

Buying Property in Thailand

A practice guide for foreign individuals and entities



I. Introduction

Thailand has historically been an attractive destination for foreign individuals and businesses seeking long-term residence, vacation homes, or real estate investment opportunities in the real estate market. While Thai law generally allows foreigners to acquire certain rights in immovable property, the scope of such rights is subject to strict legal limitations depending on the type of property, the legal status of the foreigner, as well as the intended use.

In this practice guide we provide an overview on key legal considerations for foreign individuals and businesses seeking to acquire, lease, or invest in real estate in Thailand.

This guide covers the following relevant topics:

- Buying Land. Restrictions on foreign ownership;
- Alternative Legal Arrangements for Land Use;
- Buying Condominium Units;
- Zoning and Land Use Restrictions; and
- Taxation and Regulatory Considerations

II. Buying Land in Thailand

Under the Thai Land Code B.E. 2497 (1954) (the "**Land Code**"), foreign individuals and entities that qualify "foreign entities"¹ are generally prohibited from owning land in Thailand.

The Land Code set-out certain exceptions under which foreign individuals or entities can be permitted to acquire land in Thailand, subject to strict legal requirements and prior approval by the competent authorities.

1. Foreign Individuals

Foreign individuals may acquire land on a freehold basis only in two exceptional circumstances

1.1 Inheritance

A foreigner may acquire land through statutory inheritance as a legal heir, provided that the total area of land acquired does not exceed the limit prescribed by law, and that the heir complies with all registration and reporting requirements. Please note, however, that land acquired by a foreign individual through a will (testamentary succession) is not permitted.

In the case that a foreigner is mistakenly allowed to acquire land in violation of these rules, they must dispose of the land within the period prescribed under the Land Code.

1.2 Investment under the Land Code

A foreigner may be granted the right to purchase up to 1 Rai (1,600 square meter) of land for residential purposes only, if they bring at least THB 40 million into Thailand for investment in specified sectors. (i.e. Thai government bonds, Bank of Thailand bonds, or other forms of investment as prescribed by ministerial regulations).

The prior approval from the Ministry of Interior is required.

2. Foreign Entities

Under Thai law, the term "foreign juristic person" or "foreign entity" are any entities registered or incorporated overseas (including Branch Offices, Representative or Regional Office in Thailand) or private limited companies incorporated under Thai law if:

- Foreign nationals hold more than 49% of its registered capital; or
- more than half of its shareholders are foreign individuals or entities; or
- Foreigners exercise effective control over the company, regardless of the company's place of incorporation.

Such companies are generally prohibited from owning land in Thailand under the Land Code. However, specific exceptions are available under special legislation, such as the Investment Promotion Act B.E. 2520 (1977).

In practice, the most common pathway for a foreign entities to acquire ownership of land in Thailand is through obtaining investment promotion privileges by the Board of Investment (the "BOI").

A foreign company successfully granted BOI promotion may (under specific restrictions) be allowed to **own land** for the following purposes:

- Establishing a factory or industrial facility; and/or
- Constructing office premises or employee housing, even if the office or housing is not located on the same site as the promoted business operation.

Additionally, where land ownership is permitted, BOI-promoted companies may request approval to use the land for purposes beyond their core activity, such as permitting affiliated companies to use the land, or allowing third parties to carry out supporting activities (e.g. parts manufacturing or logistics).

Further, to enhance liquidity and facilitate financing, BOI regulations include the possibility to foreign companies to mortgage the land to a financial institution, subject to applicable conditions.

Please already note that all above noted privileges are subject to case-by-case specific requirements prescribed by law and BOI various policies, including (not limited) minimum capital, maximum land area, and land use restrictions.

3. Non-compliance

Attempts by individuals or entities to circumvent the ownership restrictions, often through the use of Thai nominees or nominee shareholder structures, entail the risk of forced disposal of the land as well as criminal sanctions against both the foreigners and the Thai nominees.



¹ if foreigners hold more than 49% of its shares, or a majority of its shareholders are foreigners, or if foreigners exercise control (see more details below)

III. Alternatives to ownership

In cases where foreign individuals or entities do not qualify for an exemption, they may consider alternative legal mechanisms to obtain similar results.

