

## Leasing Property in Phuket

Many properties are offered on a long-term or "never ending" lease by the current owner. You would agree upon a price, payable at one-, three- or five-year intervals, or for the duration of the contract, or any other interval. The terms and conditions of the lease are generally open to negotiation with the owner. If you are not paying the full lease amount up front, the contract should specify the periodic payment schedule and amount. If the amount is allowed to change, there should be a formula describing how the change is calculated (i.e. inflation rate plus 2 percent per year, for example).

This method has the advantage that you may not have to commit a large amount of money up front. Also, the transaction is relatively simple. However, any lease over three years must be registered with the Or-Bor-Tor's office and tax must be paid on the lease amount. For your protection, you should register the lease with the land office. The land must have a title that allows leasing (i.e. Nor Sor 3 or Cbanot). This may be a good method if you do not want to spend too much money in advance or if you prefer a lease to the company method but you do not want to buy the land in the name of your Thai spouse. But be careful: building a house can cost two or three times the cost of buying land, so do your homework before you commit.

Also, you may never be able to liquidate (sell) your investment. You should have the option to sub-lease written into the contract, so if you do want to move on, you can sub-lease the land and sell the house, or rent the land/house as described above.

If you lease land through a broker or real-estate company, they may already have a standard lease contract. You should have your own lawyer check the contract to be sure your rights are protected. Talk to your lawyer about what would happen if you die, or the landowner dies, and any other risks associated with this method, and write a will coupled with the lease.