

## CHAPTER 15 OTHER TAXES

In this Chapter, we discuss other taxes that may be encountered in everyday business transactions.

**Stamp duty** Stamp duty liability arises and duty stamps must be affixed to various documents at the time of execution, if the document is executed in Thailand, or within 30 days of the date when the document is brought into Thailand.

The documents subject to stamp duty include: transfers of land, leases, share transfers, debentures, mortgages, life assurance policies, annuities, power of attorney, promissory notes, letters of credit, travelers cheques and other documents.

Stamp duty has been eliminated from most government forms. Where registration of a document is required, for example, in the case of sales of land, articles and memoranda of association, etc., registration fees in addition to stamp duty are charged.

Where a fraction of one Baht due, the stamp duty is rounded up. For loan agreements, the maximum stamp duty is Baht 10,000.

**Stamp duty rates** A summary of stamp duty arising on common business documents or transactions is set out below:

Document	Stamp duty
Leases of land, buildings and houseboats, calculated on the total rent for the term	0.1%
Transfer of shares, based on par value or consideration, whichever is higher	0.1%
Share or debenture certificates	5 Baht
Hire purchase of property	0.1%
Loan agreements or overdraft facilities	0.05%, subject to maximum duty of Baht 10,000
Arbitration awards	0.1% of the amount in dispute
Hire of work agreement	0.1%
Bills, notes, cheques,	3 Baht per item
Powers of attorney	10 Baht per single act, per person or group authorized to act
Powers of attorney	30 Baht for multiple acts per person or group authorized to act
Guarantees	1-10 Baht
Memorandum or Articles of Association	200 Baht each, 50 Baht in the case of amended articles or memorandum

Signed duplicates	Same as the original stamp duty, but not exceeding 5 Baht per document.
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**Transfer of an entire business** A transfer of an entire business is exempt from VAT, specific business tax and stamp duty where the transfer is made during the period 1 January 2010 – 31 December 2010 and subject to conditions specified in regulations.

**Local development land tax** Local development land tax is imposed on owners or possessors of land, according to the size of the land and its assessed value. Land subject to the land and house tax, small parcels of land for residential and agricultural purposes and certain other categories of land, are exempt from this tax.

**Land and house tax** A person who leases out land or land and buildings, including apartments and condominiums, is subject to Land and House Tax at the rate of 12.5% of the actual or assessed rental value, whichever is higher. Owner occupied factories and commercial buildings are assessed for this tax at the same rate, according to the assessed rental value.

In order to reduce their net tax liability, many landlords who lease property structure such transactions by using several documents rather than a single lease agreement. As much of the rental payment as possible is allocated to a furniture rental agreement and/or service agreement, which is subject to VAT currently at 7%, instead of 12.5% land and house tax. The tax authorities will accept this, provided the apportionment of rent and services is reasonable.

**Proposals to change taxes on land** In March 2010, the government issued a statement of proposals to replace Land and House Tax and local development land tax with a new tax. It is proposed that these two taxes would be replaced by a new property tax assessed on different types of land, as follows:

- The new land tax would be assessed at different rates on different types of land: agricultural land: 0.05% of land value, residential land: 0.1% of value of land and building, and other land and buildings: 0.5% of value.
- Where land has not been used for three years, it would be subject to double the usual tax rate, but not exceeding 2%.
- The tax rates would be revised every four years. There would be no tax collected during the first two years of operation, since valuation of land on a nationwide basis would not have been completed. After that, tax would be collected annually on a sliding scale. In year three, 25% of tax will be collected, with 50% in year four, 75% in year five and the full amount after that.
- Exemptions from tax liability are to be discussed further. It has been suggested that the following should be tax exempt: small parcels of land of 50 square wah or less, and condominium units of no more than 30, or 50 square metres.

- It is also envisaged that the government would set up a Land Bank Fund, which would buy land from those who may not want to hold a large amount of land. The Fund would redistribute the land to the poor. Part of the property tax collected would be used to finance the land bank scheme.

These proposals are controversial, and are likely to be resisted by, for example, property developers or others who have accumulated large land banks for future development, and those who have inherited large amounts of land that is not currently in use.

**Excise taxes** Excise taxes are levied on a variety of goods such as soft drinks and juices, alcoholic beverages, spirits, tobacco products, petroleum products, playing cards, air conditioners, marble, granite, etc.

In 2003, excise tax was extended to a wide range of businesses including: massage parlours, nightclubs, karaoke bars, cinemas, and racetracks.

As discussed below in Chapter 23 *Telecommunications, IT and the Internet*, the concession fees payable by telecom concession holders to former state enterprises, have now been abolished and replaced by a special excise duty.

**Death duty and gift tax** There is no death duty or gift tax in Thailand, although transfers of land and buildings by gift or inheritance are subject to transfer fees.

**Other taxes** There also exist other taxes of minor importance to foreign businessmen and investors.

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