

IRAS CIRCULAR

STAMP DUTY TREATMENT AND STAMPING PROCEDURE FOR GIFT CASES



INLAND REVENUE
AUTHORITY
OF SINGAPORE

Published by
Inland Revenue Authority of Singapore

Published on 22 December 2008

© 2008 IRAS Singapore. All Rights Reserved
All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording without the written permission of the copyright holder, application for which should be addressed to the publisher. Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

IRAS CIRCULAR

STAMP DUTY TREATMENT AND STAMPING PROCEDURE FOR GIFT CASES¹

Introduction

1. Parliament has passed the Stamp Duties Amendment Bill 2008, which provides for the removal of mandatory adjudication. The amendment is effective from 1 Jan 2009.
2. This circular explains the tax treatment of documents relating to the transfer of immovable properties and shares by way of gift and sets out the new procedure for the stamping of such documents.

Stamp Duty Treatment for Gift Cases

3. For any conveyance or transfer operating as gifts, the documents shall be chargeable with stamp duty as if it were a conveyance or transfer on sale. In such instances, for transfer involving immovable properties, the stamp duty will be computed based on the market value of the immovable properties. For transfer involving shares, stamp duty will be computed based on the Net Asset Values of the shares transferred.

4. Guidelines on the values to be declared for stamping of Gift Cases:

- 4.1 For transfer Involving Immovable Properties:

The market value of the immovable property is to be determined as at the date of execution/signing of the document. The market value of the immovable property is the price that the immovable property might reasonably be expected to fetch in the open market on an arm's length basis.

- 4.2 For transfer Involving Shares:

- 4.2.1 In computing the Net Asset Value (NAV), the latest statement of accounts of the company ("target company") should be adopted and the date of such accounts should not be more than 24 months from the date of the transfer document.

- 4.2.2 For transfer of shares where the target company legally or beneficially owns immovable properties, it is not obligatory that the transferees use market

¹ Gift cases refer to any conveyance or transfer in which no consideration, nominal or inadequate consideration is paid. See section 16(1) & (3) and Article 7 of the First Schedule to the Stamp Duties Act.

valuation of immovable properties to compute the NAV of the shares transferred. Transferees may if they choose, use the book value (value as reflected in the account) of the immovable properties to derive the NAV.

- 4.2.3 For transfer of shares of a newly incorporated company, the allotment price may be adopted if the newly incorporated company is not more than 18 months old and does not legally or beneficially own any immovable properties. If the newly incorporated company owns immovable properties, a management account has to be prepared to determine the NAV of the shares.
- 4.2.4 For transfer of shares listed on the Stock Exchange, the value of the shares shall be the closing price on the Stock Exchange as at the date of the document. If there is no available closing price as at the date of the document, the previous closing price may be adopted.

Procedure for stamping of Gift Cases prior to 1 Jan 2009

5. Until 1 Jan 2009, all documents of transfer involving gifts have to be submitted to the Commissioner of Stamp Duties for an assessment of the duty payable. In such instances, adjudication² and valuation³ fees are payable. Taxpayers or tax agents are not permitted to e-stamp such documents.

Procedure for stamping of Gift Cases with effect from 1 Jan 2009

6. With effect from 1 Jan 2009, taxpayers and tax agents can now self-assess and e-stamp the documents without having to submit the documents to the Commissioner of Stamp Duties for mandatory adjudication. This enhanced process means that taxpayers will enjoy a faster transfer process and save on the adjudication and valuation fees.

If taxpayers are uncertain of the market value of the immovable properties or the NAV of the shares that are to be transferred, they can still choose to submit the documents for adjudication. In such instances, adjudication and valuation fees will be payable.

7 Procedure for stamping of Gift Cases

7.1 For e-stamping subscribers

Please select the “Other Transfer” module in the E-stamping System for stamping of documents involving transfer of any immovable properties. When

² Adjudication fee: In accordance with Section 37(1) of the Stamp Duties Act, Cap 312. Refer to Fourth Schedule of the Stamp Duties Act, Cap 312 for the rates.

³ Valuation fee: In accordance with Section 37(4) of the Stamp Duties Act, Cap 312. Refer to Fifth Schedule of the Stamp Duties Act, Cap 312 for the rates.

completing the e-stamping form, please note the areas highlighted in Annex B and complete the form as instructed.

For transfer by way of gift of any shares, please select the “Share Transfer (Ad valorem)” module. When completing the e-stamping form, please note the areas highlighted in Annex C and complete the form as instructed.

7.2 For non-subscribers

For stamping on documents relating to transfer of any immovable properties, please use the prescribe Form E5D for stamping at CrimsonLogic Service Bureau or IRAS counter. When completing the prescribe form, please note the areas highlighted in Annex D and complete the form as instructed.

