
Thailand's New Land and Building Tax Act

Estimating Tax for Commercial Land and Buildings

February 2019

The Land and Building Tax Act was published in the Governmental Gazette on March 12, 2019, and starts to impose tax from January 1, 2020 onwards.

Land and building owners, as of January 1st of any taxable year, will be taxed at progressive rates on the values of these assets as appraised by the Treasury Department. Tax rates on land and buildings will vary depending on their use – agricultural, residential, commercial, or unused.

The new tax regime, replacing the Household and Land Tax Act and the Local Land Development Tax Act, is expected to significantly affect owners, especially those holding land and buildings for commercial purposes. The new law provides certain relaxations from 2020 to 2022.

We provide calculation steps for owners of commercial land and buildings to estimate their tax liabilities in order to effectively plan their taxes for these assets.

Author's Note:

*DRKI prepares a Land and Building Calculation Sheet for estimating taxes due under the new Land and Building Tax Act. **This is available upon request and is free of charge.** The figures shown from the calculations are estimates only. Actual amounts of tax due depend on the accuracy of data used during calculations and the assessment conducted by the Assessment Officers.*

To request a Land and Building Calculation Sheet, please contact us at admin@drkilaw.com or your contact person at DRKI.

Contact Persons:

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Estimating Land and Buildings Tax on Commercial Property

Taxpayer: Owners of Land and Buildings, as of 1 January, will pay tax based on the value of the land and buildings.

Tax Payable for 2020-2021 will be calculated using the following nine steps:

1. Calculation of Land and Buildings Tax

$$\text{Land and Buildings Tax} = \text{Tax Base} \times \text{Tax Rate}$$

Tax Base = Value of Land* + Present Value of Buildings

* If multiple land plots have adjacent boundaries and are owned by the same person, the value must be calculated from the combined land plots.

1.1 Value of Land = Appraisal Value of Land** x Size of Land (Sq. Wah)

** Based on Land Title Deed Numbers and locations posted on <http://property.treasury.go.th/pvmwebsite>

1.2 Value of Buildings = Appraisal Value of Buildings x Usable Area (Sq. m.)

Appraisal Value for Each Type of Building (Square Meter)***

Type	Value
Single house	7,500
Townhouse	7,450
Row house	7,200
Commercial building	7,600
Warehouse < 300 Sq.m	5,500
Warehouse ≥ 300 Sq.m	3,400
Private school	7,500
Hotel (< 4 floors)	9,500
Hotel (≥ 5 floors)	9,800

Type	Value
Movie theater	7,850
Private hospital	9,200
Office (< 4 floors)	7,400
Office (≥ 5 floors)	8,600
Restaurant	6,750
Department stores	9,350
Retail/wholesale store	7,750
Gas station	5,400
Industrial factory	6,000

Type	Value
Wet market <1,000 Sq.m	3,550
Wet market ≥1,000 Sq.m	3,800
Home office	9,150
Garage/Parking building/ Parking lot in building	5,650
Apartment (< 4 floors)	7,800
Apartment (≥ 5 floors)	9,000
Car showroom	5,500
Public bath room	6,150

1.3 Present Value of Buildings = Value of Buildings - (Value of Buildings x Depreciation Rate)

Depreciation Rate***

Age	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Concrete	1	2	3	4	5	6	7	8	9	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40	42	44
Semi-wooden	2	4	6	8	10	14	18	22	26	30	34	38	42	46	50	55	60	65	70	75	80	85% throughout useful life					
Wooden	3	6	9	12	15	20	25	30	35	40	45	50	55	60	65	72	79	86	93% throughout useful life								
Age	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54
Concrete	46	48	50	52	54	56	58	60	62	64	66	68	70	75	74	76% throughout useful life											

*** Source: Building Appraisal Value Schedule for the Years 2016 – 2019, and Depreciation Rate Schedule of Land Value Appraisal Commission Regulation, dated March 31, A.D. 2535

2. Tax Reduction for Certain Types of Land and Buildings as provided by law, but not more than 90%
Tax after Reduction = Land and Buildings Tax - (Land and Buildings Tax x Reduction Rate)

3. Tax Relaxation for 2020-2022 by Comparison to (Previous) Household Tax due in 2019

a) If tax, after reduction, is **less than the** Household Tax due in 2019

Tax Payable = Tax amount after reduction

b) If tax, after reduction, is **more than** Household Tax due in 2019

Tax Payable = Household Tax due in 2019 + [(Tax after Reduction - Household Tax '19) x 25% 2020, 50% 2021, 75% 2022]

Tax Payment

Owner will be notified of the appraisal value of land and buildings and tax due within February of each tax year. If the owner disagrees with the assessment, he/she must file the appeal within 30 days of receipt of the notification. Tax is payable within April of each tax year.