Property tenure/ownership

Land ownership, possession and use come under two types of tenure:

- Freehold
- Leasehold

Land is usually granted for either:

- Residential purposes – Maximum of 30 years, with additional 30 years renewable
- Commercial and industrial purposes – Maximum of 50 years, with additional 50 years renewable

Leasehold land interests are granted through leases, usufructs or superficies, each with its own conditions specified by the owner. These are normally granted by the Crown Property Bureau and the government or state organisations. Private landowners also offer leasehold title.

Strata-title ownership is common among residential, office and retail projects in Thailand.

The Commercial and Industrial Property Lease Act was enacted in May 1999. This Act allows foreigners doing business in Thailand to lease real property primarily for commercial or industrial purposes. Another provision in the Act allows foreigners to lease land for at least 30 years, but not exceeding 50 years, renewable for another 50 years. Prior approval is needed from the land department chief if a lease involves more than 100 rai (40 acres). The Act also allows leases to be transferred to third parties either by sale or inheritance.

Major property legislation

- Bankruptcy Act
- Bankruptcy Court Act
- Civil and Commercial Code
- Commercial and Industrial Property Lease Act
- Condominium Act
- Exchange Control Act
- Foreign Business Act
- General Building Construction Code
- General Building Control Act
- House and Land Tax Act
- Investment Promotion Act
- Industrial Estate Authority of Thailand Act
- Land Code
- Local Development Tax Act
- Revenue Code
- Revision of State Enterprise Corporatisation Act

Operational requirements for foreign corporations

Modes of entry

- Limited liability company (public or private)
- Partnership
- Representative office
- Branch office
- Regional office
- Joint venture
- Other common business relationships, i.e., distributorships, licences, agencies

Registration/licencing requirements

According to the Foreign Business Act, a foreigner refers to:

- An individual of non-Thai nationality
- An entity registered in another country
- An entity registered in Thailand with 50 percent or more of its shares held by non-Thai shareholders

The law prohibits foreigners from participating in specified business activities and requires foreigners to obtain licences before engaging in such activities. The investment must be at least 25 percent of the average estimated operating expenses for the first three years, but not less than THB 3 million (USD 91,776).

Under the Commercial Registration Act, individuals or juristic persons engaging in certain businesses have to register with the Ministry of Commerce within 30 days of commencing business.

The establishment and operation of factories is governed by the Factory Act. There are three types of factories, i.e., factories that do not require licences, factories that are required to notify officials in advance of start-up, and factories that are required to obtain licences before commencing operations. Licences are valid for five years and are renewable.

Intellectual property is protected through laws relating to patents, trademarks, copyrights, trade secrets, geographical indication, layout designs of integrated circuit and optical disk production.
Foreign employment limitations
The Alien Occupational Act requires all foreigners to obtain a work permit before working in Thailand. The Act also lists certain occupations that are reserved for Thai nationals. The following two applications must be processed simultaneously:

• An application to receive a work permit, which is submitted to the Ministry of Labour
• An application for a one-year non-immigrant visa extension, which is submitted to the Immigration Bureau

Foreign investment incentives
Revisions to Thailand’s investment promotion policies
The Board of Investment (BOI) has announced adjustments in Thailand's investment promotion policies and criteria for granting tax privileges. Moreover, as per the announcement of the BOI No. 5/2557 that came into force on December 18, 2014 granting priority investment promotion to small-sized and medium-sized enterprises (SMEs) that have a minimum level of investment capital of THB 500,000 (USD 15,295) (excluding cost of land and working capital). Each project that applies for investment promotion must have a value of imported machinery not exceeding THB 10 million (USD 305,915), and the total fixed assets or investment capital of the business (excluding cost of land and working capital) must not exceed THB 200 million (USD 6.12 million).

