

# Call in for a Coffee Tax - Breaking News

On 13 September 2005, the Thai Government approved a proposal to reintroduce tax incentives similar to those that were in place for the three years ending 2003.

## Incentives for sales of second-hand houses

The incentives approved for re-introduction apply to sales of second-hand houses by individuals, and are similar to the incentives that previously applied for the three years to 2003. Whilst the incentives have not yet been enacted into law, it has been announced that the incentives will apply for the two financial years to 31 December 2007.

## Stamp duty exemption

Thai law prescribes that stamp duty at the rate of 0.5% of the actual sales price or the appraised value of the Lands Department (whichever is the higher) is payable on a transfer of any right in an immovable property.

The Government approved, for persons selling a house or a condo and who buy a new house or condo within one year of the sale, the stamp duty will be exempted.

## Transfer fee reduction

A transfer fee is payable at the rate of 2.0% of the actual sales price or the appraised value of the property by the Lands Department (whichever is the higher).

The Government approved, for persons selling a house or a condo and who buy a new house or condo within one year of the sale, the transfer fee will be reduced from 2.0% to 0.01%.

## Mortgage registration fee reduction

The Thai law prescribes that a mortgage registration fee at the rate of 1.0% of the total mortgage value is payable to the Lands Department.

Similarly to the above, the Government approved, for persons selling a house or a condo and who buy a new house or condo within one year of the sale, the mortgage registration fee will be reduced from 1.0% to 0.01%.

## Protection from abusive practices

For the above incentives to be claimed, persons must have their names entered on the household registration documents for at least one year after the purchase of the new property. Otherwise, the incentives will not apply, and the affected persons would have to pay the fees and taxes, together with penalties and surcharges at the rates prescribed in law.

## Taxes on property sales

Sales of immovable property are subject to personal taxes, where persons make such sales for a commercial purpose. The amount of the tax depends on the period of time the person was the owner of the property. The percentage subject to tax varies from 8% to 50%, and the taxes are applied to the taxable value at the progressive personal income tax rates ranging from 10% to 37% (the first 100,000 Baht being exempt from tax).

We wish to remind our readers that from January 2003, Section 42 of the Revenue Code was amended so as to exempt personal income taxes on the sale of immovable property that are principal residences and where another principal residence is purchased within one year.

**Steven Herring CA**  
**Corporate Tax Consultant**

## Consultation

If your company has any issues requiring clarification with respect to legal, financial, taxation, accounting or auditing, please contact the RSM Team and "Call In For A Coffee" for a consultation:

[Mark.Butters@rsmnw.com](mailto:Mark.Butters@rsmnw.com) Accounting and Tax  
[Mike.Holloway@rsmnw.com](mailto:Mike.Holloway@rsmnw.com) Executive Search  
[Stephen.Darley@rsmnw.com](mailto:Stephen.Darley@rsmnw.com) Corporate Finance & Restructuring  
[Steven.Herring@rsmnw.com](mailto:Steven.Herring@rsmnw.com) Tax Consulting  
[Pardom.Suchiva@rsmnw.com](mailto:Pardom.Suchiva@rsmnw.com) Corporate Legal  
[Surachai.Damnoenwong@rsmnw.com](mailto:Surachai.Damnoenwong@rsmnw.com) Audit & Assurance