

# Condo investors soothed over land and buildings tax

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The land and buildings tax is likely to have minimal impact on investment in condos, as the tax rate remains lower than the profit generated from rental yields and the appreciation of property value, which together average 10% a year, said property consultant Plus Property Co.

Managing director Poomipak Julmanichoti said condo investors are subject to pay only 0.03% for a unit valued lower than 5 million baht or only 300 baht for a 1-million-baht unit if the purchased unit is a second home.

"Once compared with property value appreciation, which rises at least 5% a year, an investment in condos remains attractive," he said.

The cabinet approved the long-awaited land and buildings tax on Tuesday, which is designed to expand the national taxpayer base, especially in asset-based taxation.

The government further hopes to increase the efficiency of tax collection among local organisations, narrow

income disparity and improve land utilisation nationwide.

The bill, which takes effect next year, sets ceiling rates of 0.2% of appraisal value for land used for agricultural purposes, 0.5% for residences, 2% for commercial use and 5% for vacant or undeveloped land.

According to the company's research, an average selling price for a condo in Bangkok rose 7.3% per year during the past five years and 5.2% during the past decade. The highest increase was seen on high-rise condos in the inner city, driven by soaring land prices.

He said the current house and buildings tax, which places a tax of 12.5% per year on any buildings for commercial use, should be revoked if the new land and buildings tax act is effective, as having two would be redundant.

"Property owners who legally rent out their assets currently pay both the house and buildings tax and revenue tax," said Mr Poomipak.

He added property investment was attractive at a time when other investment vehicles like stocks or gold were volatile.