Bangkok Global Law
540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

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Bangkok Considers New Hotel Tax and Land Tax Measures

The Bangkok Metropolitan Administration (BMA) is considering amendments to its legal framework to introduce new local tax measures, including a proposed 3% tax on hotel and accommodation room charges. The proposal is intended to provide the BMA with additional revenue, potentially generating approximately THB 1 billion annually. However, the proposed tax rate has raised concerns among tourism operators regarding its potential impact on businesses already facing challenging market conditions.

The Thai Hotels Association has suggested that the BMA initially impose a lower rate of 0.5–1%, rather than the proposed 3%. Hotel operators have also called for greater clarity on how the additional revenue would be used, including potential reinvestment in tourism promotion, sustainability initiatives and measures supporting the hospitality sector. The proposal also highlights the importance of ensuring that any new tax does not place compliant hotel operators at a competitive disadvantage compared with illegal or unlicensed accommodation providers.

From a legal and regulatory perspective, the proposed hotel tax would require amendments to the BMA's existing statutory framework, as the BMA currently does not have specific authority to impose such a levy. This differs from provincial administrative organisations, which may impose hotel maintenance fees under the Provincial Administrative Organization Act. The development therefore demonstrates the potential expansion of local governments' fiscal powers and may have broader implications for businesses operating in Bangkok.

The BMA is also considering adjustments to land and building tax rates applicable to agricultural land. The proposed changes are intended to address arrangements where landowners maintain only minimal agricultural activities to benefit from lower tax rates. While the measure seeks to close potential tax loopholes and encourage productive land use, higher tax liabilities based on land value and location could affect investment decisions, particularly where landowners are unable to generate sufficient commercial returns from development.

Overall, the proposed measures reflect the BMA's broader efforts to strengthen local revenue collection and address perceived gaps in the existing tax system. However, the implementation of new local taxes will need to balance revenue objectives with the competitiveness of Bangkok's tourism sector and the potential economic impact on property owners and businesses.

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