

## **Ministry of Interior Circular Letter**

### **Re: Land Acquisition by Juristic Persons with Foreign Shareholders**

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To: Governor of Province

Ref: Ministry of Interior letter Mor Thor 0515/ Wor 2657 issued on 5 Aug 2546 B.E.

Land Department letter Mor Thor 0515/ Wor 13725 issued on 4 May 2548 B.E.

Land Department letter Mor Thor 0515/ Wor 12013 issued on 26 Apr 2549 B.E.

According to the Ministry of Interior and Thailand Land Department regulations concerning land acquisition by juristic persons with aliens holding shares.

The Ministry of Interior has reason to believe that there are foreigners and Thai nationals or Thai nationals that have been used as nominees by foreigners that have registered Thai companies to engage in real property business. Initially, these registered Thailand companies have requested to buy land and house for residence or for company head quarters. Subsequently, they request to change the company objectives of the limited company to permit sale of the land or division of the real estate for sale to other foreigners. This is illegal.

The Ministry of Interior has determined that there should be additional procedures pursuant to section 74 of the Land Code to close the loopholes being exploited by aliens.

According we advise as follows:

"If a limited company, limited partnership or registered partnership requests to acquire land and its objective is the real property business (except public companies or other juristic persons who have obtained the permission from other regulations such as section 27 of Investment Promotion Act 2520 B.E. or section 44 of Thai Industrial Settlement Act 2522 B.E. or Real Property Capital of Commercial Bank or banks established by special laws or capital companies or stock companies of a Life Insurance Company or Insurance Companies), and has foreign shareholders or foreigner directors in the company who are reasonably believed to have used Thai nominees to hold shares on behalf and in place of foreigners, the officer is required to examine the income of Thai shareholders, his occupation, length of employment and his monthly income. The Thai shareholder is required to provide such evidence. If the Thai shareholder has borrowed money from other people to purchase

shares, he has to show loan evidence to the officer. If the examination demonstrates convincingly that there is a violation of section 74 clause 2 of Land Code, the officer is required to examine further and send the report to Land Department to for appropriate action."

This letter is to inform and order the officer accordingly.

Best Regards,

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(Mr. Sura-ad Thongniramol)

Vice Minister of the Ministry of Interior

Head of Interior Duty

Thailand Law Forum