

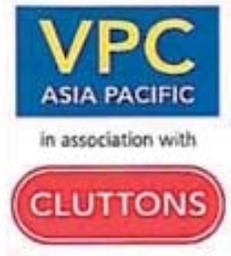
# GUIDELINES ON FOREIGNERS PURCHASE AND OWNERSHIP OF REAL ESATE : Thailand

## (A) Snapshots of the Economy

- Population: 68,139,238 (2011)
- Per Capital Income : US\$4210
- GDP Growth Rate : 1.5% (2011)
- Gross Dev. Savings @ % of GDV : -
- Inflation Rate : 3.4% (Feb 2012)
- Bank Borrowing Rate :  $\pm 1\%$  of MLR of 7%
- NPL to loan ration : n/a
- Unemployment Rate : less than 1%
- Major Exports : Manufactured Goods, automotive
- Foreign Reserves : n/a

# (B) Guidelines on Foreigners

## Purchase of Real Estate



- Name of Regulation : The legal basis for exchange control in Thailand is derived from the Exchange Control Act (B.E. 2485) and Ministerial Regulation No. 13 (B.E. 2497) issued under the Exchange Control Act. These laws set out the principles of controls under which Notifications of the Ministry of Finance and Notices of the Competent Officer are issued.
- Name of Regulatory Body : Bank of Thailand
- Definition of Foreign Interest/: Under the above Guideline "Non-resident (NR)" means:
  - (i) Corporations, institutions, funds, financial institutions or juristic persons located outside Thailand
  - (ii) Entities of foreign governments located outside Thailand
  - (iii) Branches and agents of domestic juristic persons located outside Thailand
  - (iv) Natural persons not of Thai nationalities and not having alien identity or residence permits.

However, non-residents exclude:

- (i) Thai embassies, Thai consulates or other entities of Thai government located outside Thailand
- (ii) Foreign embassies, foreign consulates, specialized agencies of the United Nations, international organizations or institutions (both financial and non-financial) located in Thailand
- (iii) Branches and agents of foreign juristic persons located in Thailand

## Types of Properties Foreign Interest can buy and limitation

- Foreigners can purchase a condo outright in their own name as long as the condo is one of the foreign quota of allocated condos. The foreign quota of condos can total no more than 49 percent of the total number of condos in the building. Not all blocks of apartments are condominiums; the building has to be registered with the land department as a "condominium".
- Foreigners can also invest at least THB40M (US\$1,038,314) in a Board of Investment approved project. They will then be allowed to purchase up to 1 Rai (1,600 square meters) of land

# Approvals Required for Foreigners to Buy Properties



- Passport or ID card
- Land or condo title deed
- House Registration Document if applicable (Tabien Baan)
- Marriage or divorce certificate if applicable
- Power of Attorney form if applicable
- Any relevant tax, warranty and documents relating to the property
- Foreign Exchange Transfer form from the bank (Condo only)
- Purchase agreement
- Document stating the percentage of foreign owned condos is less than 49 percent (Condos Only)
- Document stating that there are no outstanding maintenance fees owed for any common ground
- If the property has an outstanding mortgage then the bank will need to be involved with the selling process as the land title will be in the bank's name.

## (C) Special Incentives to Attract Foreigners to purchase Real Estate in Thailand



- None really exists currently, except in the Board of Investment approved projects, which are mostly industrial lands.

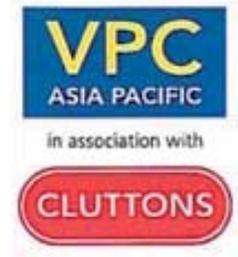
## (D) Financing For Foreigner to Purchase Properties

- Any financing for foreigners to borrow from local banks to purchase properties?

Yes, financing is available at 50% of appraised value, for selected banks, but not all banks.

- What are the requirements and conditions for approval?
  - The usual requirements and conditions for locals will apply such as proof of funds and eligibility and ability to repay the loan, etc.

# (E) Foreign Exchange Regulations



- Whether foreigners can bring in their own money to purchase properties?

Yes, they can. No restrictions.

- What are the foreign exchange regulations for them to bring money into the country?

