



REIT Buy-Back Update

Following the launch of a real estate investment trust with buy-back condition (the “REIT buy-back”), which we extensively covered in our last article, “Overview of REITs with buy-back conditions: The new mechanisms to help real estate owners survive in the midst of Covid-19”, aiming to alleviate the woes that business operators, particularly the hospitality sector, have endured during the Covid-19 era, on May 10, 2022, according to information revealed by the director of the Fiscal Policy Office, the cabinet resolved to initiate measures to support business operators who wish to embark on structuring a REIT buy-back by reducing their burdens relating to the payment of official fees that arise on the transfer date at the land office.

Apart from payment of the selling price by the purchaser to the seller, some may be unaware of the inevitable pain that both parties have to bear for the registration of real property transfer at the land office, especially the transfer fee, which is calculated as two percent (2%) of the official appraisal value of the transferred property. Thus, to enhance the financial liquidity of business operators through the REIT Buy-Back mechanism, the cabinet resolution agreed to reduce the official fees and relevant taxes incurred by the corporate entities to the transaction; the details are summarized in the table below.

Relevant Costs	General Transfer	REIT Buy-Back Transfer
Transfer Fee	2% of the official appraisal value of such property	0.01% of the official appraisal value of such property
Specific Business Tax	3.3% of the registered selling price or the official appraisal value of such property, whichever is higher*	Exempted

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Relevant Costs	General Transfer	REIT Buy-Back Transfer
Withholding Tax	1% of the registered selling price or the official appraisal value of such property, whichever is higher*	Exempted

*at the time of the ownership transfer registration at the land office

It is noteworthy that the cabinet has set a time limit for exploiting these benefits for the transfer of real property pursuant to a REIT Buy-Back, as follows:

1. The owner of the property has to transfer real property through a REIT Buy-Back within two (2) years from:
 - (a) The enforcement of the notification of the Ministry of Interior (for the exemption from the transfer fee); and
 - (b) The enactment of the royal decree (for the exemption of income tax, stamp duty and specific business tax, as applicable).
2. The REIT Buy-Back has to transfer such real property back to the original owner of the property within five (5) years from the date that the REIT Buy-Back purchased the property referred to in (1) from the original owner.

Nevertheless, as of the date of this article, the royal decree and the notification of the Ministry of Interior have yet to be issued. Once these measures have been officially announced and published, we will update you accordingly. Please stay tuned!

For more information, please contact the authors or our team at Kudun and Partners.

About Us

Real Estate Practice

The Real Estate, Hotel, Resorts, and Tourism Practice Group of Kudun and Partners has extensive experience in all sectors of the real estate industry. Throughout the career of our senior lawyers who previously worked at large international firms, we continue to be engaged by investors, developers, operators and financiers on all aspects of real estate transactions.

We advise on the formation and structuring of property and infrastructure funds and REITs while also providing a full spectrum of securities, tax and regulatory issues to sponsors, financial advisors and underwriters.

We leverage our unparalleled legal prowess to optimize the business operations of our clients as Thailand's real estate industry continues to grow year by year.

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