

IRAS CIRCULAR

12 OCTOBER 2001

PROPERTY TAX REBATE FOR COMMERCIAL AND INDUSTRIAL PROPERTIES

INTRODUCTION

1 In his budget statement in February this year, the Minister for Finance announced a cut in the property tax rate from 12% to 10% for all commercial, industrial and let out residential properties. The reduction in property tax rate was to take effect from 1st July 2001, when the 25% property tax rebate for commercial and industrial properties ended.

2 As one of the cost-cutting measures to cushion the impact of the economic downturn on businesses, the Minister for Trade and Industry announced in his off-budget statement in July this year, the extension of the 25% property tax rebate for commercial and industrial properties for a year from 1st July 2001 to 30th June 2002.

3 As part of the second off-budget package to help reduce the cost burden of businesses, DPM announced in Parliament this afternoon an increase in the property tax rebate for commercial and industrial properties for the period 1st July 2001 to 30th June 2002 and an extension of such rebate for a further half-year period from 1st July 2002 to 31st December 2002. With this announcement, owners of commercial and industrial properties would be given property tax rebate computed for the period 1st July 2001 to 31st December 2002 as follows:

- (a) a fixed rebate equal to the lower of actual property tax payable or \$8,000 per year; plus
- (b) a 30% rebate on the balance of property tax payable.

The above rebate will replace the 25% property tax rebate announced in the off-budget package in July this year.

4 This circular provides further details on how the property tax rebate will be applied.

COMPUTATION OF THE PROPERTY TAX REBATE

5 To illustrate by way of an example, if the half-year property tax for a commercial property is \$100,000 for the period 1st July 2001 to 31st December 2001, the property tax rebate to be given to the owner of the property for the period is computed as follows:

Fixed rebate for half year \$ 4,000 (\$8,000 per year X ½)

30% rebate on the balance of
property tax payable for half year \$28,800 ($[\$100,000 - \$4,000] \times 30\%$)

Total tax rebate for half year \$32,800

6 For ease of reference, owners of commercial and industrial properties are subject to property tax and given property tax rebate as follows for the following period:

Period	Tax Rate	Rate of Property Tax Rebate	
		Before off-budget statement on 12 Oct 01	After off-budget statement on 12 Oct 01
1 st July 1998 to 30 th June 2000	12%	55%	55% (no change)
1 st July 2000 to 30 th June 2001	12%	25%	25% (no change)
1 st July 2001 to 30 th June 2002	10%	25% (announced by Minister (Trade & Industry) in July 2001.	Rebate computed based on \$A per year + (property tax payable per year - \$A per year) X 30% Where A is a fixed amount up to \$8,000
1 st July 2002 to 31 st December 2002	10%	NA	Rebate computed based on 50%[\$A per year + (property tax payable per year - \$A per year) X 30%] Where A is a fixed amount up to \$8,000

REVISION OF PROPERTY TAX BILL

7 IRAS will revise the property tax bills for commercial and industrial properties for the period 1st July 2001 to 31st December 2001 to take into account the increase in property tax rebate for the said period. IRAS will send the revised property tax bills to most owners of such properties from November 2001. Most taxpayers can expect to receive a refund of any excess property tax paid by the end of December 2001.

ENQUIRIES

8 Clarifications on the contents of this circular may be directed to IRAS at telephone no. 1800-356 8600.

Inland Revenue Authority of Singapore