

REVENUE

Mixed reaction to tax probe into luxury homes

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High-end residential developers and homebuilders have expressed mixed reactions to the Revenue Department's plan to investigate homeowners whose residences are priced over 40 million baht on concerns they might avoid tax payments.

Phanom Kanchanathiemthao, managing director of property consultancy Knight Frank Chartered (Thailand), said the luxury condo segment would suffer little effect since half the buyers were foreigners.

Condo units priced above 40 million

baht are mostly in Bangkok, and most Thai buyers are wealthy business owners who can declare their sources of income.

"This market segment is very small, with less than 1% of the market share of newly launched condos each year," Mr Phanom said.

The usual new condo supply in Greater Bangkok is 70,000 to 80,000 units a year, while condo projects with units priced at 40 million baht or more number less than 10, said Mr Phanom.

Saenphin Sukhee, Golden Land Property Development Plc's managing director

for residential development, believes the investigation will affect the luxury housing segment, as some potential buyers do not want to get checked.

"They pay tax legally but may not want to get tied up with the Revenue Department," he said.

Suratchai Kuenghak, managing director of The Emperor House, a high-end homebuilder, said the psychological impact on high-priced housing demand would be short-lived.

Buyers may be hesitant if they do not want to be scrutinised by tax officials. This

residential segment will continue to slow in the second half, said Mr Suratchai. Self-built houses priced above 40 million baht account for 10% of the market worth 12 billion baht.

Sorapoj Techakraisri, chief executive of luxury residential developer Pace Development Corporation, said the investigation would help the industry and not affect its sales.

"This probe will help us to screen customers even though we may lose a few," he said.

One Pace luxury residential project is the

Ritz-Carlton Residences at MahaNakhon, near Chong Nonsi skytrain station, with unit prices starting from 45 million baht. Another is MahaSamutr, a villa project with a man-made beach in Hua Hin with units priced from 40 million.

The Maryland-based Ritz-Carlton Hotel Co requires Pace to send a list of customers at the Ritz-Carlton Residences for screening and to check their profile as required by US law. Pace uses the Ritz-Carlton brand for its premium condo units at MahaNakhon.

The SET-listed Sansiri Plc targets 1.2 billion baht in high-end sales this year.