

7 June 2023

THAILAND

Newsletter

Key Contacts



Tananan Thammakiat

☎ +66-2-009-5126

✉ tananan.t@mhm-global.com



Namita Tangphithakphaibun

☎ +66-2-009-5128

✉ namita.t@mhm-global.com



Chaveeporn Vithayanupong

☎ +66-2-009-5136

✉ chaveeporn.v@mhm-global.com



Paranee Tangpaiboolsuk

☎ +66-2-009-5181

✉ paranee.t@mhm-global.com

Now Until 2024 - Tax Exemptions on Conversion of PFPOs to REITs

On 1 June 2023, the royal decree issued under the Revenue Code governing exemptions of taxes and duties No. 763 B.E. 2566 (2023) was launched in accordance with the Thai's cabinet resolution on incentives for the conversion of the Property Fund for Public Offering (the "PFPO") to a Real Estate Investment Trust (the "REIT"). This tax royal decree provides relevant tax exemptions on the conversion of the PFPOs to REITs occurring from 2 June 2023 to 31 December 2024. For more details on the development of the conversion, please refer to our newsletter issued on 27 January 2023 [LINK](#).

The tax exemptions under the royal decree are provided for both fund and unitholder levels as detailed below.

- Exemption on relevant taxes of PFPO

The PFPO is exempted from a value added tax (VAT), special business tax (SBT), and stamp duty arising from a transfer or creation of property rights, or any rights over assets resulting from the conversion of the PFPO to the REIT(s), provided that such conversion shall occur from 2 June 2023 until 31 December 2024.

- Exemption on income tax of PFPO unitholders

Individual and corporate unitholders are exempted from personal income tax or corporate income tax, as the case may be, arising from a conversion of PFPO units into trust units, provided that such conversion of the PFPOs to the REIT(s) shall occur from 2 June 2023 until 31 December 2024.

This royal decree will crucially encourage existing PFPO holders to consider changing into REIT(s) by way of conversion as the relevant converted transactions will be tax-free.

On a separate note, apart from the tax exemptions, the cabinet of Thailand has also approved the reduction of the registration fees for the transfer of immovable properties and condominiums from PFPO to REIT(s) since January 2023. Currently, the relevant draft ministerial regulations regarding such reductions are under consideration by the Department of Land and shall be further approved by the Ministry of Interior and the cabinet, respectively.

If you have any questions in relation to the topic raised in this briefing, please contact the authors listed in the left-hand column.

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. If you should have any inquiries about the publications, or would like more information about Chandler MHM Limited, please contact bd@mhm-global.com.