The BOI criteria and privileges under the announcement of the BOI No. 2/2557, which shall be effective for applications submitted from January 1, 2015 onward, prescribe as follows:

1. Criteria for project approval
• For a project with a minimum capital investment of THB 1 million (USD 30,587) (excluding cost of land and working capital), the following criteria is used:
  - The value added is not less than 20 percent of the sales revenue, except projects that manufacture electronic products and parts or process agricultural produce as well as projects granted special approval by the BOI.
  - The ratio of liabilities to registered capital should not exceed 3:1 for a newly established project. Expansion projects shall be considered on a case-by-case basis.
  - Modern production processes and new machinery are used. In cases where old machinery will be used, its efficiency must be certified by reliable institutions, and the BOI’s approval must be obtained.
  - Adequate environmental protection systems are installed. For projects with a potential environmental threat, the BOI shall prescribe special conditions on both the location of the project and the manner of pollution treatment.

• A project which has investment capital of THB 10 million (USD 305,915) or more (excluding cost of land and working capital) must obtain ISO 9000 or ISO 14000 certification or similar international standard certification within two years from the full operation start-up date.
• For a project with investment capital (excluding cost of land and working capital) exceeding THB 750 million (USD 22.94 million) shall be submitted a feasibility study of the project, as prescribed by the BOI
• For a concession project or the privatisation of a state enterprise project, the following criteria are used:
  - An investment project of state enterprises, according to the State Enterprise Corporatisation Act, will not be entitled to grant promotion for concession projects operated by the private sector and the transfer of ownership to the government (“build, transfer, operate” or “build, operate, transfer”). The government agency, which owns the project and intends the concessionaire to obtain promotion privileges, will submit the project to the BOI at the time of the project's commencement and before any invitation to the private sector to join the bid. In the bidding process, it must clearly state that the bidders will be informed of any incentives entitled to them. In principle, the BOI will not grant promotion in the event that the private sector has to pay compensation to the government for the concession, unless such payment is a reasonable amount on the investment consumed by the government.

  - For government projects under the “build, own, operate” method, including those leased or managed by the private sector by paying an amount in terms of a rental payment to the state, the BOI will apply the normal criteria.

  - For the privatisation of state enterprises, if it requires governmental support, the appropriate budget should be determined after the privatisation of the state enterprise as per the State Enterprise Corporatisation Act. In the event of expansion after the privatisation, the appropriate budget will apply for promotion for only the expanding investment by granting incentives according to the normal criteria.

2. Criteria for foreign shareholding
• Thai nationals must hold shares totalling not less than 51 percent of the registered capital in projects relating to agriculture, animal husbandry, fisheries, mineral exploration and mining and service businesses under list one of the Foreign Business Act B.E. 2542 (A.D. 1999)
• No equity restrictions for foreign investors in manufacturing projects
• The BOI may set the amount of shares eligible to be held by foreign investors on promoted projects when deemed appropriate
3. Investment zones
The BOI specifies investment promotion zones as follows:
- 20 provinces with low per capita income: Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchathani and Amnat Charoen
- Special economic development zones
- Science and technology parks that are promoted or approved by the Board

4. Criteria for granting tax and duty privileges
The BOI stipulates the following two types of incentives:
- Activity-based incentives, which are further classified into two groups of incentives based on the importance of activities as follows:
  - Group A consists of activities that shall receive corporate income tax incentives, machinery and raw materials import duty incentives and other nontax incentives.
  - Group B consists of activities that shall receive only machinery and raw materials import duty incentives and other nontax incentives.
- Merit-based incentives to attract and stimulate investment or spending on activities that benefit the country or industry at large will be granted to projects according to the following:
  - Merit to be placed on competitiveness enhancement, in case the project has investments or expenditures on (1) research and development (R&D) in technology and innovation, (2) donations to technology and human resources development funds, educational institutes, (3) IP acquisition/licencing fees for commercialising technology developed in Thailand, (4) advanced technology training (5) development of local suppliers with at least 51 percent Thai shareholding in advanced technology training and technical assistance or (6) product and packaging design
  - Merit to be placed on decentralisation for a project located in the 20 provinces with low per capita income, which shall receive additional incentives
  - Merit to be placed on industrial area development in case a project located within industrial estates or promoted industrial zones shall be granted one additional year of corporate income tax exemption. However, the total period of corporate income tax exemption shall not exceed eight years
- Projects eligible for merit-based incentives may apply under Group A or B, according to the conditions set out by the BOI

