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Latest News on Law, Tax and Business in Thailand

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GENERAL INFORMATION

In March 2019, the new Land and Building Tax Act came into effect, and tax will be collected according to the new provisions for the first time in 2020. Legal and natural persons are subject to the tax if they own or possess land or buildings. The tax is based on the appraised value of the land or building.

The effective tax rate will be stipulated separately, whereby the Land and Building Tax only stipulates maximum rates as follows:

- Agricultural use: max 0.15 per cent (actual rates range from 0.01 to 0.1 per cent);
- Residential use: max 0.30 per cent (actual rates range from 0.02 to 0.1 per cent);
- Other use: max 1.2 per cent (actual rates between 0.3 to 0.7 per cent);
- Vacant or unused: 1.2 per cent (actual rates between 0.3 to 0.7 per cent; subject to an increase of 0.3 percentage points each three years of vacant or unused status up to a maximum of 3 per cent).

DATE OF TAX COLLECTION

According to the law, tax should be collected in April 2020. Now, the government has announced though that the tax will be collected in August 2020.

DEFINITION OF VACANT PROPERTY

The government has defined the term “vacant property” as “left vacant”, “not properly

used”, or “not reasonably used”. In general, a property will be considered vacant if it has not been used for the assigned purpose for the past tax year.

A building is considered vacant, if it could be used for the respective purpose, yet has not been used for it during the past tax year. However, it will not be considered vacant during construction, if the usage of the building has been forbidden by a court, or if the title of the property is under review by a court. A land is not considered vacant during the preparation for the assigned use.

DEDUCTIONS AND EXEMPTIONS FOR INDIVIDUAL OWNERS OF LAND AND BUILDINGS

For individuals, certain deductions can be made for land and buildings with residential use. Moreover, tax exemptions apply to owners of land and buildings worth up to THB 50 million and owners of buildings worth up to THB 10 million if they are registered as of 1 January in the house registration book in any given tax year.

Individual owners of land with agricultural use worth up to THB 50 million may also apply for a tax exemption.

Additionally, individual owners using land or buildings for agricultural use will be exempted from tax collection under the act for three years.

INSTALLMENTS

Taxpayers owing at least THB 3,000 in land and building tax are eligible to payment in 3 equal installments in April, May and June of each year.

→ Submission of Financial Statements

Effective 1 January 2020, companies are required to submit financial statements to the Department of Business Development electronically via the

DBD's e-filing system. Submitting the statements as hard copy only is no longer sufficient. Late or incomplete submissions are subject to fines.

→ Personal Income Tax: Deadline for Tax Filing and Super Savings Funds

The Ministry of Finance proposed to extend the deadline for filing personal income tax by 3 months to June of each year. The proposal shall reduce the payment burden on the individual tax payer and is said to not impact the overall fiscal solidity of Thailand.

Effective end of 2019, the tax benefits of Long Term Equity Funds (LTF) have expired. However, investors may still buy LTFs (and apparently the government plans to introduce legislation to waive taxes on capital gains) but

investments will no longer be tax deductible. Instead, the government has agreed on a the new Super Savings Funds (SSF). Investments in SSFs are tax-deductible up to 30 per cent of the investor's income with a cap at THB 200,000. If combined with other tax-effective investments (e.g., Provident Fund, Retirement Mutual Funds, etc.) the maximum amount deductible is THB 500,000. Unlike the previous LTFs, investors will have to hold SSFs for at least 10 years to benefit from tax breaks on the capital gains.

→ Interest Rate

The Monetary Policy Committee of the Bank of Thailand decided (decision 1/2020) to cut the interest rate by 0.25 points 1.00 per cent. The change took effect on 5 February 2020. The Committee reasoned that an economic slow-down – partly induced by a drop in the tourism

sector due to the recent Coronavirus outbreak – could affect the financial stability of the country. Furthermore, the Committee pointed to the need for debt restructuring of businesses and households. Cutting the interest rate will accommodate these needs.

→ Coronavirus and Global Health Security Index

As of 19 February 2020, the Ministry of Health officially recorded 35 people to be infected with the new Coronavirus. 17 of these already got discharged, while 18 are still in hospitals. Most of the infected persons were Chinese tourists, some are Thai travelers and a few people have been infected within Thailand after having close contact to carriers of the virus (taxi drivers, health personnel). There have been no fatalities in Thailand.

According to the Global Health Security Index, Thailand is well prepared for handling the novel virus. The index measures prevention, early detection and reporting, rapid response and mitigation, sufficiency and robustness of the overall healthcare system and protection of

workers, commitments to improving national capacities and the overall country specific risk. In the overall score, Thailand is ranked sixth, being the most prepared country in Southeast Asia.

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