No restrictions. Foreign currencies can be transferred or brought into Thailand without limit. Any person receiving foreign currencies from abroad is required to repatriate such funds immediately and sell to an authorized bank or deposit them in a foreign currency account with an authorized bank within 360 days of receipt, except for foreigners temporarily staying in Thailand for not more than three months, foreign embassies, international organizations including their staff with diplomatic privileges and immunities, and Thai emigrants who are permanent residents abroad or working abroad.

Purchase of foreign currency from authorized banks is generally allowed upon submission of documents indicating international trade and investment. Companies in Thailand can engage in derivatives transactions with authorized banks to hedge against foreign exchange risk provided that supporting documents indicating future foreign currency receipts or obligations are submitted.

Any person bringing into or taking out of Thailand foreign currency bank notes in an aggregate amount exceeding USD 20,000 or its equivalent must declare to a customs officer.

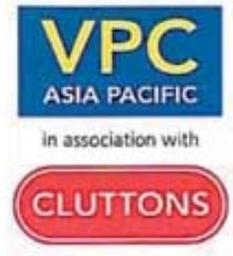
## (E) Foreign Exchange Regulations



### FOREIGN INVESTMENTS

- Transfers in foreign currency for direct and portfolio investments in Thailand are freely permitted. Proceeds must be surrendered to an authorized bank or deposited in a foreign currency account with an authorized bank in Thailand within 360 days.
- Repatriation of investment funds and repayment of overseas loans can be remitted freely upon submission of supporting documents to an authorized bank. For repatriation of investment funds, evidence of sale or transfer of such investment shall be

## (F) Return on Property Investments by Foreigners

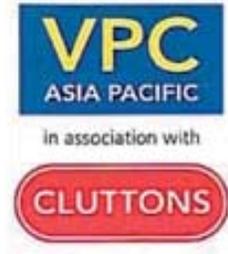


- What are the preferred types of properties purchased by foreigners in Thailand?
  - Condominium apartments are the most preferred type of investments purchased by foreigners in Thailand.
  - Office Suites in multi-owner building
  - Foreign manufacturers also purchased vacant industrial lands to build factories and warehouses.

## (G) Ownership Structure of Properties

- Strata title is the most common form of ownership for multi-story residential and commercial buildings
- Strata title are given to individual units and the owners share common property such as common stairwell, driveways, roof, recreation facilities.
- Foreigners are not allowed to purchase any land, except when investing at least THB40M (US\$1,038,314) in a Board of Investment approved project. They will then be allowed to purchase up to 1 Rai (1,600 square meters) of land.
- Land leasehold is becoming common and generally on a 30 years basis. The leasehold term may be renewed, subject to payment of an additional premium. Transfer of leasehold interest to another party can also be done.
- Foreigners may purchase property in Thailand in their Thai spouse's name. Only the Thai spouse's name will be listed on the Title Deed, but a Memorandum states the foreigner's marriage to the Thai owner. Because the property is purchased jointly, both have legal rights and it cannot be sold without both parties' signatures.
- Some foreign individuals or companies set up a legal entity to bypass the law with more than 50% of ownership by Thai as well, although that is subject to legal risk.

## (H) Properties Purchase : Fees and Taxes



- Fees and taxes involved when a foreigner purchase a property:-
  - (1) Legal fees for the Sale & Purchase Agreement, if any required
  - (2) Loan Application processing fee, if applicable
  - (3) Registration of charge, at beginning of loan period, if applicable
  - (4) Valuer's fees, if applicable.
  - (5) Estate Agent fee, if applicable.

## (I) Taxation

### Tax related to the sales and purchase of property

- Transfer fee 2% of the registered value of the property
- Stamp Duty 0.5% of registered value. Only payable if exempt from business tax
- Business tax 3.3% of the appraised value of the property if selling within 5 years. This applies to both individuals and companies

### Withholding tax

- Withholding tax 1% of the appraised value of the property

## Tax Rate for Foreigners

Income tax is payable on real property gains by:

- personal taxpayers -using deemed gains provisions
- corporate taxpayers -included in net profit calculation subject to corporate tax