

Legal News Update

KPMG in Thailand



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Proposed legal amendment to let foreigners buy a single house per foreigner

The COVID-19 pandemic has created many serious issues across all business sectors in Thailand, including the real estate sector. On 14 September 2021, the Thai Cabinet approved principles governing economic stimulus and investment measures (the "Measures") to attract high-potential foreigners to Thailand in the form of long-term stays across the four target groups shown below, with the goal to increase the number of foreigners, increase the amount of living income and increase investment in Thailand. The four groups being targeted are:

- wealthy global citizens
- wealthy pensioners
- professionals working from Thailand
- highly-skilled professionals.

The Measures consist of two main policies as follows:

- 1) The issuance of a new type of long-term residency visa for the four types of high-potential foreigners mentioned above. This new type of visa is expected to increase spending and investment, and give Thailand more access to knowledge and experts in various fields. Foreigners who are eligible for the new type of visa will receive various exemptions and benefits. For example, long-term residents holding this new "Smart Visa" will not be required to give written notice to a competent official if they stay in the country for more than 90 days (a 90-day report).
- 2) Amendments to relevant laws and/or regulations, such as laws related to land tenure, work management, and laws allowing aliens to work for employers both within and outside the Kingdom of Thailand. Additionally, there will be exemptions from criteria stipulating that employing one foreigner requires employers to also employ four full-time Thai employees and exemptions of various types of taxes and customs procedures.

Sharpening focus

The focus of this newsletter is an amendment of the law regarding the ownership of houses by foreigners. Currently, the Land Code limits foreigners' rights relating to their ownership of houses, stipulate that a foreigner in Thailand can own a single house (for the sole purpose of living in the house) of an area of not more than one rai on the condition that they invest not less than THB 40 million.

The proposed new measure approved by the Thai Cabinet may lead to a plan to relax the aforesaid conditions under the Land Code; for example, allowing foreigners to purchase a single house per foreigner in "household development" projects and reducing the price threshold for homes purchased by foreigners to a price lower than THB 40 million, e.g. a price range from THB 10 to 15 million, or more.

This amendment to the law is envisaged to not only offer benefits to foreigners who would like to own a house in Thailand, but also to lead to an increase in demand in the luxury real estate market.

As of 11 November 2021, we are unaware of bill regarding these amendments of the Land Code has been sent to the Council of State to take the next steps within Thailand's legislation system. Once the Council of State obtains a bill, it generally takes approximately 6-12 months to complete the legislation process to pass the bill into law.

Since this law will allow foreigners to own land in the Kingdom of Thailand, and could raise some associated legal issues, it would be prudent for the Government to provide detailed criteria regarding the proposed changes to the law.

We at KPMG Law in Thailand will closely monitor any updates posted by the Council of State of Thailand, and the relevant authorities, on this matter and would share our findings with you.

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