Foreigners may consider for example leasehold, usufruct, or superficies to secure long-term rights to use (not own) immovable property in Thailand. Such arrangements of course do not provide the same level of protection as ownership, but typically sufficient legal certainty for residential or commercial use.

1. Leasehold

Foreigners may lease land or buildings in Thailand for residential or commercial purposes. Under the Thai Civil and Commercial Code, a lease of immovable property exceeding 3 years must be registered with the Land Office.

Residential leases are typically granted for a maximum term of 30 years, with a possible extension for another 30 years. However, such extensions are not automatically enforceable and depend on the discretion and willingness of the landowner.

In addition, there have been ongoing discussions regarding potential legislative amendments that would allow foreigners to renew their residential leases for a further 30-year period, thereby extending the maximum lease term to 90 years. However, these proposals are still under consideration and it remains to be seen if and how this is going to be implemented in practice.

For commercial and industrial purposes, leasehold is also permitted under the Act on Hire of Immovable Property for Commerce and Industry B.E. 2542 (1999). Under this Act, the parties may agree to extend the lease for a further period of up to 50 years from the date of renewal.

While leasehold does not confer ownership rights, it offers a legally recognized and relatively secure framework for long-term use, particularly when supplemented by other contractual protections (e.g. right of renewal clauses or mortgage-type arrangements).

2. Usufruct

A usufruct rights grants a foreigner the legal right to use and benefit from immovable property owned by another person.

This right must be registered at the relevant Land Office and cannot be inherited or transferred. (i.e., the right is extinguished upon the death of the usufructuary).

The scope of a usufruct can vary. It may cover all or only part of the property, and the duration may be fixed for a number of years or for the lifetime of the usufructuary.

It is important to note that a usufruct is not available in every situation. For example, foreigners are prohibited from using a usufruct to engage in certain activities reserved exclusively for

Thai nationals, such as businesses related to specific natural resources.

In addition, the registration of a usufruct is subject to a wide discretion of the relevant Land Office, and to some extent the responsible land officer. A officer may refuse registration if he/she consider that granting a usufruct to a foreigner would amount to circumventing the Land Code. Such decisions are made on a case-by-case basis, taking into account the nature of the arrangement and the surrounding circumstances.

In practice, usufruct arrangements granted to foreigners are most often seen in personal contexts, for example, where a Thai spouse grants a foreign partner the right to reside on or use family-owned land.

3. Superficies and Right of Habitation

Foreigners may also acquire a right of superficies, which allows them to build and own structures on land belonging to another person. This right may be granted for a period of up to 30 years (or for life, in some cases) and must be registered with the Land Office. Under Thai law, unless otherwise stipulated in the agreement creating the superficies, the right can be transferred and inherited.

However, by law, if the superficies is granted without a fixed term, either party may terminate it at any time by giving reasonable prior notice to the other party. Where a fixed term is agreed in the superficies agreement, early termination is generally subject to the terms of that agreement.

Upon the expiration of the superficies, the superfiary may remove their buildings, constructions, or plantings, but must restore the land to its original condition. If the landowner does not permit removal and instead declares an intention to purchase the structures at market value, the superfiary cannot refuse to sell unless there is a valid reason to do so.

Similarly, the right of habitation enables a person to live in a house or building situated on another person's land. This right is purely personal in nature, cannot be transferred or inherited, and is less commonly used in practice.

These alternative rights are often used by foreign individuals who are married to Thai nationals or who wish to maintain long-term use of land without breaching land ownership restrictions.



IV. Buying Condominium Units

The Condominium Act B.E. 2522 (1979) offers a relatively straightforward legal framework under which foreigners may acquire ownership of condominium units in Thailand.

1. Foreign Individuals

Foreign individuals may buy a condominium in Thailand, subject to the following key requirements (not exhaustive).

1.2 Foreign Ownership Quota

Under Thai law, foreign individuals may own condominium units in a building provided that the total area owned by foreigners does not exceed 49% of the total sellable floor area of all units in that condominium project. This limit is commonly referred to as the “foreign quota.”

If the quota has already been filled, no further foreign ownership will be registered, regardless of other eligibility.

