



Our ref: GSTD.23

15 December 2006

Mr Kwee Liong Keng
President
Real Estate Developers' Association of Singapore
190 Clemenceau Avenue #07-01
Singapore 239924
Fax: 6337 2217

Dear Sir

- 1) **WITHDRAWAL OF 1998 CONCESSION ON DEFERMENT OF PAYMENT OF STAMP DUTY**
- 2) **GST ON SALE OF LEASEHOLD NON-RESIDENTIAL PROPERTIES**
- 3) **GST INCURRED FOR RESIDENTIAL DEVELOPMENT**

We wish to inform your members of the three tax changes impacting sale and purchase of properties.

Stamp Duty

The 1998 concession on deferment of payment of stamp duty on agreements for purchase of properties will be withdrawn with immediate effect from 15 December 2006. Henceforth, the purchaser of a property will pay stamp duty based on normal stamp duty rule that is **within 14 days** after the date of the Sale and Purchase Agreement or the date of acceptance of the Option to Purchase.

As a transitional measure purchasers who have accepted the Option to Purchase/ signed the Sale & Purchase Agreement between 15 December 2006 and 31 December 2006 have up till 14 March 2007 to pay the stamp duty without incurring any penalty for late stamping.

Please refer to circular at Appendix A for more details.

GST on sales of leasehold non-residential properties

Regulation 16 of the GST (General) Regulations is amended from 1 January 2007. With the amendment, suppliers of leasehold non-residential properties under development are to account for GST to the extent of consideration received / invoiced / due based on the earliest of these events:

- (i) when he receives payment;

- (ii) when he issues a tax invoice for the payment;
- (iii) when the title of the property or land is transferred or
- (iv) when the property or land is made available to the buyer for occupation.

Currently, suppliers of uncompleted leasehold properties only account the GST on the final payment of the sales proceeds when the payment is received or invoiced even though the property has been made available to the buyer for occupation or the title of the property has been transferred. This amendment put sellers of uncompleted leasehold properties on par with sellers of completed properties and freehold properties under development. The streamlined treatment will make it simpler for suppliers supplying both leasehold and freehold properties.

As a transitional measure, developers with contracts entered into before 1 January 2007 have additional 3 months after the date the property is made available to the purchaser to account for the remaining progressive payments. See Appendix B for example.

GST incurred for residential development

Regulation 41 of the GST (General) Regulations is amended from 1 January 2007 to broaden the relief presently available on GST incurred on land for residential development. Developers who incur GST on purchase of land (or land with building to be demolished) for residential development can seek relief on the GST incurred regardless of the zoning of the land and whether the land would be rezoned subsequently.

We would appreciate if the information could be disseminated to your members. You can also refer to e-tax guides on our website at www.iras.gov.sg for more details. You may also call our helplines: 1800-356 8633 (GST) and 6351 3697 / 6351 3698 (stamp duty) for assistance.

Thank you and best regards.

Yours faithfully



ENG-TAY GEOK LEE (MRS)
DEPUTY COMMISSIONER (GST & PPTY)
INLAND REVENUE AUTHORITY OF SINGAPORE

IMMEDIATE

15 December 2006

WITHDRAWAL OF CONCESSION ON DEFERMENT OF PAYMENT OF STAMP DUTY ON AGREEMENTS FOR PURCHASE OF PROPERTIES

The deferment of payment of stamp duty on agreements for purchase of properties was one of the off-budget measures announced by the Minister of Finance in 1998. This concession was introduced to help the property market cope with the impact of economic slowdown. The concession allowed property buyers to defer the payment of stamp duty till completion of sale of completed properties or the date of Temporary Occupation Permit (TOP) in the case of newly constructed properties.

The Government has decided to remove the deferment concession with immediate effect from 15 December 2006 as economic conditions and the property market have improved. Henceforth, the purchaser of a property is required to pay stamp duty **within 14 days** after the date of the Sale and Purchase Agreement or the date of acceptance of the Option to Purchase. Failure to stamp these instruments within the stipulated time will attract penalty of up to 4 times the stamp duty due on the document.

