

IRAS e-Tax Guide

**Revision of Annual Values for HDB Flats
from 1 January 2012**



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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1 Overview

The Inland Revenue Authority of Singapore (IRAS) has revised upwards the Annual Values (AV) of all HDB flats with effect from 1 January 2012 reflecting the rise in market values.

To mitigate the increase in the property tax payable as a result of the AV revision, the Government will give a one-off Owner-Occupied HDB Flat rebate of \$55 to Owner-Occupied HDB flats for the year 2012.

HDB flat owners will receive their 2012 annual property tax bill package by the end of December 2011, with an enclosed brochure available in English, Malay, Chinese and Tamil.

This guide provides more information on the rationale behind the AV increase, illustrations of the rebate given, and Frequently Asked Questions.

2 AV Increase for HDB Flats

The AV is used as a basis to compute the property tax payable. The AV is the estimated annual market rent of a property as if it was rented out. All properties have an AV, regardless of whether it is owner-occupied, vacant or rented out.

Property tax is calculated at 10% of the AV for non-Owner Occupied Homes. For Owner-Occupied HDB Flats, property tax payable is calculated at the concessionary tax rates as follows:

AV of Owner-Occupied Residential Properties	Concessionary Tax Rate (%)
First \$ 6,000	0
Next \$59,000	4
Amount exceeding \$65,000	6

The AVs of all HDB flats were last revised on 1 January 2010, taking into account the market rents in 2009. They were not revised in 2011 as the increase in HDB market rents in the preceding year was small. Taking 2010 and 2011 together, market rents have risen by around 20 – 28%.¹ Accordingly, the AV of all HDB flats will be revised from 1 January 2012.

¹ Increase in Median Rentals [Reference : Median subletting rents available at www.hdb.gov.sg]

	3-Room	4-Room	5-Room	Executive
Increase in Median Rental [2Q09/2Q11]	21%	26%	28%	26%
Increase in Median Rental [3Q09/3Q11]	24%	29%	28%	Insufficient data

3 One-time Owner-Occupied HDB Flat Rebate for 2012

A rebate will be given to all Owner-Occupied HDB Flats to help them offset some of the increase in property tax. The rebate is a fixed amount of \$55 or the property tax based on the 2012 AV, whichever is the lower. The rebate will automatically be given to all Owner-Occupied HDB flats which currently enjoy the concessionary owner-occupier's tax rates.

The rebate will not apply to HDB flats that are not owner-occupied, which are currently being taxed at 10%.

94% of all HDB flat owners will receive the rebate.

4 Property Tax Changes for Owner-Occupied HDB Homes

All one- and two-room owner-occupiers will continue to pay zero property tax in 2012. The owner-occupiers of three-room flats and above will see moderate increases in property tax after taking into account the property tax rebate, as shown below:

	3-Room	4-Room	5-Room	Executive
Range of Annual Property Tax Payable in 2011	\$0-36	\$60-120	\$96-144	\$108-156
Range of Annual Property Tax Payable in 2012 after \$55 Owner-Occupied HDB Rebate	\$0-41	\$77-125	\$125-173	\$137-185
Range of Increase in Property Tax after \$55 Owner-Occupied HDB Rebate	-\$7 to 5	\$5 to 29*	\$17 to 29	\$17 to 41

* Majority of 4-room Owner-Occupied HDB Flats will see an increase of \$5 to \$17 in property tax. Only 2% of Owner-Occupied 4-roomers will see an increase of \$29.

5 Frequently Asked Questions on Revision of AVs

5.1 What is AV?

AV is the estimated rent that a property can fetch per year if it was rented out in the open market on an unfurnished basis. Property tax is calculated as a percentage (Tax Rate) of the property's AV.

5.2 How does IRAS arrive at the AV?

IRAS arrives at the AV by analysing the latest rents of comparable HDB flats that have been rented out taking into account their location and flat type. Generally the bigger flats in better locations fetch higher market rents and therefore have higher AVs.

5.3 When was the AV of my flat last revised and why is the AV of my flat increased now?

Every year, the AVs of all properties are reviewed to ensure that they are in line with prevailing market rents. The AVs of all HDB flats were last revised with effect from 1 January 2010, based on market rents in 2009. They were not revised in 2011 as the increase in HDB market rents in the preceding year was small. Taking 2010 and 2011

together, market rents have risen by around 20 – 28%. Hence, the AVs of HDB flats have been revised upwards with effect from 1 January 2012.

Three-room HDB flats will be revised to an AV of \$600-\$700 per month. Four-room HDB flats will be revised to an AV of \$775-\$875 per month. For five-room and executive flats, AVs will be revised to \$875-975 per month and \$900-\$1,000 per month respectively.

5.4 Why is AV determined based on market rent when the flat is not rented out and is owner-occupied?

Property tax is an asset tax on property ownership. Owners of higher-valued flats pay more property tax than those who own less valuable flats. Market rents provide a common base for determining the property tax that owners should pay on their flats. The AV will be the same whether the flat is let-out, vacant, or owner-occupied. Property tax is calculated at 10% of the AV for non Owner-Occupied homes. However, for owner-occupied HDB flats, property tax payable is calculated at the lower tax rates of 0% and 4%. Hence if you owner-occupy your flat, you pay a much reduced property tax than if you were to rent out your flat.

5.5 How do I know the market rent of my flat since I don't let it out?

HDB publishes the rental information of HDB flats by room types and towns on a quarterly basis. This will guide you on the prevailing market rent of your flat based on room type and town. You may refer to the HDB website (<http://www.hdb.gov.sg>) > Renting a Flat > From Open Market > Statistics.