1.3 Source of Funds and Currency Requirements

Foreign nationals intending to purchase a condominium unit in Thailand are subject to strict regulations regarding the source and currency of funds used for the transaction. To qualify for condominium ownership under the Condominium Act, the purchase price must be remitted into Thailand in a foreign currency, with the explicit purpose of the transfer stated as a condominium purchase. This is an important requirement under the foreign exchange control regulations and only then establishes the buyer's eligibility for foreign ownership registration. The remittance may be made either directly to the developer or seller, or into the buyer's own Thai account before being forwarded to the seller, as long as the inward remittance is properly documented.

Please note that funds already held in a Thai bank account are not eligible to be used for the purchase.

The transferred amount must match the price stated in the sale and purchase agreement. In practice, it is advisably to send sufficient funds in foreign currency to cover exchange rate fluctuations and international transfer fees. Some Thai banks also impose a minimum threshold amount for issuing a Foreign Exchange Transaction Form (FET Form), which serves as the official proof of remittance.

Upon receipt, the respective Thai bank will issue a FET Form, which includes essential details such as the total amount remitted in foreign currency, the equivalent amount in Thai Baht after conversion, the name of the remitter, the name of the beneficiary, and the stated purpose of the transfer. This document is a central documents that must be presented at the Land Office when transferring ownership.

Transfers made in Thai Baht from a local source, or without a clearly stated purpose, contain the risk that the responsible Land Office does not accepted the document, resulting in a rejection of the transfer application.

If all requirements are properly fulfilled, the Land Office will issue the condominium title deed and related documents, officially recognizing the foreign buyer as the legal owner of the unit.

1.4 Foreign-Sourced Income Rule

An important consideration when sending the funds to Thailand applies under Thailand's foreign-sourced income provisions.

With effect from 1 January 2024, any foreign earned income (e.g., rental income abroad, dividends, etc.) that is remitted into

Thailand is subject to Thai personal income tax irrespective of the year in which such income was generated.

The Thai Revenue Department has confirmed that funds transferred into Thailand for the purpose of purchasing a condominium (as well as other purchases) fall within the scope of this rule, and regardless of whether the remittance is made directly to the seller or first into the purchaser's Thai bank account.

An important exemption applies to foreign income earned prior to 1 January 2024. Such funds remain exempt from Thai taxation, provided the taxpayer can substantiate the timing of such earnings with appropriate evidence.

Accordingly, while remittance of funds in foreign currency is a statutory requirement under the Condominium Act for foreign ownership registration, purchasers must also take into account the potential PIT liability triggered by transfers of post-2024 foreign income.

2. Foreign Entities

Foreign entities may purchase condominium units within the 49% foreign ownership quota permitted under Thai law. In practice, such ownership is generally limited to specific purposes, such as staff accommodation or internal corporate use. Speculative investment or commercial rental activities are not permissible without obtaining the required business licenses.

In addition, supporting documentation specific to the type of foreign entity will typically be required, for example, an affidavit issued by the Department of Business Development (DBD) or evidence of investment promotion in the form of a BOI promotion certificate. Transactions involving foreign entities are subject to stricter review by the Land Office, and professional legal assistance is strongly recommended.

V. Zoning and Land Use Restrictions

An aspect often overlooked in practice concerns Thailand's zoning regulations, which are critical to consider. These regulations designate specific areas for different purposes, such as residential, commercial, or industrial use, each with its own rules and restrictions.

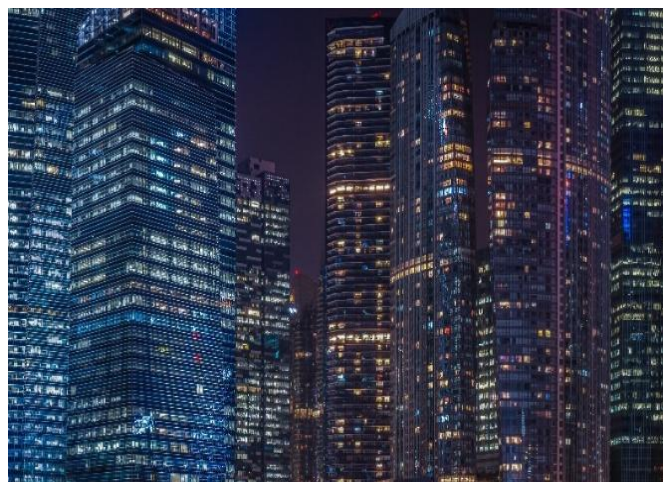
Please note that zoning is not governed by a single nationwide plan. Instead, each province has its own comprehensive city plan. The zoning maps, typically presented through detailed color-coded land use designations, are the authoritative source for determining permissible uses of a given plot of land.