For details on the BOI’s announcement regarding the policies and criteria for investment promotion, please refer to http://www.boi.go.th/upload/content/newpolicy-announcement%20as%20of%2012_12_57%20%283%29_47674.pdf

Regional operating headquarters (ROH) schemes
The Revenue Code stipulates the criteria and tax privileges for two separate ROH schemes as follows:

1. Original scheme
In 2002, the cabinet endorsed a package of tax incentives aimed at encouraging foreign companies to set up regional offices in Thailand. To be eligible for the original ROH scheme, a foreign company must:
- Be registered in Thailand with:
  - Have at least THB 10 million (USD 305,915) of paid-up registered capital
  - Have at least three offshore affiliates in other countries
- Receive income from offshore affiliates accounted for at least half of the total income (the minimum is 1/3 of the income during the first three years if granted permission by the Revenue Department)

The tax incentives came into force with the issuance of a Royal Decree (No.405) in 2002, which is still fully effective. The incentives include:
- 10 percent on corporate income derived from performing administrative, technical, R&D, and other qualifying services for ROH offshore branches or associated enterprises
- 10 percent on royalties derived from ROH foreign branches or associate enterprises for the use of R&D performed in Thailand by the ROH
- 10 percent on interest received from ROH foreign branches or associated enterprises for loans granted, but the loans must be made from other sources (not ROH) and extended to ROH branches or associated enterprise
- Withholding tax exemptions on dividends paid out to offshore shareholders not carrying on business in Thailand, but only with regard to the percentage of the dividend that corresponds to the amount of the ROH income derived from ROH offshore branches and associated enterprises
- An adjustment of personal income tax collected from foreign experts from the current progressive rate to a 15 percent flat rate for no more than four years from the first to the last day of employment
• Tax exemptions on dividends transferred from subsidiaries to the ROH and on those offered by the ROH to overseas branches
• An immediate 25 percent depreciation of the value of fixed assets at the time of purchase or transfer, and the residual value can be depreciated at a rate not exceeding 5 percent, with the remaining depreciation to be incurred gradually over 20 years
A prospective investor who wishes to qualify to obtain ROH privileges may either seek the BOI’s promotion or register with the Revenue Department.

2. Alternative scheme
The new ROH package has been issued by the Royal Decree (No. 508) on November 6, 2010 and is now also effective. The criteria required for ROH for tax privileges are that the paid-up capital of the company operating the ROH must be more than THB 10 million (USD 305,915) at the end of each accounting period, and must provide services to associated enterprises in foreign countries. The company also must have a total business spending of at least THB 15 million (USD 458,789) per year (the business spending refers to the total operating costs that are paid to individuals or companies in Thailand, but excluding operating expenses paid overseas, royalties and know-how fees, raw materials, components and packaging), or have an investment spending (actual payment) of at least THB 30 million (USD 917,693) paid in Thailand per year, which is directly related to ROH. Moreover, foreign associated enterprises must have managements and employees working, as well as actual business operations, including maintaining a skilled staff of at least 75 percent of the total employees by the end of the third accounting period, with average remuneration per worker of at least THB 2.5 million (USD 76,463) per annum for at least five employees by the end of the third accounting period. The investors must notify the Revenue Department about the ROH’s incorporation within five years from the date the law became effective.

