



Expatriate Counsel

By James Finch and Nilobon Tangprasit

OWNING A HOTEL OR GUEST HOUSE IN THAILAND

Part IV: Basic legal setup

Until now in this series we've been talking about the ways hotel ownership relates to nationality. Now let's assume you've decided how the hotel will be owned. What government approvals do you need and how do you get them?

Remember that if a hotel doesn't need a hotel licence because it has four rooms or fewer, or accommodates fewer than 20 guests, the owner still has to inform the service centre of the Department of Local Administration and receive acknowledgment of this. In Bangkok, you must do this with an officer at the Service Centre of the Department of Local Administration in Nang Loeng district. Outside Bangkok this must be done with the designated officer at the provincial governor's office in each province.

Here are the documents that must be delivered to the above officer:

- Completed form notifying of a place for accommodation not regarded as a hotel;
- Photos of the hotel inside and out, and its location;
- Layout or floor plan of the hotel;
- Copy of the title deed of the land on

- which the hotel is situated;
- Evidence such as building permit or building agreement that applicant owns the hotel; and
- Power of attorney from the hotel owner to the person submitting the above documents, if the owner is not submitting them in person.

No official approval is necessary for these documents. The officer will enter them into the system and issue a letter of acknowledgement. No renewal of this process is required, but one of these officers may periodically visit the hotel to determine whether the applicable laws and regulations are being complied with.

The hotel must be prepared to pay taxes. A Thai proprietor of a hotel may use his or her ID number in connection with tax payment. A foreigner who will manage a hotel must get a tax ID number by submitting the following to the Revenue Department in the district where the hotel is located:

- An application form (Lor Por 10.1 for an individual);
- A copy of the foreign manager's passport;

- A copy of house registration (yellow book) of the foreign manager; or
- If the foreign manager doesn't have a yellow book, a copy of the house registration (blue book) of the company office of the employer of record in the foreign manager's work permit and a letter from the employer acknowledging the employment.

If the hotel will have a yearly income of 1.8 million baht or more, it must be registered to collect value added tax from guests and pay it to a revenue office. Here's what you should do to register, which must be done at the Revenue Department office mentioned above. Usually it can be done on the same day during which you got the tax ID number, if you need one. Here are the documents you'll need to submit:

- Four copies of the application form (Por Por 01);
- A copy of the identification card of the owner;
- A copy of house registration (blue book) of the hotel building;
- A copy of the hotel's commercial

registration certificate if the owner is an individual. According to a Ministry of Commerce notification, a hotel must have a commercial registration certificate unless the owner is a company. This certificate must be obtained at the Office of Central Business Registration.

- Evidence showing that the hotel operator is the owner of the building or is properly authorised to use it. Examples of this evidence would be the land title deed, building permit and lease agreement; and
 - A map and photos showing the hotel building.
- Next time we'll discuss the hotel licence application procedure and costs. ■

James Finch of Chavalit Finch and Partners (finch@chavalitfinchlaw.com) and Nilobon Tangprasit of Siam City Law Offices Ltd (nilobon@siamcitylaw.com) For more information visit www.chavalitfinchlaw.com. Comments? Questions? Contact us at the email addresses above.

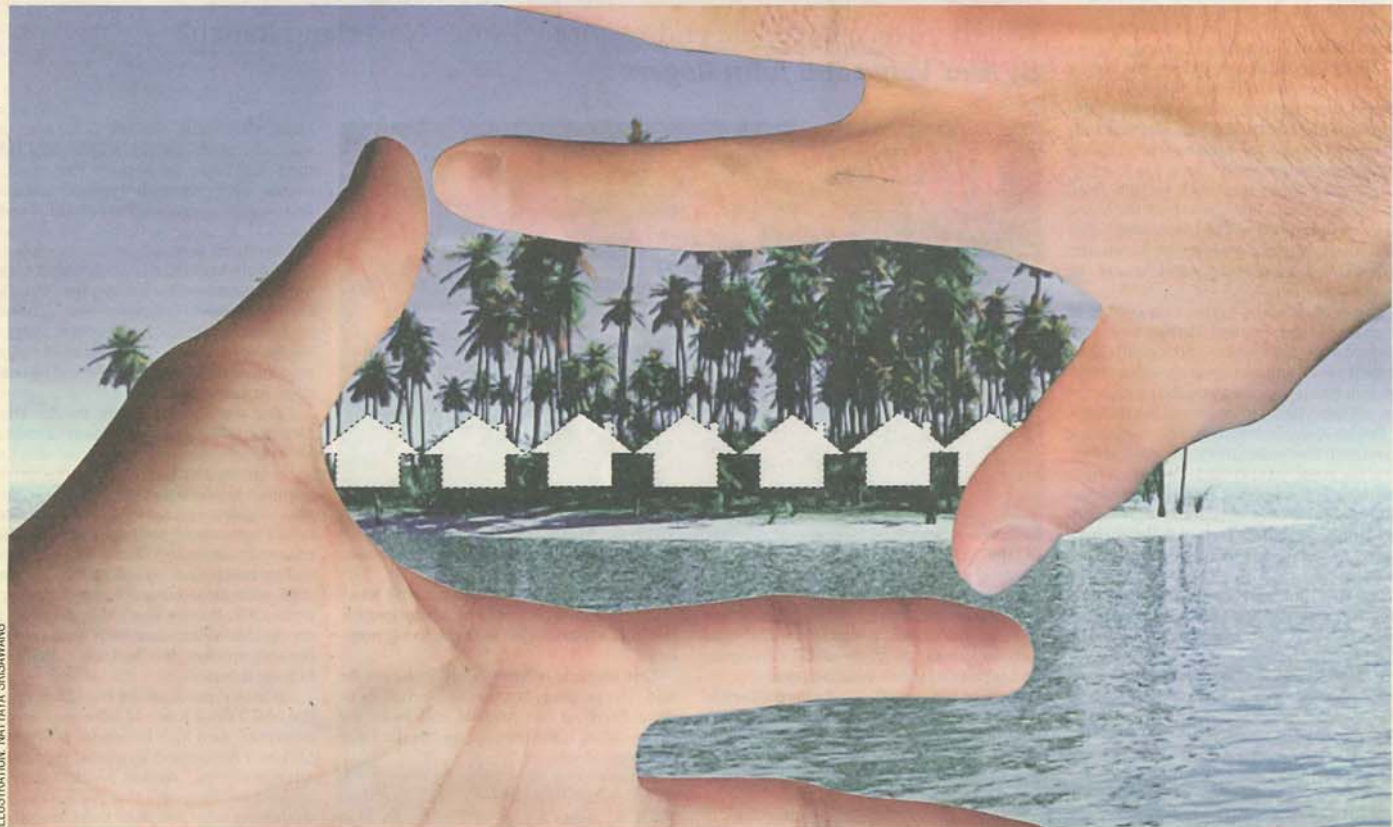


ILLUSTRATION: MATTAYA SRISAWANG