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NEWSLETTER

IN THIS ISSUE

1. Tax Implication for Land Lease 1
2. Cabinet Approves the New Foreign Workers Bill, B.E. 2

TAX UPDATE

1. Tax Implication for Land Lease

The Supreme Court Decision No. 3134/2549 gives some interesting caution pertaining to a tax implication of land lease. In the case, the department store operator rented the land from the Department of Religious Affairs for 30 years in order to build the department store on the land. The lease agreement stipulated that the department store building constructed on the land shall become the property and ownership of the Department of Religious Affairs immediately at the time the construction began.

But the department store operator retained the leasehold right in the building for 30 years. The court ruled that department store operator's transfer of ownership in the department store building to the landlord immediately at the time the construction began was deemed that the department store operator sold the building to the Department of Religious Affairs. Therefore, the input VAT on the construction expenses were deemed a prohibited input VAT and the department store operator could not claim for the VAT on the construction expenses because it is a prohibited input VAT.

So next time, you do any real estate deal, make sure you understand all tax implications inside out.

For more information, please contact us.

EMPLOYMENT UPDATE

2. Cabinet Approves the New Foreign Workers Bill, B.E.

The Cabinet approves in principle the Foreign Workers Bill, B.E. ... This bill, if enacted, will be an amendment to the existing Foreign Worker Act, B.E. 2521 (1978). According to the existing law, all types of work are open to a foreign worker, except for the types of work expressly prohibited by the Royal Decree. The bill stipulates that all types of work are closed to a foreign worker, except for the types of work expressly stipulated by the Labor Minister.

The bill also imposes the requirement on an employer of a foreign worker. An employer of a foreign worker must obtain the permit and pay the hiring fee. Moreover, an employer of a foreigner work will have to put some deposit for foreign worker's transportation expenses. The work permit period will be extended up to two years. For more information, please contact us.

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