

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

Ownership of land, house and/or a condominium unit is legally transferred by a written registration at the relevant authorized Land Office. In general, the current fee and taxes applicable to and payable upon the registration of such change of ownership of an immovable property 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 (individual) seller’s income withholding tax which are required to be deducted and paid to the authorities upon transfer are calculated based on the Land Office’s Official Value of the property. The stamp duty or specific business tax/local development tax which is also required to be deducted and paid to the authorities upon transfer and both are calculated based on the Official Value of the property or the actual transaction value of the property, whichever is higher. Thus, because the Land Office’s appraised value of the property is one of the key elements used for the calculation of the fee and taxes applicable to and payable upon the registration of ownership of immovable property, you might wish to know more about this Official Value.

An immovable property’s Official Value is an assessed or appraised value which is generated periodically by the Valuation Committee in accordance with Sections 105 and 105 unique of the Land Code (1954) (“LC”). However the process to determine the Official Value of the various type of immovable property i.e., e.g. land, non-condominium building and condominium are all different. Since non-Thais may generally only own buildings and condominiums in Thailand, we will have a look at how the Official Value of non-condominium building is determined in this, part 1 of this article and in part of 2 of this article we will see how the Official Value of condominiums are determined.

Pursuant to Chapter 2 of the Valuation Committee’s Regulations for Determining the Criteria and Procedures for Valuating Immovable Properties for the Purposes of Levying Fees for the Registration of Rights and Juristic Acts (1992) (and as amended in 1998) issued under the LC, the criteria to be taken into account by the Valuation Committee in determining the Official Value of a non-condominium building are, for example: 1) the price of the construction materials; 2) the wages of the construction workers; 3) the administration costs for the construction in that particular province; and 4) what the is the type or purpose of the building.

Each province in Thailand has its own Official Value for buildings that are not condominiums. For example, the following are some of the Official Values for the provinces of Phuket and Suratthani (in which Koh Samui is located) applicable to the transfer of ownership of non-condominiums buildings during the period from 2008 to 2011:

	Phuket	Suratthani
	Appraised Value (THB/m ²)	Appraised Value (THB/m ²)
one-storey concrete house	6,050	5,850
two-storey concrete duplex	5,900	5,800
office	6,200	6,100
apartment	5,950	5,800
hotel	8,150	7,700

Once the Official Values in any particular province are announced, they are applicable to all such buildings in the province regardless of where the buildings is located in that province, for example, the appraised value per square meter of a one-storey concrete villa in the vibrant heart of Patong will be the same as that in the most undeveloped part of Phuket.

In general, the appraised value must be re-evaluated every four years and all provinces generally do so concurrently. The current appraised value for each province is applicable from the beginning of 2008 to the end of 2011. The next cycle of appraised values will be applicable from the beginning of 2012 to the end of 2015.

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