

## Land Windfall Tax Bill To Be Launched

19 September, 2018

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In 2017, the Land Windfall Tax Bill was drawn up and two public hearings for the draft bill have been conducted by the Fiscal Policy Office since then. However, the draft bill, as written at the time, was not available to the public in its entirety. A summary was provided by the Fiscal Policy Office for the public's information. On 10 July 2018, the draft Land Windfall Tax Bill was approved by the Thai Cabinet, and the draft was sent to the Council of the State for a final review.

Land Windfall Tax is a new tax to be imposed on real estate (i.e. land and condominiums) nearby government transport infrastructure projects as specified in Ministerial Regulations. Details of the real estate to be affected are preliminarily provided as follows:

Project	Real estate to be subject to the tax *
High-speed rail, double-track rails and the mass-transit system	Land and condominiums within 2.5 kilometers of stations
Ports	Land and condominiums within 5 kilometers of land boundary of ports
Airports	Land and condominiums within 5 kilometers of no-construction zone of airports
Expressways	Land and condominiums within 2.5 kilometers of entrances and exits of expressways

Tax will be calculated based on an inflated property price of such property. Tax implications will be determined, based on: (i) the phase of the project

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\* Estimated maximum radial as provided in the Bill, while actual radial will be determined by the relevant committee to be formed.

that effects a tax payer; and (ii) the tax point and calculation of the change in property values between the assessed value of such property on the first day of a project, and the assessed value of such property upon project completion.<sup>†</sup> For each project, the determining phase is based on two periods of activity: (i) the period during development of the project; and (ii) the period after completion of the project. The development period starts at the signing date of project contracts, and continues until the project delivery date, as approved by the Government Procurement Committee. However, in the case of an ongoing project, the start date will be determined as of the effective date of this bill.

Summary of tax implications for both phases are as follows:

<b>Issue</b>	<b>Development Project Period</b>	<b>Project Completion Period</b>
<b>Tax Payer</b>	<ul style="list-style-type: none"> <li>• Landowner</li> <li>• Possessor of Government Land</li> <li>• Condominium Unit Owner</li> </ul> <p>(both individuals and juristic persons)</p>	<ul style="list-style-type: none"> <li>• Owner of land for commercial use, valued at more than 50 million baht</li> <li>• Owner of condominium units for commercial use, valued at more than 50 million baht</li> <li>• Condominium developer</li> </ul>
<b>Tax Point</b>	Each time ownership is transferred	One time after the completion of the project
<b>Tax Base</b>	Change in assessed property values of such property, calculated from the signing date of the project contract or the effective date of this bill until the project delivery date	
<b>Tax Rate</b>	5 percent of the change in property value	
<b>Exemption</b>	No Exemptions during Development Period	Residential and agricultural landowners will not be subject to this tax
<b>Authorities</b>	Department of Land	Local Administrative Organizations

<sup>†</sup> Property values will be calculated from the appraisal price of such property for land registration purposes, in accordance with the Land Code and in accordance with supervision by a committee to be created under the Land Windfall Tax Bill.

Enforcement of the Land Windfall Tax Bill is expected to begin in 2019. Several relevant rules and regulations will be launched and a committee will be formed after the Bill comes into force.

**Reference:**

[http://www.lawamendment.go.th/index.php/laws-department/item/1095-2017-07-12-15-51-37,](http://www.lawamendment.go.th/index.php/laws-department/item/1095-2017-07-12-15-51-37)

<http://www.fpo.go.th/main/Draft-Law/Draft-law-is-in-between-Public-hearing/7325.aspx>

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This publication is intended to highlight an overview of key issues for ease of understanding, and not for the provision of legal advice. If you have any questions about this publication, please contact your regular contact persons at Mori Hamada & Matsumoto or Chandler MHM Limited, or any of the Key Contacts listed to the right above.