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Thailand Intensifies Scrutiny of Nominee Structures in Foreign Property Ownership

Recent enforcement actions against alleged nominee structures linked to foreign land ownership on Koh Phangan have renewed attention on Thailand's restrictions governing foreign ownership of land. Although the investigations have focused on a particular location, the issue is widely recognised across other high-demand property markets, including Phuket, Koh Samui, Pattaya and Bangkok. The renewed scrutiny highlights the Thai authorities' commitment to addressing arrangements that may circumvent existing foreign ownership laws while maintaining an appropriate balance between regulatory enforcement and foreign investment.

Under Thai law, foreigners are generally prohibited from owning land unless a specific statutory exemption applies. While foreign investors may lawfully acquire condominium units within the foreign ownership quota, or utilise legal mechanisms such as long-term lease agreements, superficies, usufruct rights, or land ownership through Board of Investment-promoted businesses, some investors have reportedly relied on Thai-registered companies with nominee shareholders to obtain indirect control over land. These arrangements typically involve Thai shareholders who have limited financial involvement or decision-making authority, with foreign investors exercising effective control through contractual arrangements such as loan agreements or powers of attorney. If established, such structures may contravene the spirit and intent of Thailand's land ownership and foreign business regulations.

The recent debate has also drawn attention to the role of intermediaries in facilitating nominee arrangements. Property brokers, legal advisers, accounting firms, and company registration service providers may assist foreign investors in establishing corporate structures or identifying Thai shareholders. In addition to raising concerns over compliance with land ownership restrictions, authorities have highlighted the potential misuse of corporate structures to avoid transfer fees and taxes through changes in company shareholding rather than direct transfers of property ownership. These practices may result in significant losses of government revenue while undermining the integrity of Thailand's regulatory framework.

In response, there have been increasing calls for more robust and coordinated enforcement by relevant government agencies, including enhanced verification of beneficial ownership, examination of shareholders' financial capacity, and closer monitoring of corporate structures holding land assets. At the same time, policymakers have emphasised that enforcement should remain transparent, proportionate, and consistent across all nationalities, recognising the continued importance of legitimate foreign investment to Thailand's economy. Comparative approaches adopted in jurisdictions with stricter foreign ownership oversight have also been suggested as potential models for future regulatory reform.

The renewed focus on nominee structures reflects a broader policy objective of strengthening regulatory compliance and preserving the integrity of Thailand's property market. For foreign investors, the recent developments serve as an important reminder that property acquisitions should be structured through legally recognised mechanisms rather than arrangements that may be viewed as attempts to circumvent statutory restrictions. Businesses, investors, and professional advisers involved in Thai real estate transactions should carefully review their ownership structures and ensure compliance with applicable laws, as continued regulatory scrutiny is likely to result in more rigorous investigations and enforcement actions in the future. A transparent and well-enforced regulatory framework will not only safeguard public confidence but also support the long-term sustainability and attractiveness of Thailand's property sector for genuine investment.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com