



# Tax & Legal Services Newsletter

## Implementation of the Land and Structures Tax Act Extended

The new Land and Structures Tax Act went into effect on 1 January 2020. However, secondary legislation relating to the Act to be issued by Thailand's Ministry of Interior and the Ministry of Finance has not yet been finalized, meaning that local administrative organizations lack guidance on how to apply the rules and procedures necessary to implement the law by the prescribed deadlines. On 11 December 2019, Thailand's Interior Ministry issued a notice extending the relevant deadlines; for example, the deadline to issue a notice of tax assessment is extended from February 2020 to June 2020 and the deadline to pay a tax assessment is extended from April 2020 to August 2020.

## Draft Land and Structures Tax Legislation

The Thai Cabinet approved the following draft supplementary legislation in relation to the land and structures tax, which must be published in the government gazette to become effective:

- Draft royal decree regarding land and structures tax reduction (approved on 3 December 2019):
  - A 50% tax reduction would apply to land and structures bequeathed to a natural person if land and structures are utilized for residential purposes and the natural person is listed in the household register. The transfer of bequeathed land and structures and the ownership registration must be completed before 13 March 2019.
  - A 90% tax reduction would apply to certain types of land and structures, e.g., real estate held for sale by a financial institution for a period not exceeding five years, real estate under development for a period not exceeding three years, developed real estate that has not yet been sold for a period not exceeding two years, etc.

- Draft ministerial regulation providing criteria for a waiver of fines on outstanding taxes (approved on 3 December 2019).
- Draft ministerial regulation on the valuation of land and structures that have no assessed price (approved on 3 December 2019):
  - The value of land to which the owner holds the title deed or a certificate of utilization (Nor Sor 3 Gor) would be the assessed price of nearby land. In addition, the value of land for which the owner has other ownership certificates or does not have the documents mentioned above would be the value certified based on the lists of assessed prices of the Treasury Department or the local Treasury Office, as the case may be.
  - The value of a structure would be the value based on the lists of assessed prices of the Treasury Department or the local Treasury Office. The value of a structure that has no assessed price would be the value based on the lists of comparative assessed prices of the Treasury Department or the local Treasury Office. If comparable prices are not available, the owner of the structure would have to provide relevant documentation that indicates the value of the structure.
- Draft ministerial regulation on expenses for tax collection on behalf of a local administrative organization (approved on 11 December 2019):
  - A government agency that receives tax payments on behalf of a local administrative organization would be able to deduct 3% of the tax payment and remit the tax (minus deducted expenses) to the local administrative organization by the 10th day of the month following the collection month.
- Draft ministerial regulation regarding (i) idle land or structures or (ii) land or structures not utilized according to their nature (approved on 11 December 2019):
  - The regulation defines idle land or structures as, for example, land that can be used, given its condition, but for which there is no use, unless the land cannot be used as a result of a natural disaster (e.g. an earthquake or a flood) or force majeure.
  - The regulation defines land and structures not utilized according to their nature as, for example, land that can be used for agricultural purposes based on its condition but whose use does not comply with the purposes prescribed and published jointly by the Minister of Finance and the Minister of Interior, or a completed structure that may be used for agricultural or residential purposes but that cannot be used for these purposes.
  - The rules would not apply to land that is being prepared for utilization or structures that are under construction, land or structures that are restricted by law or by a court order or judgment, and land or structures whose ownership or right of possession is currently under consideration by a court.

### **Draft Regulations on Business Transaction Reporting according to Electronic Payment Laws**

On 26 November 2019, the Thai Cabinet approved draft ministerial regulations regarding the tax filing procedure and specific transaction reporting pursuant to the Act Amending the Thai Revenue Code No. 48.

- Draft ministerial regulation regarding the tax filing procedure:
  - A taxpayer responsible for remitting to the tax authorities withholding tax and VAT from the provision of services overseas would be allowed to remit the taxes to financial institutions or other entities instead of the Revenue Department. The taxpayer would be exempt from issuing withholding tax certificates and submitting tax returns.

- Financial institutions and other entities would be responsible for remitting the taxes withheld, providing relevant requested information, and issuing evidence of tax remittance to the taxpayer in accordance with the Revenue Department's rules.
- Draft ministerial regulation for specific transaction reporting by financial institutions and e-money service providers:
  - Financial institutions and e-money service providers would have to report to the Revenue Department the specific transactions of persons who make, in the aggregate, (i) at least 3,000 annual electronic deposits/transfers or (ii) at least 400 annual deposits/transfers where the total value of all transactions is at least THB 2 million. The report provided to Revenue Department would have to include the name of the individual or corporate entity that concluded the specific transaction, the individual's national identification number or the entity's corporate registration number, etc. The reporting party would have to follow the regulation's reporting requirements or submit the information required by the Revenue Department electronically.

### **Tax Measure to Encourage Local Tourism**

On 3 December 2019, the Thai Cabinet approved a draft ministerial regulation that governs the personal income tax exemption for the subsidy or compensation received under the measure that promotes local tourism in Thailand (also known as the "Chim Shop Chai" [i.e. Eat Shop Spend] campaign). This campaign applies to the sale of goods or the provision of services by retailers or e-payment service providers and was previously approved by the Thai Cabinet on 20 August 2019.

### **Withholding Tax on Interest Payments to Mutual Funds**

Ministerial Regulation No. 353, which was issued on 6 December 2019 and applies retroactively from 20 August 2019, provides for a 15% withholding tax on the payment of interest to a mutual fund established under Thai law.

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