

FOR IMMEDIATE RELEASE



## **Joint Press Release on Measures Relating to Residential Property**

1. The Government has continued to review conditions in the residential property market. It has determined that the current set of property market measures remain necessary to promote a sustainable residential property market and financial prudence among households. However, we will make calibrated adjustments to the Seller's Stamp Duty (SSD) and Total Debt Servicing Ratio (TDSR) framework, with effect from 11 March 2017.

### **Additional Buyer's Stamp Duties (ABSD) and Loan to Value (LTV) Limits**

2. Transaction volumes in the private residential property market remain healthy. There is firm demand for private housing, in part because of current low interest rates and continued income growth. While the growth in outstanding housing loans has moderated, it is prudent for households to further build up their financial buffers to protect against future interest rate increases or any losses in income. The Government is therefore retaining the current ABSD rates and LTV limits.

### **Seller's Stamp Duties (SSD)**

3. The SSD is currently payable by those who sell a residential property within 4 years of purchase, at rates of between 4% and 16% of the property's value<sup>1</sup>. The number of property sales within the 4-year window has fallen significantly over the years since this measure was introduced. The Government will therefore revise the SSD as follows:

- a) Impose SSD on holding periods of up to 3 years, down from the current 4 years; and
- b) Lower the SSD rate by four percentage points for each tier. The new SSD rates will range from 4% (for properties sold in the third year) to 12% (for those sold within the first year).

4. The new SSD rates will apply to all residential property purchased on and after 11 March 2017. Details of the revised SSD rates are in the Annex.

### **Total Debt Servicing Ratio (TDSR)**

5. The TDSR framework aims to encourage prudent borrowing by households and strengthen credit underwriting standards by financial institutions. Under this framework, property loans extended by a financial institution should not exceed a TDSR threshold of 60%.

---

<sup>1</sup> Refers to the property's selling price or market value.

6. However, some borrowers have given feedback that the TDSR framework has limited their flexibility to monetise their properties in their retirement years, i.e. to borrow against the value of their properties to obtain additional cash. MAS will therefore relax the rules to meet such needs. We will no longer apply the TDSR framework to mortgage equity withdrawal loans with LTV ratios of 50% and below.

### **Stamp Duties on Transfer of Equity Interest in Entities whose Primary Tangible Assets Are Residential Properties in Singapore**

7. The 2<sup>nd</sup> Minister for Finance will be introducing legislative changes in Parliament today aimed at treating transactions in residential properties on the same basis irrespective of whether the properties are transacted directly or through a transfer of equity interest in an entity holding residential properties. The intent is not to impact the ordinary buying and selling of shares in such entities by retail investors, where the entities are listed on the Singapore Stock Exchange. However, significant owners of residential property-holding entities or PHEs<sup>2</sup> will be subject to the usual stamp duties when they transfer equity interest in such entities, similar to what would happen if they were to buy or sell the properties directly.

8. The Stamp Duties (Amendment) Bill will be tabled in Parliament today to give effect to this policy intent. Further details of this measure are in the Bill.

*Issued by the Ministry of National Development, Ministry of Finance and Monetary Authority of Singapore*

*10 MARCH 2017*

---

<sup>2</sup> An entity is defined as a Property Holding Entity (PHE) under two possible circumstances.

- a) The first category of entities holds residential properties directly. To establish if such an entity is a PHE, a significant asset test will be applied. An entity can be a PHE if 50% or more of its total tangible assets is residential properties in Singapore. We will call this a Type 1 PHE.
- b) There is also a second category of entities that have indirect holdings of residential property through Type 1 PHEs in which it has at least 50% equity interest. For such an entity, it will be considered as a PHE if it meets two criteria:
  - i. First, it beneficially owns at least 50% equity interest in a Type 1 PHE, and
  - ii. Second, it meets the significant asset test as mentioned above – in other words, the total value of the residential property it owns indirectly through Type 1 PHEs in which it owns at least 50% equity interest as well as the value of the property which it may own directly comprises 50% or more of its total tangible assets. Its total tangible assets comprise the total tangible assets it owns directly, as well as through entities (whether PHEs or not) in which it owns at least 50% equity interest.