The new benefits available are as follows:
• For a portion of income from overseas corporations
  - An exemption on corporate income tax for 10 years
• For a portion of income from local operations
  - A 10 percent corporate income tax on net profits for income derived from services provided to ROH’s domestic branches or associated enterprises for 10 years
  - A 10 percent corporate income tax on net profits for qualified royalties for 10 years
• A 10 percent corporate income tax on interest received from the ROH’s foreign branches or associated enterprises for loan granted, provided that such loans are made from other sources and extended to the ROH’s branches or associated enterprises for 10 years
• A corporate income tax exemption for dividends received by the ROH from associated enterprises for 10 years
• A corporate income tax exemption for 10 years for dividends paid out of the ROH’s concessionary profits to its juristic shareholders who are incorporated abroad and not carrying on business in Thailand
• For income of expatriate employees
  - Expatriates employed by an ROH are subject to tax at the rate of 15 percent on remuneration, derived from the ROH, for four consecutive years (eight consecutive years for high level management expatriate employees working in Thailand).

Restrictions on foreign property ownership
Land
Generally, foreign individuals or corporations are not permitted to hold title to land, but they are allowed to obtain leasehold interests.
However, under existing regulations, foreigners may purchase a freehold interest in land if they are:
• Joint ventures where foreign parties control not more than 49 percent of the company
• Foreign manufacturers promoted by the BOI
• Oil concessionaires under the Petroleum Act
• Businesses located in certain industrial estates
Foreigners may own up to 1 rai of land (0.4 acre) for residential purposes if granted permission by the Minister of the Ministry of Interior, and must remit a total of at least THB 40 million (USD 1.22 million) into Thailand over a minimum period of five years in specific businesses or activities. Moreover, the land to be acquired shall be located in Bangkok Metropolis, Pattaya City, or Tessaban (municipality), or in an area specified as residential zone, according to the law on town and country planning, and shall not be located in a military safety zone, according to the law on military safety zone. However, the land may be disposed if it is not utilised for residence within two years - from the day of the land acquisition registration, or if the foreigner who is granted permission to acquire such land does not comply with the rules and conditions specified.
Condominiums
Foreigners can purchase, in any condominium project, up to 49% of the total space of all units in that condominium at the time of the application for registration without the need for permanent residence. Eligible foreigners include:
- Those with residence permits
- Those that were granted permission to enter Thailand under the Investment Promotion Act
- Limited companies with more than 49 percent of its capital owned by aliens who have been registered as a foreign “juristic person” under Thai law
- Foreign juristic persons with investment promotion certificates
- Foreign individuals or juristic persons remitting foreign currency into Thailand for payment for the condominium units

A foreign individual who does not hold a permanent resident certificate, or a foreign company purchasing a condominium unit, is required to bring 100 percent of the amount of the purchase price from an overseas source into Thailand. Prior to April 2004, foreigners could purchase up to 100 percent of a condominium project, provided it was located in Bangkok Metropolis, municipality area or other administrative area, and the site area was less than 5 rai (2 acres), as stipulated in the Condominium Act (No. 3), B.E. 2542 (A.D. 1999). This law was in effect from 1999–2004 and is still valid for condominiums purchased during that period.

Foreign exchange controls
Flows of foreign exchange are subject to declaration to or permission from the Bank of Thailand (BOT). The Exchange Control Act B.E. 2485 (A.D. 1942) and the Ministerial Regulation No. 13 (B.E. 2497 (A.D. 1954)) issued under the Exchange Control Act B.E. 2485 (A.D. 1942) set out the principles of controls under which Notifications of the Ministry of Finance and Notices of the Competent Officer were issued. The objectives of this foreign exchange control are to centralise foreign exchange of the country, to channel foreign exchange for public benefit, to monitor capital outflows, and to stabilise the value of the baht.

Importation and repatriation of personal funds
There is no limit on the amount of foreign currency a foreigner in transit may bring into or take out of Thailand. However, the law requires that any person receiving foreign currencies from abroad is required to sell such foreign currencies to an authorised financial institution or to deposit them in a foreign currency account with an authorised financial institution within 360 days of receipt, except for foreigners temporarily staying in Thailand for not more than three months, foreign embassies, and international organisations, including people with diplomatic privileges and immunities. Additionally, any person bringing into or taking out of Thailand an aggregate amount of foreign currency exceeding THB 651,800 (USD 19,923) or its equivalent must declare as such to a customs officer. Regarding Thai currency (THB), tourists may carry up to THB 500,000 (USD 15,295) to neighbouring countries and up to THB 50,000 (USD 1,529) to other countries without prior BOT permission.