Examples of applicable regulations include the Ministerial Regulation Prescribing the Comprehensive City Plan for Bangkok B.E. 2556 (2013), for Phuket Province B.E. 2554 (2011), and for Krabi Province B.E. 2559 (2016).

Examples of common zoning categories include:

- **Light Green Zone with White Diagonal Stripes:** Conservation forest areas, designated for the preservation and protection of forests, wildlife, and other natural resources to maintain ecological balance. Private use is permitted only for certain purposes and within legal limits. Strict prohibitions apply, such as bans on all types of factories, and residential or commercial high-rise buildings.
- **Pink Zone:** Mixed-use areas allowing residential, commercial, and in some cases, light industrial activities.
- **Red Zone:** Commercial zones intended to serve as business, trade, service, and tourism hubs, often allowing all types of residential development as well as government facilities.
- **Purple Zone:** Industrial and warehouse zones, where factories may be established in accordance with applicable laws.

In addition to zoning laws, other regulations may apply depending on the intended use of the property. For example, the Factory Act B.E. 2535 (1992) imposes restrictions such as minimum distances from schools or hospitals for certain types of industrial operations.



VI. Taxation and Regulatory Considerations

As in other jurisdictions, matters related to ownership in Thailand is subject to various taxes under Thailand's Revenue Code. When purchasing property in Thailand, the following key considerations include

1. Transfer Fee and Related Charges

A government-imposed transfer fee is payable at the Land Office upon registration of ownership transfer. The rate depends on the type and size of the property and the nature of the transaction. As of 2025, the transfer fee is set at 2% of the

higher of the official appraised value or the actual sale price. The allocation of this fee between buyer and seller is negotiable; in practice, it is often split equally, though parties may agree otherwise.

2. Land and Building Tax (Annual)

Foreign owners of condominium units are subject to the same land and building tax regime as Thai nationals. For residential use, an exemption applies on the first THB 50 million of assessed property value, which extends equally to foreign individuals.

Other Taxes and Fees

- **Specific Business Tax (SBT):** 3.3% of the higher of the appraised value or the actual sale price. This applies to sellers in cases where the property has been held for less than five years, subject to statutory exceptions.
- **Stamp Duty:** 0.5% of the sale price or appraised value, levied where SBT does not apply.
- **Corporate Income Tax:** Payable by corporate sellers on income derived from property sales.
- **Administrative Fees:** Minor costs for application forms, witnesses, and Land Office administration.

Given the number of variables and the potential for these fees and taxes to change over time, it is critical for buyers and sellers to record all cost allocations in writing as part of the sale and purchase agreement. To avoid overpayment, disputes, or compliance issues, parties are strongly advised to seek professional legal and tax advice before finalizing any transaction.

VII. Conclusion

There are ways for foreigners to acquire property in Thailand, but ownership remains subject to strict legal limitations. Restrictions apply to the type of property, permitted use, and applicable zoning rules, while tax liabilities must also be taken into account. Careful structuring at each stage is essential to avoid costly errors. Professional legal and tax advice is therefore strongly recommended to ensure compliance and protect the investment.

VIII. Our services

We offer a comprehensive range of legal and tax advisory and corporate secretarial services in Thailand. This includes support with establishing a legal presence in Thailand, opening corporate bank accounts, and applying for all required permits and licenses. For this purposes, we can assist with providing a registered office address (not a business address), as well as resident directors, company secretary or authorized bank signatories.

Additionally, we are happy to assist your business in Thailand with all corporate compliance matters, such as accounting, payroll, and tax compliance, along with general legal and tax advisory services to ensure day-to-day compliance.

Should you have any questions or wish to receive a tailor-made proposal, please do not hesitate to reach out to us by email at thailand@luther-services.com or by phone at **+66 2 2100 036**

IX. Your Contacts in Thailand



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