For general queries on the property market, please contact:

Ministry of National Development  
Ms Gene Ng  
Manager (Corporate Communications)  
Tel: 6908 7295  
Email: [gene\\_ng@mnd.gov.sg](mailto:gene_ng@mnd.gov.sg)

For queries on the Additional Buyer's Stamp Duty, Seller's Stamp Duty, and the stamp duties on transfer of equity interest, please contact:

Ministry of Finance  
Febrin Low  
MOF Corporate Communications  
Tel: 6332 7407  
Email: [Febrin\\_LOW@mof.gov.sg](mailto:Febrin_LOW@mof.gov.sg)

Inland Revenue Authority of Singapore  
Property Tax Division  
Valuation & Stamp Duty Branch  
Tel: 1800 460 4923  
Email: [estamp@iras.gov.sg](mailto:estamp@iras.gov.sg)

For queries on <Mortgage Equity Withdrawal Loans>, please contact:

Monetary Authority of Singapore  
Jacqueline Ong  
Deputy Director (Corporate Communications)  
Tel: 62299159  
Email: [jacqueline\\_ong@mas.gov.sg](mailto:jacqueline_ong@mas.gov.sg)

**ANNEX****Existing and new Seller's Stamp Duty (SSD) rates for residential properties**

		<b>SSD Rates on the actual price or market value based on date of purchase or date of change of zoning/use</b>	
		<b>14 Jan 2011 to 10 March 2017 (both dates inclusive)</b>	<b>On and after 11 March 2017</b>
<b>Holding Period</b>	Up to 1 year	16%	12%
	More than 1 year and up to 2 years	12%	8%
	More than 2 years and up to 3 years	8%	4%
	More than 3 years and up to 4 years	4%	No SSD payable
	More than 4 years	No SSD payable	

## Fact Sheet

---

### STAMP DUTIES (AMENDMENT) BILL

#### **What is the proposed measure?**

1. The Government will introduce a new stamp duty treatment for the acquisition and disposal of equity interest in property holding entities (PHEs). PHEs are entities whose primary tangible assets are residential properties in Singapore.

#### **Why are we introducing the proposed measure?**

2. Currently, the acquisition of shares in companies is subject to 0.2% stamp duty. In comparison, the purchase of residential properties in Singapore attracts Buyer's Stamp Duty (BSD) of 1% to 3%, and Additional Buyer's Stamp Duty (ABSD) of up to 15%. The sale of residential properties in Singapore may also be subject to Seller's Stamp Duty (SSD). Hence, this results in a stamp duty rate differential between the direct buying/selling of residential properties, and indirect buying/selling of residential properties through PHEs.

3. The new stamp duty measure seeks to address the stamp duty rate differential by subjecting the acquisition and disposal of equity interest in entities whose primary tangible assets are in residential properties in Singapore to Additional Conveyance Duty (ACD).

4. Please see pages 3 and 4 for illustration.

#### **What are the key features?**

5. PHEs are entities whose primary tangible assets are in residential properties in Singapore. Specifically, an entity is a PHE under two possible circumstances:

- a) An entity which holds 50% or more of its total tangible assets as residential properties in Singapore (Type 1 PHE); or
- b) An entity that (i) beneficially owns at least 50% equity interest in a Type 1 PHE, and (ii) the value of the residential properties it hence owns through these Type 1 PHE, as well as residential properties which it may own directly, comprises 50% or more of its total tangible assets<sup>1</sup>.

6. The ACD will only apply to acquisition or disposal of equity interest by owners with significant equity interest in a PHE, who are referred to as significant owners of a PHE. To be considered a significant owner, one has to either presently hold at least 50% equity interest in a PHE, or hold at least 50% interest after the equity acquisition.

