


 Expat Counsel

By James Finch and Nilobon Tangprasit

YOUR MONEY: Bringing it to Thailand And Taking it Out Part IV

This time we're going to follow the process of transferring money in and out of Thailand for a specific transaction — to give you an idea of how some of the rules work, particularly in connection with repatriation.

Let's say you've opened a baht account at a local bank by taking the steps we discussed in an earlier article. You want to buy a house in Thailand for five million baht. First you must contact your bank outside Thailand and give them instructions to send the money and the information about the Thai account so that the transfer can take place:

- Name of Thai bank
- Address of branch
- Telephone and fax numbers of Thai bank
- Your name
- Your account number
- Your home address in Thailand
- SWIFT code of Thai bank
- The amount in the currency in which the account is denominated to be sent to the account in Thailand.

If the sending account is in Europe, the bank there may request an IBAN (International Bank Account Number), but you should explain that Thai accounts do not have these. When the money arrives it will have been converted into baht, because, you'll recall, the account to which we've sent these funds is a baht account. Both the sending and receiving banks will charge a commission, and the exchange rate may have changed, so be sure to have sent a little more than exactly the amount will need to accommodate for these.

One word to the wise. Some people ask their banks offshore to convert the funds to baht before they are sent to Thailand. You shouldn't do this because the rate you will receive from a bank offshore to purchase baht will inevitably be worse for you than the rate that you will receive if the funds are converted by your Thai bank on receipt.

Because the amount to be transferred, five million baht, is more than US\$20,000, you will have to fill out a foreign exchange transaction form, as discussed in an earlier article.

Assuming no snafus, the money should arrive in your account in a few days. You can then disburse it for the purchase of the house.

But let's assume that in a couple of years you want to cash in your chips and move on. Maybe somebody offered you seven million baht for the place and you want to move back to your home country to be nearer your kids. Can you get all of your money out?

First, you have to pay your income taxes on the gain. Since you bought it for five million and sold it for seven, you have two million in gain. You have to pay taxes in

Thailand at regular income tax rates on the gain in the year the house was sold. If you have other income in the same year, the gain is simply added to your other income to determine your taxes.

By the way, if at the time you bought the house the seller asked you to low-ball the price and pay the seller part outside of Thailand so he or she wouldn't have to pay as much tax, you can see how this will now catch up with you. Now the record price of the transaction will be lower and thus your taxes greater as a result.

Since we're talking about taxes on the sale of a house, there is something else you should keep in mind. There will be a specific business tax of .11% of the price unless you have held the house for more than a year and, if you are a foreigner, you have a "yellow book", the government's house

registration document. Can you send your original investment plus the after-tax gain out of Thailand?

You can. According to Notification of the Ministry of Finance on Exchange control dated March 31, B.E 2547 (2004) you must submit an application to the bank, which will forward it to the Bank of Thailand, explaining the "details and necessity", together with related documents.

In the case of a house sale, the kind of documentation that would suffice would be a copy of the executed purchase and sale agreement and evidence such as a copy of the title showing the interest was transferred. Of course you will also have to fill out a foreign exchange transaction form. And you'll have to give the bank in Thailand information similar to that mentioned above for the account offshore where you want

the money sent. One more thing.

Many foreigners here believe that because they've filled out a foreign exchange transaction form for the purchase of a house that they are forever guaranteed the right to repatriate the funds on the sale of the house.

Although, as explained above, anybody can do so now, there is nothing in the Bank of Thailand regulations or elsewhere that guarantee s this right. The procedures could someday change. ■

James Finch of Chavalit Finch & Partners
finch@chavalitfinchlaw.com
and Nilobon Tangprasit of Siam City Law
Offices Limited nilobon@siamcitylaw.com
For more information see
www.chavalitfinchlaw.com

Comments? Questions? Contact us at the
email addresses above.