As a transitional measure purchasers who have accepted the Option to Purchase / signed the Sale & Purchase Agreement between 15 December 2006 and 31 December 2006, have up till 14 March 2007 to pay the stamp duty without incurring any penalty for late stamping. To qualify for the transitional measure, the purchaser or his representative has to submit the prescribed form (see Annex 2) and a copy of the sale document to Commissioner of Stamp Duties within 14 days from the date of document.

We expect to process the form within 2 weeks from date of receipt. A letter would be sent to e-Stamping subscribers to inform them of the document reference number for them to pay the stamp duty via the e-Stamping system. For non-subscribers, they would receive a payment voucher together with the notification letter for them to make payment. Payment can be made by 14 March 2007 without incurring any penalty.

Purchasers who have exercised their options before 15 December 2006 are not affected by the new rule. They would continue to enjoy the stamp duty deferment concession.

Annex 1 is a table illustrating the timing of payment of stamp duty.

Annex 2 is the prescribed form for the transitional measure.

If you need any clarification, please refer to our website at www.iras.gov.sg or call us on 6351 3697 / 6351 3698.

WANG TECK LENG
DEPUTY DIRECTOR
VALUATION & STAMP DUTY
for COMMISSIONER OF STAMP DUTIES

ANNEX 1 - Timing Of Payment Of Stamp Duty Before And After Cessation Of Deferment Concession

Types of property	Offer accepted/exercised before 15 Dec 2006	Offer accepted/exercised between 15 Dec 2006 and 31 Dec 2006	Offer accepted/exercised on or after 1 Jan 2007
Completed properties (those for which TOPs have been issued)/ vacant land/ resale of HDB flats/ resale of JTC leasehold interests	Within 14 days after the date of Transfer, or 14 days after the date the buyer subsequently contracts to sell the property, whichever is earlier.		Within 14 days after the date of contract for purchase
Properties under construction (TOPs have not been issued)	Within 14 days after the date of Temporary Occupation Permit, or 14 days after the date the buyer subsequently contracts to sell the property, whichever is earlier.	Payment of stamp duty may be deferred till 14.3.2007, or 14 days after the buyer subsequently contracts to sell the property, whichever date is earlier.	Within 14 days after the date of contract for purchase
Land/ properties sold or leased by SLA/ HDB/ JTC	Within 14 days after the date of Building Agreement/ Agreement For Lease/ Transfer/ Lease (whichever applies), or 14 days after the date the buyer subsequently contracts to sell the property, whichever is earlier.	To qualify for this transitional measure, buyer must lodge with the Commissioner of Stamp Duties the completed form and a copy of the document within 14 days from the date of acceptance of Option to Purchase.	Within 14 days after the date of acceptance of letter of offer
Land sold by HDB/URA by tender	Within 14 days after the date of Building Agreement, or 14 days after the date the buyer subsequently contracts to sell the property, whichever is earlier.		Within 14 days after the date of award of tender

Please note

The qualifying criteria for transitional measure are:

- 1) offer must be exercised/ accepted/ executed between 15 December to 31 December 2006, and
- 2) lodge with the Commissioner of Stamp Duties the completed form and a copy of the document within 14 days from the date of acceptance.

Annex 2

Commissioner of Stamp Duties
 55 Newton Road, Revenue
 House
 Singapore 307987
 Tel: 63513697/8



INLAND REVENUE
 AUTHORITY
 OF SINGAPORE

**FORM FOR
 TRANSITIONAL MEASURE**

FOR IRAS/SNS USE	Date	/ /	Queue No.	
	Processed by		Doc No.	

Please complete this Form in BLOCK letters

PARTICULARS OF PERSON SUBMITTING DOCUMENT FOR STAMPING

Name

Address

Tel No.

I certify that the information provided below is a true and accurate account of the transaction as they are recorded in the document.

Please e-stamp the document with – ORIGINAL \$

DUPLICATE \$

TOTAL \$

Mail Box ID. No.