Import and export of investment funds
Import
Remittance of foreign currency for direct and portfolio investments into Thailand is freely permitted. However, foreign inflows must be surrendered to an authorised financial institution or deposited in a foreign currency account with an authorised financial institution in Thailand within 360 days.

Export
Repatriation of investment funds, dividends, profits, loan repayments and interest payments by foreign investors may be made freely by submitting a form with the relevant documentation to a commercial bank. In case of a loan repayment, evidence of inward remittance of such loan and the loan agreement must be submitted.

Export investment fund of Thai residents applies as follows:
- Thai residents and companies, including companies registered with the Stock Exchange of Thailand, are allowed to invest in or lend to affiliated business entities abroad an aggregate amount not exceeding THB 3,27 billion (USD 100 million) per year.
- Thai individuals or corporate investors can invest in securities abroad, other than those under employee benefit plans, through private funds or securities companies, subject to the Securities and Exchange Commission’s (SEC) guidelines and approval from the Bank of Thailand.
- Outward remittances to Thai emigrants who are permanent residents abroad are allowed up to THB 32.72 million (USD 1 million) per recipient per year for each purpose.
- Fund transfers to public for donation are allowed up to THB 32.72 million (USD 1 million) per person per year for each purpose
- Purchase of immovable properties abroad is allowed up to THB 327.20 million (USD 10 million) per person per year.
Remittances overseas are subject to withholding tax at the following rates:

<table>
<thead>
<tr>
<th>Withholding tax rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends to offshore shareholders 10%</td>
</tr>
<tr>
<td>Fees and royalties 15%</td>
</tr>
<tr>
<td>Interest on loans to foreign banks 15%</td>
</tr>
<tr>
<td>Lease and rental payments 15%</td>
</tr>
<tr>
<td>Management fees 15%</td>
</tr>
<tr>
<td>Payments to employees 15%</td>
</tr>
</tbody>
</table>

* The withholding tax rates may be lower where a double taxation agreement exists.

A 10 percent tax is levied on remittances of corporate profit.

**Foreign currency account of non-residents**

Non-residents may maintain foreign currency accounts with authorised banks in Thailand without limit. The accounts can be freely credited with funds originating from abroad. Other repayments from Thai residents or borrowings from authorised banks can be deposited, subject to supporting evidences. Balances on such accounts may be freely withdrawn. Regarding a non-resident baht account, non-residents may open Thai baht accounts with authorised banks in Thailand for:

- Non-resident baht account for securities (NRBS) – An NRBS account may be debited or credited for the purpose of investment in securities and other financial instruments such as equity instruments, debt instruments, unit trusts and financial derivatives transactions traded on the Thailand Futures Exchange and Agricultural Futures Exchange of Thailand.
- Non-resident baht account (NRBA) – An NRBA may be debited or credited for general purposes, except funds related to an investment in securities such as trade, services, foreign direct investment, investment in immovable assets and loans.

The total daily outstanding balances for each type of account shall not exceed THB 300 million (USD 9.82 million) per non-resident, and this applies to all transfers between different types of accounts.

**Taxes on possession and operation of real estate**

**Local Development Tax**

This tax only applies to the land owner. The tax rate varies greatly, depending on the location and assessed value of the land. Typically, it ranges from THB 0.5 (USD 0.01) to THB 80 (USD 2.44) per rai.

**House and Land Tax**

This is a tax on assessed rental income and only applies to properties that are rented out.

