

ABSTRACT

Title of Dissertation	Property Tax in Thailand: A Case for Value Capture Taxation
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This study presents a new financial resource for Thailand called "Property Value Capture" mechanism. The mechanism is applied to finance public infrastructure project through capturing either some or all of the "excess value" or the incremental value of real estate generated by a public scheme. This mechanism not only reduces government's total expenditures for public infrastructure projects, but also reduces the tax burden on the overall population.

The first step in this study is to investigate the amount of economic rent for condominium projects located along the sky train station (Light Green Lines Extensions, On Nut to Bearing station). The datasets used in this research have been collected from two sources. First, the data on market sale price and structural characteristics of the condominiums was obtained from property owners and brokers of the condominiums by interview and website search for the period from December 2013 to August 2014. Four Hundred forty-one (441) condominium units were randomly selected for our survey and were used to estimate the impact of the sky train station and other factors on property values. This study have applied the concept of Hedonic Pricing Method (HPM) to estimate the implicit price of the Light Green Lines Extensions and other factors by using two difference type of the functional forms; 1) log-linear, and 2) linear Box-Cox functional form. The implicit prices (or economic rents) of condominium units are found to be between 150.46 to 195.04 baht per unit for every meter closer to the sky train station. Therefore, condominiums located directly adjacent to the sky train station were roughly 150,460 to 195,040 baht

more than an identical condominium located 1,000 meter away when considering the average value.

The total amount of the economic rent for condominium projects located within 1,000 meter, 1,500 meter, and 2,000 meter of the sky train station is estimated roughly at 2,359,072,495.61 baht, 2,988,644,281.37 baht, and 3,378,377,226.87 baht respectively. While, the number of condominium projects in each area was 49, 59, and 69 projects respectively. The excess real estate value was derived directly from the construction of the Light Green Line Extensions.

The second step in this research study is to apply a concept of a "betterment tax" imposed on property holders who received a direct and unique benefit from the Light Green Lines Extension in three assessment areas; 1,000 meter, 1,500 meter, and 2,000 from the sky train station. The total betterment tax burden from our estimation of 49 condominium projects, located within the 1,000 meter assessment area was equivalent to 592,704,431.85 baht or 25.12 percent of the economic rent. The total tax burden of the 59 condominium projects, located within the 1,500 meter assessment area equaled 408,918,475.90 baht or 13.68 percent of the implicit price. Whereas, the total amount of tax burden for condominiums located within the 2,000 meter assessment area, or 69 condominiums projects; was equal to 314,439,864.17 baht or 9.31 percent of the economic rent.

The successful implementation a betterment tax strategy in Thailand depends upon four issues; 1) the betterment tax rate, should not be excessively high; otherwise the taxpayer will oppose a public development project in their neighborhood, 2) for social acceptance, the local government must actively work to promote the benefits, positive aspects and fairness of the tax, 3) Thai government should improve and provide a necessary technology for increasing an efficiency of land appraisal system, and 4) the Land Department should appraise a value of real-estate every year in order to obtain the real market price and other attributes of real-estate.