5.6 Am I eligible for the 2012 Property Tax Rebate?

The 2012 Owner-Occupied HDB Flat Rebate is to help owners who live in their flats offset some of the increase in property tax. The new rebate is a fixed amount of \$55 or the property tax based on the 2012 AV, whichever is the lower.

You are eligible if you owner-occupy your flat and your flat is currently taxed at the concessionary owner-occupier's tax rates of 0% and 4%. The rebate will be automatically applied to your property tax bill and be shown in the bill as "Owner-Occupied HDB Rebate".

However, if your flat is wholly let-out and taxed at 10%, the rebate will not apply to your flat.

5.7 My flat has been taxed at 10% though I am owner-occupying it. Why is that so? How do I apply for the concessionary owner-occupier's tax rates?

HDB flats purchased for owner-occupation will enjoy the concessionary owner-occupier's tax rates. However, some flats could have been let out in the past and hence is taxed at the 10% rate. If the letting has ceased and the owner did not notify IRAS, the 10% tax rate will continue to apply. If you have owner-occupied your flat, you may apply for the concessionary owner-occupier's tax rates by logging on with your SingPass to *myTax Portal* (<https://mytax.iras.gov.sg>) > e-Services for Property Tax > Apply for Owner-Occupier's Tax Rates.

5.8 How is the final property tax amount calculated for owner-occupied HDB flats?

You can use the interactive calculator on the IRAS website (www.iras.gov.sg > Quick Links > Tax Calculators > Property Tax > HDB Flat) to calculate your property tax payable for 2012. Please enter the annual value and tax rate as indicated in your annual property tax bill.

The property tax payable for HDB flats is determined based on the concessionary owner-occupier's tax rates of 0% for the first AV amount of \$6,000 and 4% for the remaining AV amount. If the full tax amount is \$55 or less, the whole tax amount will be rebated, and the owner will pay zero property tax for the year 2012. However if the full tax amount is more than \$55, the tax payable will be reduced by \$55 which is the fixed-sum rebate given to owner-occupied HDB flats.

Example 1 : An owner-occupied HDB Flat with a revised AV \$7,200

Annual Value and Tax Rates	Tax Payable
First \$6,000 x 0%	\$ 0.00
Next \$1,200 x 4%	\$48.00
Less *Owner-Occupied HDB Rebate NEW!	<u>\$48.00</u>
Tax Payable in 2012	<u>\$ 0.00</u>

Example 2 : An owner-occupied HDB Flat with a revised AV \$10,500

Annual Value and Tax Rates	Tax Payable
First \$6,000 x 0%	\$ 0.00
Next \$4,500 x 4%	\$180.00
Less *Owner-Occupied HDB Rebate NEW!	<u>\$ 55.00</u>
Tax Payable in 2012	<u>\$125.00</u>

5.9 When must the property tax be paid and how can I pay?

The due date for payment of the 2012 property tax is 31 January 2012. If you have been paying by GIRO, you will receive a new GIRO instalment plan and payment will be deducted from your bank account. If you have not been paying by GIRO, we wish to encourage you to pay by GIRO. Other alternative payment modes are as below:

Payment Modes	Remarks
Internet Banking	Customers of DBS/POSB , HSBC, MayBank, OCBC, Standard Chartered, Bank State Bank of India and UOB
AXS/SAM machines	
Cash/ NETS	At any Singapore Post Branch for over-the-counter payment
ATM	At DBS/POSB or OCBC Automated Teller Machines
Cheque/ Cashier's Order	Cheque to be made out to "Comptroller of Property Tax"
vPOST	Online website service offered by Singapore Post
Phone Banking	For DBS/POSB, OCBC and UOB account holders who have subscribed to this service

5.10 Can I pay property tax by instalments?

Yes, owners who pay by GIRO can opt to pay their property tax by up to 12 interest-free monthly instalments or a one-time deduction. You can apply for GIRO via the following modes:

- 1) Instant approval for OCBC customers and DBS/POSB via Internet Banking; or
- 2) Using the payment voucher enclosed with the Property Tax Bill; or
- 3) GIRO application form available at IRAS website (www.iras.gov.sg) > Quick Links > Forms > GIRO Application Forms.

5.11 Can I object to the revised AV? How do I file an objection?

If you feel that the revised AV is more than the market rent your flat could reasonably fetch, you may file an objection within 21 days of the valuation notice.

You may use our e-Services to file an objection by logging onto *myTax Portal* (<https://mytax.iras.gov.sg>) > e-Services for Property Tax > File Objection to Annual Value. Alternatively, the objection form may also be obtained via IRAS website (www.iras.gov.sg) > Quick Links > Forms > Property > Notice of Objection Form.

If you require assistance to vary your property tax payment plan due to your financial circumstances, please do not file an objection to the AV. Please call IRAS at 1800-356 8300 or email propertytax@iras.gov.sg to discuss a suitable payment plan.

5.12 Can I request for a waiver of property tax?

Property tax is a tax imposed on the property and cannot be waived regardless of the financial circumstances of its owner.

5.13 Is there any financial help or deferment scheme for owners who have difficulties in making payment?

We encourage HDB flats owners who face financial difficulties to apply for GIRO to enjoy up to 12 months interest-free instalment payments. On a case-by-case basis, IRAS can also assist by lowering the monthly instalments with extended instalment plans, or short term deferments for taxpayers facing cash flow problems.

Owners should contact IRAS at 1800-356 8300 or email propertytax@iras.gov.sg to discuss a suitable payment plan. If you do not arrange for payment by the due date, a 5% late payment penalty will be imposed.

5.14 Who can I contact to make enquiries?

Information on details of property tax, AV revision and payment modes are available at www.iras.gov.sg. Taxpayers with enquiries may call 1800-356 8300 or e-mail propertytax@iras.gov.sg.