information, please contact our lawyers for consultation.

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