7. In determining whether the 50% ownership threshold for significant ownership is met, we will also take into account the equity interest held by associates of the owner. Examples of associates include a parent company and its subsidiary, or in the context of individuals, a father and his children, husband and wife. We will also cover arrangements under which individual buyers act in concert to purchase shares with the objective of avoiding the new

---

<sup>1</sup> This comprises the total tangible assets it owns directly, as well as through entities (whether PHEs or not) in which it owns at least 50% equity interest.

## **EMBARGOED UNTIL BILL IS PRESENTED IN PARLIAMENT**

duties. This serves to mitigate any potential attempt to circumvent the 50% ownership threshold through its associates, and thus avoid the ACD for purchase or sale of its equity interest in a PHE.

8. The computation of ACD will be based on the prevailing market value of the underlying residential property at the time of the qualifying acquisition or disposal of equity interest, in proportion to the equity interest. The prevailing 0.2% stamp duty for transfer of shares will continue to apply.

### **What will the proposed measure affect?**

9. The new measure will affect purchase or sale involving significant owners of PHEs. Specifically,

- a) An acquisition of equity interest will be subject to ACD, payable by buyer, if the buyer is already a significant owner at the time of acquisition, or becomes a significant owner thereafter
- b) A disposal of equity interest will be subject to ACD, payable by seller, if
  - i. the disposal is made after the seller has become a significant owner<sup>2</sup>;
  - ii. the equity interest disposed of is acquired on or after 11 March 2017; and
  - iii. the equity interest disposed of is held for 3 years or less from acquisition<sup>3</sup>.

10. The following duties will be imposed<sup>4</sup> on a qualifying transfer of equity interest in the PHE (as stated in paragraph 9):

- a) Additional Conveyance Duty for Buyer (ACDB) includes:
  - i. 1% to 3% on the value of the underlying residential properties. This is intended to mirror existing BSD rates for acquisition of immovable properties.
  - ii. 15% on the value of the underlying residential properties. This flat 15% rate applies irrespective of whether the buyer of the equity interest is a Singaporean, a PR, a foreigner or a non-individual entity.
- b) Additional Conveyance Duty for Seller (ACDS) of 12% on the value of the underlying residential properties. The flat rate applies irrespective of the holding period of the equity interest which is disposed.

11. ACDB and ACDS will be pro-rated based on the percentage of equity interest acquired or disposed of.

### **When will the measure be implemented?**

12. This measure will be effective from 11 March 2017. Details of the new measure can be found at [www.iras.gov.sg](http://www.iras.gov.sg).

