

Living in Thailand: Still a Captivating Choice for HNW Clients

Has the EAM/IAM sector progressed as rapidly or as comprehensively as market participants expected, in Singapore for example? Are the IAMs as independent as they say they are? Are they transparent in their approach to clients, to fees, retrocessions and trailer fees? Are the IAMs truly offering dispassionate, objective advice and/or outperformance? Can the IAMs attract the requisite quality of expertise and experience from the banks? Can clients drop their private bank custodian relationships, or do they even need to? Hubbis assembled a group of wealth management experts, all well-known leaders in their firms and in the industry, to discuss the role of the IAMs and whether they are living up to their own and the clients' expectations.

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The Thailand Privilege Program – What Is It? And What Is the Evolution from the Previous Program?

Thailand Elite has rebranded to Thailand Privilege. They have downsized the number of programs that are available. There are only four program options ranging

looking at shopping malls, you are looking at personal shoppers, concierge services, tax wealth advisory services, international hospitals, health checkups, you name it. So, it is a good program in that sense.

I think right now, not many people are happy with the price increase which I think is just a bit of storm now too. This will calm eventually as people get used to it. So, the price has increased a bit. So right now, the entry program, it is 900,000 Thai Baht, that is about 24,000 USD. The 10-year program is 1.5 million Baht which is about 41,000 USD and the 15-year program is 2.5 million Baht. The 20-year program has raised from one million Thai Baht to five million Thai Bath. The 20-year program is an invitation only program. If a client of Henley & Partners does think that they can and will be a valid member for this, it is limited to one hundred new applicants per year. Then, we can have a discussion too to see if you would meet some of the criteria available and we can submit your CV to the board of directors of the Thailand Privilege Card company and they'll have a look over to see if you meet the criteria that they're looking for.

So right now, as the program just kicked off, things are a little bit slow, but I think once people come to terms with it, it is still quite a good program. If we compare Thailand Privilege right now, regionally, it is still one of the best

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from 5, 10, 15, and 20 years. The biggest change in these innovative programs is there has been a sufficient price increase but the whole program is now on a points-based system.

For the 5-year program, you now receive twenty points. For the 10-year program, you receive thirty points. For the 15-year program, it is fifty-five and for the 20-year program is 120 points. These reset each calendar year but there are hundreds of service providers throughout the country who are willing to exchange their services for these points. You are looking at golf courses, you are

programs. If you look at MM2H with their new qualifications, you are looking at 230 to 250 USD in a fixed deposit investment. Aside from that, the new applicants also must prove that they are incurring at least 10,000 USD per month in offshore income. It is quite difficult to meet those standards. Cambodia also has a My Second Home Program. This is contingent upon a real estate investment; minimum investment threshold is 100,000. So, Thailand Elite though, while the prices have increased from what they used to be, it is still a particularly good program in comparison to the others.

There Has Been a Change in Government in Thailand Recently – How Does This Affect Foreigners Considering Living in Thailand?

The new government, it still is new, only a couple of months old, so it is still difficult to see exactly what direction into which they will go. We know now though they are being quite friendly towards tourists. So previously, prior to COVID too, the Department of Immigration of Thailand was getting a bit strict on those who were entering and exiting quite frequently on tourist visas. They take into consideration that one might be taking advantage of their tourist status, and they might be obtaining an income. They might be working locally or some other reason that invalidates their tourist status.

After a few times of entering and exiting on a tourist visa, they would be asked to please go back to your home country for six months and then you can return. So that changed during COVID, the government became quite liberal in their visa extensions and met a lot of tourist needs who might have been stranded here at the time.

The new government is already becoming quite flexible with their issuances of tourist visas and just recently allowed a visa exemption on arrival status for Chinese citizens and Kazakhstan citizens. And they were talking about just recently, they will issue extensions of tourist visa extensions towards Russian citizens who were staying in the country from 30 days to 90 days in total. So, the government is becoming quite a bit more open in allowing people to enter, foreigners to enter, to bring FDI into the country, to invest, and those who wish to just stay longer and reside in the country.

What Is the Incentive for Foreigners Coming to Thailand?

We always have the main draws to Thailand which really are the great weather, nice beaches, nice people, good food. It is quite affordable. Great living standards at affordable prices throughout the country. One issue that I think a lot of people took into consideration was the tax incentives living in Thailand. So as of right now, as we speak and before this conversation, one could live in Thailand and remit any foreign earned income from the previous taxation year tax-free.

The Department of Revenue and the new government has stated that as of January 1st, 2024, this will change. And going into effect, they will start taxing all foreign earned income from any time remitted into the country which could limit I think a lot of foreigners who do wish to come into the country, who do wish to purchase real estate, who are living off of a pension which would also be taxed.

If you are looking at progressive tax rates, if a foreigner looking to purchase a condominium in Thailand next year, they might have to incur additional taxes of up to 35% on top of what they are already paying. So, this will be a hindrance, I think, for some. I think that foreigners looking to reside in Thailand were just caught inside of a giant net where the government was trying to make sure that everyone, mostly Thai nationals, were paying their fair share of taxes abroad and domestically. And foreigners residing in here did get swept up into this unfortunately. We are seeing that things are still developing as we speak so we only know a broad notion of what the laws will hold this next year. But there might be some changes in the rules which do make it more accessible for foreigners who do wish to reside long-term in the country.

Where Do Foreigners Live and What Are the Property Options Available?

As we know, foreigners are not typically allowed to own landed property unless obtained through a company but that also you should talk to your lawyer about more sufficiently because there is a lot of details involved in owning land in Thailand as a foreigner. However, foreigners are allowed to own condominiums freehold throughout the country. So, I think right now in terms of where things are progressing too, in terms of just I think where people are used to, Phuket, Pattaya, Bangkok, Chiang Mai. I think people in general, the government is trying to promote condominium development and residential movement into say, I think what they call them as third tier cities. So, you are looking at cities like Nakhon Ratchasima or Kanchanaburi which previously many foreigners did not reside in these provinces.

However, many new foreigners are starting to move into these provinces due to its affordability and it has great infrastructure the same as you would incur in any other tier one city such as Bangkok and it is much quieter, less traffic, and less headaches. So, they still provide great places to retire if you were looking for the quiet life. But also, a much more affordable property than if you were trying to live in one of the major cities. And yes, you are right. I mean, when always making a large purchase too, you should talk to your lawyers, your financial advisors, and your tax providers.

Right now, as I mentioned in the previous question, one thing to really take into consideration too is what is going to happen with this new foreign earned income tax law this next year. That is something that could quite affect people's decisions to come and purchase in Thailand. There are still a few options out there for foreigners who wish to obtain mortgages to purchase property in Thailand. But again, this will all be contingent upon the ruling of the new tax law this next year. ■