
Newsletter

May 9, 2025

Beyond 30 Years? Why Supreme Court Voids Renewal of 30-Year Lease?



Koonlacha Charungkit-anant
Partner
koonlacha.c@morihamada.com



Tananan Thammakiat
Partner
tananan.t@morihamada.com



Tawatchai Boonmayapan
Partner
tawatchai.b@morihamada.com



Namita Tangphithakphaibun
Counsel
namita.t@morihamada.com



Sakolrat Srangsomwong
Counsel
sakolrat.s@morihamada.com

Thailand's legal limit on leases of immovable property is well established: no more than 30 years as set out in Section 540 of the Civil and Commercial Code (CCC), although the renewal of lease of no more than 30 years is allowed. Yet the "30+30-year lease" model has come under the spotlight. A recent Supreme Court decision has clarified the legal risks surrounding such long-term lease structures, particularly the commonly discussed "30+30-year lease" model, and reinforced that, when it comes to long-term leases, form cannot override substance.

Supreme Court Judgment No. 4655/2566 (the "Court Judgment") serves as a key reminder that a lease arrangement—even if it appears on its face to comply with the 30-year limit—can still be ruled invalid if the parties' true intention is to create a longer-term lease in violation of the law.

In this case, the parties entered into a 30-year lease with an agreement to renew for two additional 30-year terms (totaling 90 years). All the terms were signed on the same day, and the lessee paid the full rental amount for the entire 90-year lease period in a single lump sum within less than 2 weeks of signing the lease agreement.

This course of action was perceived by the Court as a clear demonstration of a predetermined intent to lease for 90 years—not 30. The inclusion of renewal clauses and the advance payment covering the full 90-year period revealed a pre-arranged scheme to bypass the 30-year limit, indicating an attempt to circumvent Section 540. As a result, the renewal clauses were declared void.

In parallel, the Department of Lands ("DOL") issued Circular Letter No. MorThor. 0515.1/Vor8867, clarifying its practice on registering lease agreements that include renewal rights. While this may appear to offer some leeway, it does not provide full legal protection. Key points include:

- A request to register a second 30-year lease agreement—conditioned to commence only upon the expiry of a previously registered 30-year lease—is permissible under the DOL's administrative practice.
- However, such registration does not protect the parties from potential legal challenges under Section 540 CCC. If the overall lease structure is found to reflect an intent to lease beyond 30 years from the outset, the second lease may still be held unenforceable.
- It remains the responsibility of the parties to ensure the lease arrangement complies with the law. The DOL's acceptance of registration does not validate or endorse the underlying legal enforceability.

In sum, when structuring long-term leases, parties must ensure that any renewal or follow-on lease agreement reflects a genuine future decision, not an automatic commitment made from the outset. Courts will assess the full picture—timing, payment, and documentation—to determine whether the arrangement constitutes a lawful 30-year lease or a disguised long-term deal. It is also important to recognise that registration with the DOL is merely an administrative formality. While it may offer some procedural reassurance, it does not guarantee legal enforceability. Ultimately, the safest approach is to ensure that your lease structure not only looks compliant—but truly is.

Chandler Mori Hamada will continue to monitor the developments and provide regular updates and if you have any questions in relation to the topic raised in this briefing, please contact the authors listed above.