Rental contracts are typically split into three components, which are taxed separately as follows:

- Rental: Subject to a house and land tax of 12.5 percent of annual rental receipts
- Lease of furniture: Subject to a 7 percent VAT
- Service charge: Subject to a 7 percent VAT

**Taxes on acquisition and transfer of real estate**

**Sale of freehold real estate**

<table>
<thead>
<tr>
<th>Fees payable</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership transfer fee</td>
<td>2% of assessed value</td>
</tr>
<tr>
<td>Additional stamp duty</td>
<td>THB 1 (USD 0.03) per THB 200 (USD 6.11) of declared amount, or an assessed value of 0.5% of the declared value or assessed value, whichever is higher</td>
</tr>
<tr>
<td>Specific business tax</td>
<td>3.3% of the declared amount or assessed value, whichever is higher</td>
</tr>
<tr>
<td>Municipal tax</td>
<td>10% of specific business tax</td>
</tr>
<tr>
<td>Withholding tax</td>
<td>For juristic person – 1% of the declared amount or assessed value, whichever is higher For individual – 5–35% of assessed value</td>
</tr>
</tbody>
</table>

Stamp duty is waived in transactions that are subject to specific business tax.

The ownership transfer fee for transactions under debt restructuring agreements has been reduced to 0.01 percent from 2 percent.

**Disposition of leasehold real estate**

<table>
<thead>
<tr>
<th>Fees payable</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease registration fee</td>
<td>1% of the total lease consideration or the assessed rental value, whichever is higher</td>
</tr>
<tr>
<td>Stamp duty</td>
<td>0.1% of the total rental throughout the lease term</td>
</tr>
</tbody>
</table>
Mortgage of real estate

<table>
<thead>
<tr>
<th>Fees payable</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Registration Fee</td>
<td>1% of the amount declared in the mortgage agreement, subject to a maximum of THB 200,000 (USD 6,112)</td>
</tr>
<tr>
<td>Loan Agreement Stamp Duty</td>
<td>0.05% of the Mortgage Registration Fee</td>
</tr>
</tbody>
</table>

For transactions under debt restructuring agreements, a mortgage registration fee of 1 percent will be applied from January 1, 2005 onward.

In addition, mortgage interest payments are tax-deductible for personal income tax purposes, subject to a cap of THB 100,000 (USD 3,056). The tax allowance is part of a package of tax measures aimed at boosting demand for property.

Capital gains tax
Capital gains from the disposal of assets by corporations are treated as ordinary business income and are taxed at the corporate tax rate of 20 percent.

Capital gains from the disposal of assets by individuals are treated as personal income and are taxed at the individual’s tax rate.

Capital gains made on the stock exchange by a foreign individual are currently not taxed. Foreign companies or other juristic persons doing business in Thailand are subject to pay a corporate income tax for capital gains, but with no withholding tax. However, foreign companies or other juristic persons that do not operate business in Thailand are subject to pay 15 percent withholding tax.

Value added tax/goods and services tax
Value Added Tax (VAT) is a consumption tax based on the value of goods and services offered by traders, businesses or persons in Thailand. It is calculated from the price of the goods and services. VAT is itemised separately from the price of the goods or services so that consumers know the actual amount of the goods and services.

Those liable to pay VAT include:
- Manufacturers, importers, wholesalers, retailers and any other persons selling goods in the course of their business or professional activities
- Persons rendering services
- Agents for foreign businesses conducted in Thailand

Those exempt to pay VAT include:
- small enterprises with annual sales of not exceeding THB 1.8 million (USD 58,662); and
- leasing of immovable property

There are two VAT rates:
- 0 percent – Persons or businesses who do not have to pay VAT are refunded the amount of VAT they had previously paid. Those eligible for the zero rate include:
  - Exported goods
  - Services provided in Thailand for persons in foreign countries
  - International transportation by air and sea by Thai juristic persons
  - Sale of goods or services between bonded warehouses and export processing zones
- 7 percent – This general rate applies to all other persons or companies that conduct business in Thailand. The normal rate is 10 percent; however, it has been reduced to 7 percent from October 1, 2014 to be applied until September 30, 2015

