

## NLA Passes the New Property Tax Act

The NLA (National Legislative Assembly) approved the Property Tax Act B.E. 2561 (“Act”) on 16<sup>th</sup> November 2018. The Act will repeal and replace the Household and Land Tax Act B.E. 2475 (A.D. 1932) and other local property tax laws. The Act will soon be published in the Government Gazette and become effective on and from the date after its publication date while the new tax regime will apply to the 2020 tax year onwards.

Under the Act, lands and buildings for agricultural, residential, commercial and industrial uses will be subject to tax at different rates depending on their types, uses and appraised values. The applicable tax rates for the 2020 to 2022 tax years are as shown in the table below. The tax rates for the tax years beyond 2022 will be specified by a Royal Decree at rates not to exceed the maximum rates mentioned below.

No.	Types of Lands and Buildings	Appraised Value (Million Baht)	Applicable Tax Rates (of the Appraised Value)	Maximum Rates
1.	Agricultural Use <i>(Individual owners are exempt from tax liabilities for the first three years and for agricultural land with appraised value not exceeding THB50 million)</i>	≤ 75	0.01%	0.15%
		> 75 – 100	0.03%	
		> 100 – 500	0.05%	
		> 500 – 1,000	0.07%	
		> 1,000	0.1%	
2.	(a) Main Residential Use of the owner who owns only the building and the owner's name is registered in the household registration documents	≤ 10	Exempt	0.3%
		> 10 – 40	0.02%	
		> 40 – 65	0.03%	
		> 65 – 90	0.05%	
		> 90	0.1%	
	(b) Main Residential Use of the owner who owns both land and building and the owner's name is registered in the household registration documents	≤ 50	Exempt	
		> 50	0.1%	
	(c) Others Residential Use apart from (a) and (b)	≤ 50	0.02%	
		> 50 – 75	0.03%	
		> 75 – 100	0.05%	
> 100		0.1%		
3.	Other Uses of Land and Buildings, e.g. commercial, industrial uses	≤ 50	0.3%	1.2%
		> 50 – 200	0.4%	
4.	Undeveloped Land <i>(Rates will be increased 0.3% every three years but the combined rates must not exceed 3%)</i>	> 200 – 1,000	0.5%	
		> 1,000 – 5,000	0.6%	
		> 5,000	0.7%	

If the amount of tax payable in any of the 2020 to 2022 tax years is higher than the amount of tax payable in the previous year, the lower rate of the previous year will apply. In addition to the tax at the said lower rate, a portion of the differences between the higher tax amount and the lower tax amount will also be subject to tax, i.e. the portions that account for 25%, 50% and 75% of the differences for 2020, 2021 and 2022 respectively.

Tax assessment will be made in February and payable in April each year. If a taxpayer fails to pay the property tax, he can be subject to a penalty at 10% to 40% of the unpaid tax amount plus a monthly fine of 0.5% to 1% of the unpaid tax amount until the unpaid tax is paid in full.



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