 (applicable to e-Stamping subscribers only)

<u>Signature</u>	<u>Name of Signatory</u>	<u>Date</u>
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SECTION A: DETAILS OF DOCUMENT FOR STAMPING

Document Type: Sale & Purchase Agreement / Acceptance to Option to Purchase

Agreement for Lease / Acceptance to Agreement for Lease

Date of Document/Acceptance

 D D M M Y Y Y Y

Signed / Will be signed in duplicate? YES NO

Document is signed in Singapore Overseas

If Overseas, Date Document Was received in Singapore

 D D M M Y Y Y Y

SECTION D: PARTICULARS OF VENDOR/TRANSFEROR/ASSIGNOR/LANDLORD/LESSOR*

Name

Identity Type: NRIC FIN PASSPORT ROC ROB OTHERS

Identity No.

Name

Identity Type: NRIC FIN PASSPORT ROC ROB OTHERS

Identity No.

SECTION E: PARTICULARS OF PURCHASER/TRANSFeree/ASSIGNEE/TENANT/LESSEE*

Name

Identity Type: NRIC FIN PASSPORT ROC ROB OTHERS

Identity No.

Address: Block/House No.

Street Name

Storey -Unit No. - Postal Code

Name

Identity Type: NRIC FIN PASSPORT ROC ROB OTHERS

Identity No.

Address: Block/House No.

Street Name

Storey -Unit No. - Postal Code

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Appendix B

For illustration, Developer A entered into a contract before 1 January 2007 for sales of leasehold property under development. The contract provides for the following schedule of payment. His GST accounting periods are Jan – Mar, Apr – Jun, Jul – Sep, Oct – Dec.

Date	Progress of Payment	Percentage of Payment	Rule applicable before 1 January 2007	Rule applicable on or after 1 January 2007	Transitional Measure
1 st Jan 2004	(a) On obtaining Option To Purchase (b) On signing of Agreement for Sale & Purchase	5% 15%	Account GST in the GST return for Jan – Mar 2004	Account GST in the GST return for Jan – Mar 2007	
1 st Jun 2004	On completion of foundation work	10%	Account GST in the GST return for Apr – Jun 2004	Account GST in the GST return for Apr – Jun 2007	
1 st Sep 2004	On completion of reinforced concrete framework	10%	Account GST in the GST return for Jul – Sep 2004	Account GST in the GST return for Jul – Sep 2007	
1 st Mar 2005	On completion of brick walls	5%	Account GST in the GST return for Jan – Mar 2005	Account GST in the GST return for Jan – Mar 2007	
1 st Sep 2005	On completion of ceiling/roofing	5%	Account GST in the GST return for Jul – Sep 2005	Account GST in the GST return for Jul – Sep 2007	
1 st Dec 2005	On completion of doors & window frames are in position, the electrical wiring (without fittings) & plumbing & internal plastering	5%	Account GST in the GST return for Oct – Dec 2005	Account GST in the GST return for Oct – Dec 2007	
1 st Mar 2006	Completion of electrical plant, sanitary equipment and air-conditioning plant (if any) installation	5%	Account GST in the GST return for Jan – Mar 2006	Account GST in the GST return for Jan – Mar 2007	
1 st Aug 2006	Completion of car park, roads and drains serving the housing project	5%	Account GST in the GST return for Jul – Sep 2006	Account GST in the GST return for Jul – Sep 2007	
1 st Jan 2007	On production of the Temporary Occupation Permit and the Architect's Certificate of Completion	25%	Account GST (on 25% of sales proceeds) in the GST return for Jan – Mar 2007	Account GST on remaining 35% (25% + 10%) in the GST return for Jan – Mar 2007	Account GST (on 25% of sales proceeds) in the GST return for Jan – Mar 2007
1 st Jun 2007	(a) Upon completion of the Sale & Purchase (b) Upon production of the Certificate of Statutory Completion	2% 8%	Account GST (on 10% of sales proceeds) in the GST return for Jun – Sep 2007	Account GST for Jan – Mar 2007	Account GST (on 10% of sales proceeds) in the GST return for Apr – Jun 2007