



Legal Alert

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NEW MEASURES APPROVED BY THAI CABINET: TEARING DOWN THE BARRIER, LAND OWNERSHIP FOR FOREIGNERS

Precaution on foreign business operation aspect

According to new measure approved by Thai cabinet, individual foreigners can own condominiums and houses (“properties”) in housing projects in specific areas and also have long-term lease of properties for residency purposes

However, if they plan to lease or sub-lease the properties out during the period when they are not in Thailand in exchange for remuneration, e.g., time-share, they would be considered as operating service business in Thailand, and would be subject to Foreign Business Act B.E. 2542 (“FBA”). As a result, they must obtain a foreign business license (“FBL”) from the Ministry of Commerce prior to commencing such businesses; otherwise they would be subject to the penalty prescribed in the FBA.

While this measure works well for individual foreigners wanting to own properties for residential purposes, it might not be attractive to those who would like to own properties for investment purposes due to the aforementioned FBL requirements.

For individual foreigners who are interested to own properties but do not wish to apply for a FBL, they should continue to observe the development of this measure as there could be further amendment to the measures to allow acquiring properties for investment purpose.

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