

IRAS CIRCULAR

PROPERTY TAX TREATMENT OF EN-BLOC SALES SITES



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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PTD Circular 01/07

11 JAN 2007

President
Real Estate Developer's Association of Singapore

CIRCULAR ON PROPERTY TAX TREATMENT OF EN-BLOC SALES SITES

This Circular clarifies the property tax treatment on en-bloc sales sites or developments which are collectively sold by the owners of individual units to the developer.

2 Property tax for an en-bloc sales site, like any other property, is levied at 10% of the Annual Value (AV) of the property. If the site is bought for the purpose of redevelopment, its AV, like any other development site or vacant land, is determined at 5% of its estimated market value, in accordance with Section 2(3) of the Property Tax Act (PTA), notwithstanding that the building may not be demolished yet or the units may be let or occupied on a temporary basis. Hence for property tax purposes, en-bloc sites bought for redevelopment purposes are to be treated on par with any other development sites including vacant lands, which are bought by developers with similar intent to redevelop.

3 The market value of the land shall be determined on a freehold basis even though the property may be a leasehold property.

4 The effective date of the land assessment at 5% of its market value shall be the date of transfer or the date of vacation of all the units in the development whichever is the later, but not later than 6 months from the date of transfer of the property to the developer. Such administrative concession to delay the land assessment by up to 6 months from the date of transfer takes into consideration the industry practice of developers giving the individual sellers up to 6 months to vacate the buildings.

5 IRAS would also like to remind developers to inform "The Comptroller of Property Tax, 55 Newton Road, Singapore 307987" within 15 days from any application for Planning Permissions and/or addition and alteration works (including demolition) being carried out on any property. Failure to give any notice required shall be liable for conviction to a fine under the PTA.

6 We would appreciate it if you could convey the contents of this circular to your members. If you or your members require any clarification, please contact Mr Gerald Yong at Tel: 63512351 or Ms Ong Wee Ling at Tel: 6351 2345.

Ms Sally Mok
Tax Director (PT-Industrial Branch)
for Chief Assessor
Inland Revenue Authority of Singapore