

IRAS CIRCULAR

40% Property Tax Rebate for Commercial and Industrial Properties - Budget 2009



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Circular on 40% Property Tax Rebate for Commercial and Industrial Properties in Budget 2009

1 New 40% Property Tax Rebate for 2009

As part of the Government's relief efforts to help businesses in the light of the current global economic downturn, a rebate of 40% on the property tax payable will be granted to commercial and industrial properties for the calendar year 2009.

2 Illustration of Tax Savings

The example below illustrates the total tax savings an eligible owner will enjoy after taking into account the 40% property tax rebate.

Example

The annual value of a commercial property is \$90,000. The property tax payable from 1 Jan 2009 to 31 Dec 2009 will be \$5,400 with **tax savings of \$3,600**. See computation:

Property Tax Payable before rebate	= \$9,000 [10% x \$90,000]
Less: 40% Property Tax Rebate	= \$3,600 [40% x \$9,000]
Tax Payable after rebate	= \$5,400
Tax Savings	= <u>\$3,600</u>

3 Notifications on Revised Property Tax

Owners do not need to submit applications to claim the new 40% Property Tax Rebate. IRAS will inform eligible property owners on their revised property tax payable for 2009. Notifications will be sent from 1st April 2009. All eligible owners will be notified by 31 July 2009.

3.1 Owners who pay by GIRO

Owners who currently pay by GIRO will receive their revised property tax computation with the revised GIRO instalment plans showing the revised monthly payments from April 2009.

Owners who are paying via a one-time GIRO instalment will have their deductions rescheduled. IRAS will notify owners on their revised property tax and the new GIRO deduction date from April 2009.

3.2 Owners who have paid up the full 2009 tax

Owners will receive their revised property tax computation from April 2009, followed by the refund cheques.

3.3 Owners who have not paid up the full 2009 tax before due date 31 January 2009

Owners can choose to pay the reduced tax after deducting the 40% rebate from year 2009 property tax as shown in their property tax bills.

4 **When A Property is Transferred**

Any refund of property tax outstanding will only be given to the person who is the owner at the time of issue of refund.

Where the property changes ownership after 22 Jan 2009 but before the refund is issued, the seller is advised to make arrangements with the buyer if he wishes to claim from the buyer his share of the property tax rebate that relates to the period the seller owned the property. IRAS will not apportion refund between the previous and new owners.

This shall be a private arrangement between sellers and buyers. If in doubt, the parties should consult their conveyancing lawyers.

The rebate is not available to owners who sold their properties before 22 January 2009.

5 **Contact Information**

For enquiries on this circular, please contact:

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