Tax depreciation
Applicable depreciation rates are as follows:
- Building
  - Permanent: 5 percent
  - Temporary: 100 percent
- Cost of acquiring depletable natural resources: 5 percent
- Cost of acquiring lease rights
  - Indefinite: 10 percent
  - Definite: 100 percent (divided by the lease period plus the renewal option period)
- Cost of acquisition of the right in a process, formula, goodwill, trademark, business licence, patent, copyright or any other rights
  - Indefinite: 10 percent
  - Definite: 100 percent (divided by number of years used)
- Others, excluding land and stock-in-trade: 20 percent
A company adopting generally accepted accounting principles (GAAP) methods in which the depreciation rates vary from year to year is allowed to do so, provided that the number of years over which an asset depreciated shall not be less than 100, divided by the percentage above.
Corporate taxation
Companies incorporated under Thai law, or foreign companies carrying on business in Thailand, including companies listed on the Stock Exchange of Thailand, are subject to 20 percent corporate income tax on net profits, with effect from 2013. However, companies incorporated under foreign laws are only taxed on income derived within Thailand. Corporate income tax is calculated from the company’s net profit on the accrual basis by taking into account all revenues arising from or in consequence of the business carried on an accounting period and deducting the expenses, as prescribed by the Revenue Code.
Small-to-medium enterprises [defined as those having a registered capital not exceeding THB 5 million (USD 152,788) and having revenue generated from sale of goods and services not exceeding THB 30 million (USD 916,757)] shall pay the tax rate of 20 percent in year 2015, based on the level of net profits as shown below:

<table>
<thead>
<tr>
<th>Net profit</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not exceeding THB 300,000 (USD 9,169)</td>
<td>0%</td>
</tr>
<tr>
<td>THB 300,001 – 1,000,000 (USD 9,169–30,564)</td>
<td>15%</td>
</tr>
<tr>
<td>Over THB 1,000,000 (USD 30,564)</td>
<td>20%</td>
</tr>
</tbody>
</table>

Companies engaged in the business of international transportation of passengers or goods pay a 3 percent corporate income tax on gross receipts collected for services carried out in Thailand.
Foundations and associations pay a corporate income tax of 2 percent and 10 percent of the gross income, depending on the type of business activity.
Net losses may be carried forward for not more than five consecutive years. No carry back of losses is allowed.

Personal taxation
Every person, resident or non-resident, who derives assessable income from employment or business in Thailand or has assets in Thailand is subject to personal income tax, whether such income is paid inside or outside the country. The tax is applied on a graduated scale ranging from 0 percent to 35 percent, based on the assessable income and subject to deductibles and allowances.
Exemptions are granted to certain persons, including United Nations officers, diplomats and certain visiting experts, under the terms of international and bilateral agreements.
To alleviate the tax burden of low-income individuals, the government raised the level of personal income that is exempt from tax to THB 150,000 (USD 4,603). This means that individuals will only pay tax on income at or above THB 150,001 (USD 4,603). Please find the personal net income tax rates as shown below.

<table>
<thead>
<tr>
<th>Net profit</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>THB 1–150,000 (USD 0.03–4,584)</td>
<td>0%</td>
</tr>
<tr>
<td>THB 150,001–300,000 (USD 4,584–9,169)</td>
<td>5%</td>
</tr>
<tr>
<td>THB 300,001–500,000 (USD 9,169–15,295)</td>
<td>10%</td>
</tr>
<tr>
<td>THB 500,001–750,000 (USD 15,295–22,922)</td>
<td>15%</td>
</tr>
<tr>
<td>THB 750,001–1,000,000 (USD 22,922–30,587)</td>
<td>20%</td>
</tr>
<tr>
<td>THB 1,000,001–2,000,000 (USD 30,587–61,125)</td>
<td>25%</td>
</tr>
<tr>
<td>THB 2,000,001–4,000,000 (USD 61,125–122,251)</td>
<td>30%</td>
</tr>
<tr>
<td>Over THB 4,000,000 (USD 122,251)</td>
<td>35%</td>
</tr>
</tbody>
</table>