###

### **Issued by: Ministry of Finance**

Singapore  
10 March 2017

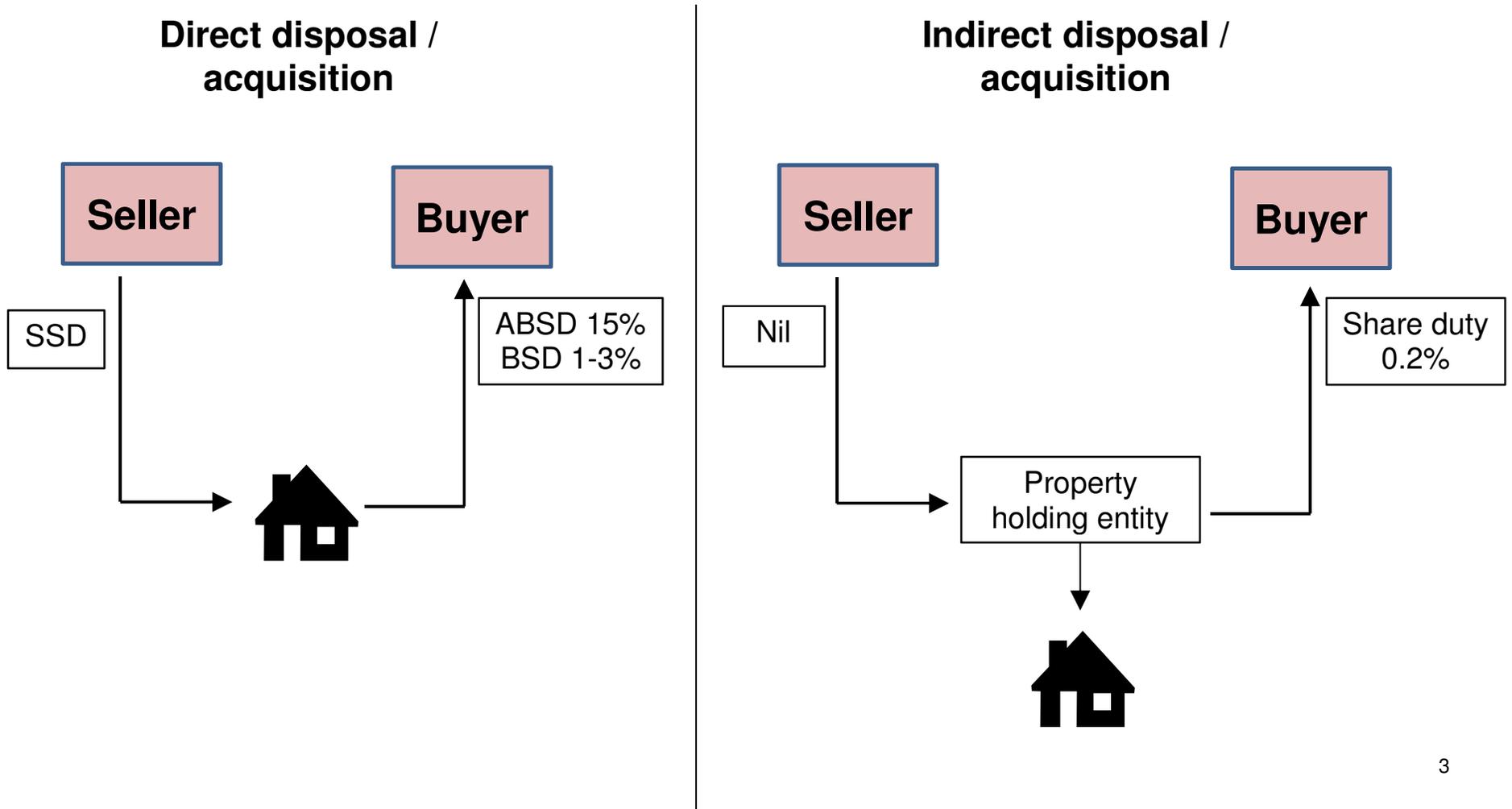
---

<sup>2</sup> After an owner becomes a significant owner, this ACD by seller on sale of equity interest will continue to apply even when the owner is no longer a significant owner subsequently at the point of sale, until such time that the owner has disposed completely of all its equity interest in the PHE.

