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Updated on 27 Dec 2005 – Refer to revised edition for the updates as follows:

- Section quoted in the Circular has been renumbered with reference to the Property Tax Act (Revised Edition 2005)

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CLAIM FOR REFUND OF PROPERTY TAX ON UNOCCUPIED BUILDINGS

INTRODUCTION

- 1 Property tax is payable irrespective of whether a property is vacant or occupied. Section 7 of the Property Tax Act, however, provides that if a building is vacant for a continuous period of at least 30 days or a calendar month, the owner may, where certain conditions are satisfied, claim for a refund of the tax paid for the vacant period.
- 2 The purpose of this Administrative Statement is to spell out the conditions to be satisfied for vacancy refund and the information to be furnished to the Comptroller when making a claim for the refund.

ADMINISTRATIVE STATEMENT

- 3 Under section 7 of the Property Tax Act, an owner claiming a refund of property tax for any period commencing from 1st November in any year to 31st October in the ensuing year, has to submit his claim to the Comptroller not later than 15th November in the ensuing year.
4. No refund shall be allowed unless the owner satisfies the Comptroller that -
 - (i) the building is in good repair and fit for occupation;
 - (ii) every reasonable effort to obtain a tenant has been made;
 - (iii) the rent demanded is a reasonable one; and

- (iv) the building has been vacant during the whole of the period in respect of which the refund is claimed,

except that where the refund is claimed for a vacant period when the building has been undergoing repairs for the purposes of rendering it fit for occupation, it is not necessary to prove (i), (ii) and (iii).

5. The vacancy refund provisions of the Property Tax Act gives tax relief for vacancy of a building only under two situations. These are:
 - (a) when a building which is fit for occupation cannot be let at a reasonable rent despite efforts to do so; or
 - (b) when a building which is unfit for occupation is undergoing repairs to render it fit for occupation.

With regard to the situation under (b) above, repairs refer only to building works carried out to restore any parts of a building to a condition fit for occupation and do not include upgrading work, extensions or additions to the building. Hence, vacancy refund does not apply to buildings fit for occupation which are vacated for renovation, retrofitting or other building works carried out for the purpose of upgrading or improving such buildings. Similarly, buildings fit for occupation but kept vacant in the hope of higher rentals or higher resale values will not qualify for the refund. The refund also does not apply to any rent-free fitting-out-period given to a tenant prior to occupation of a building. Where the building works comprise both repairs to render a building fit for occupation and other renovation or retrofitting works, the vacancy refund, if any, will only apply to the period of repairs.

- 6 To facilitate prompt processing of refund claims, claimants should complete the claim form “Claim for Refund of Property Tax for an Unoccupied Building” and return the form to the Comptroller. Where a building was in good repair and fit for occupation, the documents to be submitted together with the claim form are cuttings of newspaper advertisements and evidence that a house agent had been engaged to let the property. Where a building was undergoing repairs to render it fit for occupation, the supporting documents required are a certification from a registered engineer that the building was unfit for occupation and the causes for the unfit condition eg. structural faults that render the building unsafe, details of the repairs carried out including itemised costs, the period of the repairs, bills and receipts.
- 7 The Comptroller will consider late notifications or claims for refund if there are good reasons for the delay. Each case will, however, be considered on its own merits.
- 8 If the claimant is an agent of the owner, a letter of appointment by the owner has to be submitted with the form. Claims for refund of a company should be made by an authorised signatory of the company (eg a director).

- 9 The Comptroller would like to remind owners not to give false information when applying for vacancy refunds. Appropriate action will be taken against owners who submit fraudulent claims.