Tax treaties: Avoidance of double taxation
Treaties in existence:
- Armenia
- Australia
- Austria
- Bahrain
- Bangladesh
- Belarus
- Belgium
- Bulgaria
- Chile
- Canada
- China
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain and Northern Ireland
- Hong Kong
- Hungary
- India
- Indonesia
- Israel
- Italy
- Japan
- Kuwait
- Laos
- Luxembourg
- Malaysia
- Mauritius
- Myanmar
- Nepal
- The Netherlands
- New Zealand
- Norway
- Oman
- Pakistan
- Philippines
- Poland
- Romania
- Russia
- Singapore
- Slovenia
- South Africa
Real Estate Investment Trusts

The Trusts for Transactions in the Capital Market Act B.E. 2550 (A.D. 2007) prescribes that trusts may be established in the capital market through real estate investment trusts (REITs) to build up market interest and appetite for investment in real estate through the capital market as well as to permit the use of trusts as investment vehicles for capital market transactions.

The Securities Exchange Commission (SEC) has announced a real estate investment scheme as of January 1, 2013, at which time the Stock Exchange of Thailand issued rules to certify the listing of REITs as from March 18, 2013. The REITs shall fully comply with the Trust for Transactions in Capital Market Act B.E. 2550 (A.D. 2007) and any other regulations as set by the SEC.

The criteria for a REIT to invest in any assets are as follow:

Types of assets to be invested in
- Any type of real property that can generate rental revenue
- Real property located outside Thailand
- Real property that can raise capital at and over 75 percent of its value, including debt (if any). Any reserve capital can be invested, e.g., government bonds, savings account, etc.
- Investment in greenfield projects is permissible as long as SEC conditions are complied with and the investment is for no more than 10 percent of the total asset

Options on receiving profits
- Contractual lease of property without engaging in other businesses, e.g., hotels, hospitals, etc.
- Tenant is forbidden to generate property income from immoral or illegal businesses
- In the event of contractual lease of property, the rental fee shall be relative to the profits of the tenant, but will be at or less than 50 percent of all fixed rental charge

Leverage limit
- 35 percent of the total asset can be leveraged up to a maximum of 60 percent if the REIT obtains an investment grade credit rating
- Must comply with trust establishment contract
- Assets may be placed as collateral
- In other commitments or agreements, customary commercial transactions shall take place


*Please note that the above USD foreign currency exchange calculations are based on the conversion rate issued by the Bank of Thailand on 22 January 2015 which was THB 32.59 per USD 1.
## Common Terms of Lease for Tenancy Agreements

### Unit of measurement

| Unit of measurement | Square Meters |

### Rental payments

| Rents | THB/sqm/month (gross area) |
| Typical lease term | 3 years. Longer terms of 6 years or more are available in some buildings for large-space users |
| Frequency of rent payable (in advance) | Monthly |
| Typical rent deposit (expressed as x months rent) | 3 months |
| Security of tenure | Only for the duration of the tenancy, no guarantee beyond the original lease term |
| Does tenant have statutory rights to renewal | No |
| Basis of rent increases or rent review | Open market rental value OR with cap rate of 15 - 25% |
| Frequency of rent increases or rent review | At lease renewal normally every 3 years or other period as per agreed. |

### Service charges, operating costs, repairs and insurance

| Responsibility for service charge/management fee | Usually quoted with rental charge and payable monthly in advance |
| Responsibility for utilities | Electricity and telecommunication consumption are separately metered and payable by each tenant; water consumption is included in the management charges, unless tenants extend the water pipeline into leased premises |
| Car parking | Allocation is usually based on one parking lot per 100 sqm leased free of charge. Additional spaces are provided subject to availability and monthly rental charges |
| Responsibility for internal repairs | Tenant |
| Responsibility for repairs of common parts (reception, lifts, stairs, etc) | Landlord |
| Responsibility for external/structural repairs | Landlord |
| Responsibility for building insurance | Landlord (charged back via service charge) |

### Disposal of leases

| Tenant subleasing & assignment rights | Generally prohibited, subject to landlord approval |
| Tenant early termination rights | Only by break clause |
| Tenant’s building reinstatement responsibilities at lease end | Reinstated to original condition |

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