

# **IRAS CIRCULAR**

## **Property Tax Treatment of En-bloc Sale Sites [Supplement to e-Tax Guide (Property Tax) 2008/PT/2]**



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

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## e-Tax Guide (Property Tax) 2009/PT/6

This e-Tax Guide supplements the earlier e-Tax Guide (Property Tax) 2008/PT/2 “Property Tax Treatment of En-Bloc Sales Sites” and should be read in conjunction with e-Tax Guide (Property Tax) 2008/PT/2.

Q1 What are the conditions for the deferment of assessment under Section 2(3) of the Property Tax Act?

A1 Assessment under Section 2(3) of the Property Tax Act will be deferred in cases where the developer intends to retain the original building development for leasing. The following minimum criteria must be met.

- At least 25% of the units in the original development are let on tenancies of at least 1 year, on arm’s length basis and to parties not related to the developer. There must also not be any termination clause in these tenancy agreements.  
**and**
- The original development must be let and used for purposes approved by the authorities.

Q2 What is “termination clause”? Is it different from “diplomatic clause”?

A2 “Termination clause” in a tenancy agreement provides for the landlord to terminate the tenancy pre-maturely, with or without compensation to the tenant. This is different from “diplomatic clause” typically found in tenancy agreement which allows the tenant to terminate the tenancy prematurely in the event that the employee either leaves the country or the company.

Q3 How do I apply for the deferment of assessment under Section 2(3)?

A3 You need to submit the completed application form together with the tenancy details of all the units that are leased on tenancies which meet the minimum criteria to:

The Chief Assessor  
55 Newton Road  
Singapore 307987  
Attention: Ms Koh Wei Ling  
Fax: 3651 2455

You can download the application form from IRAS website at <http://www.iras.gov.sg>.

Go to ‘Quick Links’ > ‘Forms’ > ‘Property’> ‘Application form for the deferment of assessment under Section 2(3) of the Property Tax Act’.

Q4 When will the deferment of assessment under Section 2(3) commence and cease?

A4 For new application , the deferment shall commence from the date of transfer or the date of vacation of the property, whichever is applicable, but not earlier than 12 months prior to the criteria being met, and in any case not before 1/1/2008.

The deferment will cease upon the expiry date of the tenancies that met the [minimum criteria](#).

Example:

A development has 8 units. It was bought by a developer and transferred on 1 July 08. 1 unit was let for one year wef 1 Jan 2009, another unit was let for one year wef 1 Feb 2009, and a third unit was let for one year wef 1 Apr 2009. The minimum criteria were first met on 1 Feb 2009 and were also met on 1 Apr 2009. The deferment would commence on 1 July 2008 and cease on 31 Mar 2010.

Q5 What circumstances could lead to the withdrawal of the deferment of assessment under Section 2(3)?

A5 Assessment under Section 2(3) will be raised when :

- The minimum criteria are not met.
- or
- There is evidence that the developer has decided to redevelop the site.

Q6 If the tenancies that met the minimum criteria were to be renewed for a period of less than one year, would the deferment of assessment under Section 2(3) be extended by the period of the extended tenancies?

A6 No because the renewed tenancies are for periods of less than one year.

Q7 Would a development that is wholly let to an unrelated head tenant for a period exceeding one year qualify for the deferment of assessment under Section 2(3)?

A7 Yes, subject to a further condition that at least 25% of the units are sublet on tenancies of at least one year and these units must be occupied by the sub-tenants.

## **Contact Information**

For enquiries on this Circular, please contact:

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