

What is the “official value” of a CONDOMINIUM in Thailand and why does it matter?

In this blog will examine the Land Office’s appraised value of condominium units. The appraised value of a condominium unit is of significant importance for the calculation of fees and taxes upon transfer of such unit. Like land and other general buildings/structures, a condominium unit is transferred by a written registration at the authorized Land Office. The current fee and taxes applicable to and payable upon the registration of ownership thereof are the: (1) transfer fee; (2) income tax (payable as withholding tax); and (3) stamp duty or specific business tax/local development tax.

The transfer fee and the (individual) seller’s income withholding tax that is required to be deducted and paid to the authorities upon transfer are calculated based on the Land Office’s appraised value of the condominium unit. The stamp duty or specific business tax/local development tax are calculated based on the Land Office’s appraised value of the condominium unit or the sales price of the unit, whichever is higher.

Section 30 of the Condominium Act (1979) (“CA”) provides that the provisions of the Land Code (1954) (“LC”) regarding land registration and the Ministerial Regulations issued under said provision shall be applied to the registration of rights and juristic acts of the condominium unit *mutatis mutandis*. In addition, Section 62 of the CA provides that the relevant provisions of the LC regarding fees, such as Sections 104, 105 and 106 shall be applied to the fees under the CA *mutatis mutandis*.

The assessment of the appraised value of a condominium unit is made periodically by the “**Valuation Committee**” in accordance with Sections 105 and 105 unique of the LC.

Pursuant to Chapter 3 of the Valuation Committee's Regulations for Determining the Criteria and Procedures for Valuing the Immovable Properties for Purposes of Levying Fees for Registering the Rights and Juristic Acts (1992) (amended in 1998) issued under Section 105 unique of the LC, the criteria to be taken into account by the Valuation Committee in determining the appraised value of a condominium unit can be summarized as follows:

- (1) Sale and purchase price, terms and conditions of the sale and purchase agreement or rental amount of unit(s) in each floor of that particular condominium and of other same/similar style condominiums nearby;
- (2) Quantity and quality of the common property of the condominium;
- (3) Facilities and services provided in the condominium;
- (4) Quality of the materials and built-in decorations of the unit;
- (5) Purpose of use of the unit *e.g.* for commercial, residential or office space, *etc*;
- (6) Style of the unit and it is located in that particular condominium;
- (7) Common property management system of the condominium; and
- (8) Market price of land upon which the condominium is located, which is the common property of the condominium, and construction costs as of the date of condominium registration.

After the Valuation Committee has gathered such information, it then determines the official appraised value of a condominium unit by using one more of the following methods:

- 1) Comparing it with the market price of the same/similar style condominium unit nearby; or
- 2) Comparing it with the rental amount of the same/similar style condominium unit nearby; or in case (1) and (2) are insufficient or incomparable

3) Using the construction costs and the depreciation of the unit for the determination.

Usually the appraised value is designated floor by floor or, alternatively, unit by unit. But note, if the condominium comprises of several buildings, the appraised value of the floors and units in each building may well be different.

Thus, each condominium in Thailand has its own official appraised value. Herein below are two examples of the current appraised values applicable to the transfer of ownership of two specific condominiums in Phuket Town and in Rawai, Phuket Province (which for purposes of this article and not providing their actual names we shall call “X” and “Y”):

	Condominium Phuket Town	X in Value	Condominium Rawai	Y in Value
	Appraised (THB/m ²)		Appraised (THB/m ²)	
1 st Floor, Commercial Unit	48,500		49,000	
1 st Floor, Commercial Unit, Balcony	20,250		24,500	
1 st Floor, Residential Unit	40,500		41,000	
1 st Floor, Residential Unit, Balcony	20,250		20,500	
5 th Floor, Residential Unit	41,500		43,000	
5 th Floor, Residential Unit, Balcony	20,750		21,500	

In general, the appraised value of each condominium must be re-evaluated by the Valuation Committee every four years. The current appraised value of Condominium X was announced in 2009 and that of Condominium Y was announced in 2010.

Therefore, the next re-evaluation and announcement of the appraised value will be in 2012 and 2013 respectively.

The higher the appraised value is, the more expensive the fee applicable to and payable upon the registration of ownership of the condominium unit at the authorized Land Office will be. By way of example, the highest appraised value of a residential condominium unit in Phuket at the moment is 91,000 THB/m². Taking such appraised amount into account, the registration fee payable upon of ownership of a 200 m² unit would be THB 364,000 [$91,000 \times 200 = 18,200,000 \times 2\% = 364,000$].

DUENSING KIPPEN is an international law firm specializing in business transaction and dispute resolution matters, with offices in Bangkok and Phuket, Thailand and affiliated offices in 45 other countries. Visit them at: duensingkippen.com