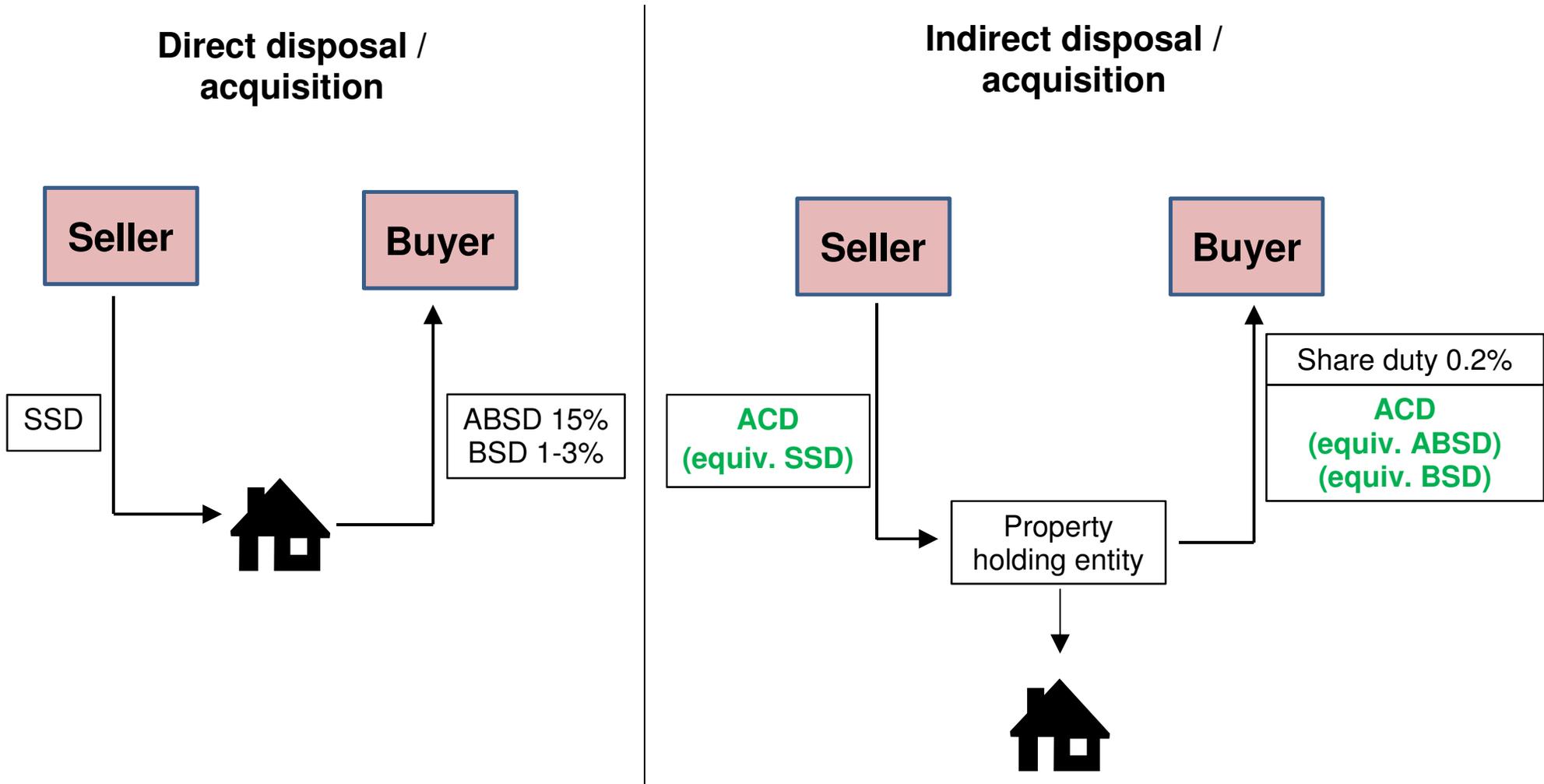
<sup>3</sup> This holding period will be assessed on a first-in-first-out basis. This means that interests acquired first will be treated as the first to be disposed.

<sup>4</sup> In addition to the prevailing stamp duty for transfer of shares if applicable.

**Current treatment:** Stamp duty rate differential between: direct acquisition/disposal of residential property, and indirect disposal/acquisition through property holding entities



## New treatment: Addresses the stamp duty rate differential



**EMBARGOED UNTIL BILL IS PRESENTED IN PARLIAMENT**

**For media enquiries, please contact:**

Name: Mr Febrin Low

Senior Associate (Corporate Communications)

Tel: 9786 2892

Email: [Febrin\\_LOW@mof.gov.sg](mailto:Febrin_LOW@mof.gov.sg)

**About Ministry of Finance**

The Ministry of Finance aims to advance the well-being and development of Singapore through Finance. The Ministry of Finance manages the national budget, oversees corporate governance regulations, supervises the prudent investment and utilisation of public funds and government reserves, and sets policies for government procurement, e-government, customs regulation, accounting standards and business regulation.

We achieve this together with our departments (Accountant-General's Department, Singapore Customs and Vital.org – Centre for Shared Services), and statutory boards (Accounting & Corporate Regulatory Authority, Inland Revenue Authority of Singapore and Tote Board).

For more information, please visit [www.mof.gov.s](http://www.mof.gov.s)