

Thailand recent property tax reform

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Origin of reform

- Decentralization and Local government
 - Revenue ratio
 - Fiscal autonomy
- The present system of property taxes

The present system of property taxes

When will a property be taxed?

Property transfer

- Stamp duty
- Special Business Tax
- Withholding Tax
- Registration Fee

Property possession

- The Building and Land Tax
- The Local Development Tax

Recurrent property taxes

	The Building and Land Tax (BLT)	The Land Development Tax (LDT)
Tax base	Building or other structures, together with the contiguous land which used together with the said building or other structures.	The “medium value” of land excluding structures and crops.
Tax rate	12.5% of the actual or imputed annual rental value of the property	34 brackets range from 0.2 to 0.95 percent
Taxpayer	The owner of the building and adjacent land	Land owner

Policy options

- Updated the existing recurrent property tax
 - Pro revenue hugely increases
 - Con no increase in tax base
- Replace two existing taxes with the new one
 - Pro eradicate existing loopholes
 - Con very costly (administration and compliance)

The proposed land and building tax

- Tax base
 - total value of real property
 - Assessed capital value
- Taxpayer
 - The owner of land or buildings
 - The occupant of state-owned land or buildings
- Tax rates
 - Agriculture
 - Residential
 - Commercial and industrial
 - Idle and empty
- Tax relief

Consultation with stakeholders

- Working group
 - Tax incidence study from sample
- Public hearing
 - Comment via Internet
 - Conferences
- Pilot projects
 - Bangkok + 4 regional provinces
 - Local authorities (S M L)

Compliance strategy

- Short term
 - Certainty
 - Narrow base
 - Tax relief
- Long term
 - Increase fiscal autonomy
 - Base expansion

Role of local authorities

- Tax administration
 - Survey
 - Tax collection
 - Appeal
- Tax policy
 - Tax rates

Thank you
very much