

Buying a house and leasing the land in Thailand

Thai law is different if you buy a condominium (an apartment) or a house. This article focuses on buying a house and leasing land.

In general (with a few exceptions) foreigners cannot buy land in Thailand as the law is today. But the law has the opportunity for foreigners to **lease** the land on which a house is built. The house itself can be legally owned by foreigners.

There are no special rules regarding foreigners who purchase a new house. A normal contract will be signed and the buyer will be the owner of the house. Regarding the land plot on which the house is built, the law has the opportunity to create a 30 years lease agreement, which can be extended with another 30 years. The lease contract is being registered in the Land Office so the owner can be sure that during the agreed lease period nothing can happen to his house and that he alone has the land at his disposal.

It is, however, possible to create some special agreements between seller and buyer. D2 Real Estate Co., Ltd. and VIP Real Estate Co., Ltd. have some specific requirements that the seller must fulfill. We also offer our customers to hand over the land plot to a land holding company which has no other activities, and that company will then create the lease contract.

Such a contract agrees that the buyer at any time during the lease period can:

- Present another person as a leaser, who gets a new contract of 30+30 years. The agreed payment from the new leaser goes to the previous leaser less a one-time fee of 100,000 THB.
- Present a buyer, who according to Thai law can own the land. The agreed payment from the new owner goes to the leaser less a one-time fee of 100,000 THB.

The person who leases the land therefore has the same advantages as an owner when it comes to the added value of the land over the years. At the same time he has some further advantages that he wouldn't have as an owner,

for example that the land is protected against creditors if the contract has been agreed with one person, and the land is protected in case of a divorce. Furthermore, the leaser has the right to at any time present a person who will take over the contract in case of the leaser's death.

But in this area there are different agreements with different consequences for the leaser, so it is important that the leaser gets advice from professionals and also is careful with the details in the lease contract and the person who he leases from.

The overhead expenses when registering a lease contract are 1% of the agreed lease amount. When buying a house on a leased land plot there are no rules about a statement from the bank that the money has been transferred from another country into Thailand. The Land Office will register the house in the owner's name and he only needs to present a valid passport and a valid entry stamp or a valid visa.

A lease agreement will be registered on the property document (in Thai called the Chanot). There are also ways to ensure that the person who owns the land plot and leases it to the leaser cannot sell the land to others.

For a more specific guidance and advice please contact D2 Real Estate Co., Ltd. or VIP Real Estate Co., Ltd. directly. We can draft the lease contract and help our customers with the legal registration. We can also offer to take over the whole process as advisors Our fee is 2% of the lease amount, minimum 65,000 Baht.

The above is for information purposes only and we don't guarantee its accuracy in any specific case. This information can therefore only be used as a general guideline.

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