

Thailand Exempts SME Soft Loans from Mortgage Registration Fee Requirements

To provide some additional relief to entrepreneurs that have been financially affected by the COVID-19 pandemic, Thailand has released a new emergency decree that allows financial institutions to offer soft loans to eligible small and medium enterprises (SMEs), waiving the usual mortgage registration fee for loans of this type.

The Emergency Decree on the Provision of Financial Assistance for Entrepreneurs Affected by the COVID-19 Pandemic B.E. 2563 (2020) came into effect on April 19, 2020. Section 9 of the decree states that financial institutions will be exempted from the fee for registration of immovable property and condominium unit mortgages that result from the granting of the soft loans under the emergency decree, valid from April 19, 2020. No expiration date is specified.

To determine eligibility for the exemption, the Department of Lands (DOL) has set the following criteria for the parties:

- The mortgagor must qualify as an SME and have been granted a soft loan; and
- The mortgagee must be a credit-granting commercial bank or specialized financial institution, as specified under the Financial Institutions Business Act B.E. 2551 (2008).

The following documents must also be submitted to the DOL:

- Form C4.2 (as prescribed by the Bank of Thailand), showing that a soft loan has been granted under the emergency decree; and
- The loan or mortgage agreement specifying that the financial institution, as the mortgagee, is responsible for the expenses relating to the granting of the soft loan.

In addition, the exemption applies to any mortgage of a third party's immovable property that is used as security for an SME soft loan granted under the emergency decree, provided that the SME's name is specified on Form C4.2.

Tilleke & Gibbins is continuing to monitor the latest legal developments regarding the impact of the COVID-19 pandemic. For more details, please contact Tilleke & Gibbins at bangkok@tilleke.com.

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Our Commitment to Continuous Client Service

During the COVID-19 outbreak, we are focused on maintaining high-quality client services while ensuring the safety and wellbeing of our team. Over the past several weeks, Tilleke & Gibbins has implemented our Business Continuity Plan across our offices in Cambodia, Indonesia, Laos, Myanmar, Thailand, and Vietnam. The vast majority of our team members are now working remotely, and based on our robust technology infrastructure, we are providing our full range of services as usual. We are now carrying out all client meetings through the use of technology, and, as many of you will have already experienced, this is proving to be a highly effective solution. By implementing a range of technology and agile working measures, we will ensure that you continue to receive the highest quality services with the fastest possible response times from our team. We know that you are facing complex business challenges during this crisis, and we have put together a bank of practical resources tracking the legal developments in the region as they happen—you can access them all at this [link](#). In addition, we want to assure you that our team will be continuously available to help you navigate these issues across Southeast Asia. If you have any queries about these measures, please contact your usual client service partner, or email communications@tilleke.com.

Stay well, safe, and healthy.