For stamping on documents relating to transfer of shares, please use the prescribe Form E4A for stamping at CrimsonLogic Service Bureau or IRAS counter. When completing the prescribe form, please note the areas highlighted in Annex E and complete the form as instructed.

Audits

- 8 Audit checks would be conducted on documents relating to gift cases. If IRAS discovers cases of under-declaration of value, IRAS would recover the duty underpaid and may impose penalty depending on the circumstances of the cases. The Stamp Duty Act provides for a penalty of up to 4 times the amount of under-paid duty.

Frequently Asked Questions

- 9 For more details, please refer to the Annex A for the frequently asked questions and answers.

Enquiries

- 10 For any clarification on this circular, please call our hotlines:

- (a) 6351 3697; or
- (b) 63513698

Inland Revenue Authority of Singapore

Frequently Asked Questions

1. What is the stamp duty rate for transfer of immovable property?

Duty Payable is as follows:

• 1% on the first \$180,000;
• 2% on the next \$180,000;
• 3% on the balance amount

Based on the purchase price or market value of the immovable property, whichever is higher. For more information on stamp duty computation for immovable properties, please refer to IRAS website (<http://www.iras.gov.sg>).

2. What is the stamp duty rate for the transfer of shares?

Duty payable is 0.2% on the purchase price or net asset value of the share(s) transferred, whichever is higher. For more information on stamp duty computation for shares, please refer to IRAS website (<http://www.iras.gov.sg>).

3. Does the new stamping procedure apply to gift documents executed and dated before 1 Jan 2009?

No, the new stamping procedure is only applicable to documents executed and dated on or after 1 Jan 2009.

4. When must I stamp the documents?

A document can be presented for stamping at any time before signing of the document. However, once a chargeable document is signed, duty must be paid within:

- (i) 14 days from the date of signing of the document (which is the date of the document)
- (ii) 30 days from the date of receipt in Singapore if the document is signed overseas

5. Do I still need to send in hard copy of the document to the Commissioner of Stamp Duties after I had e-stamped the document?

No. The hard copy of the document will only need to be submitted upon request by the Commissioner of Stamp Duties.

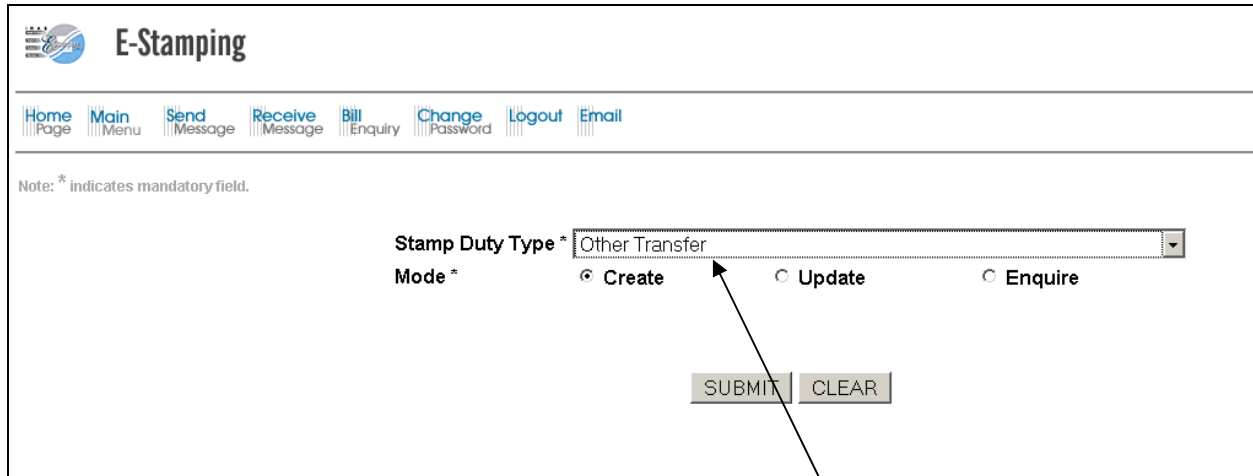
6. Do I still need to pay adjudication and valuation fees if I e-stamp the document?

No. Adjudication and valuation fees are only payable if the document is submitted to the Commissioner of Stamp Duties for adjudication.

7. Do I need to obtain a valuation report to determine the market value of the immovable property?

Stamp duty on the document is computed based on the market value of the property. As long as the amount declared for stamping is reflective of the market value, it is not compulsory for you to obtain a valuation report. The market value of an immovable property for the purpose of stamp duty is the price that the property might reasonably be expected to fetch in the open market on an arm's length basis.

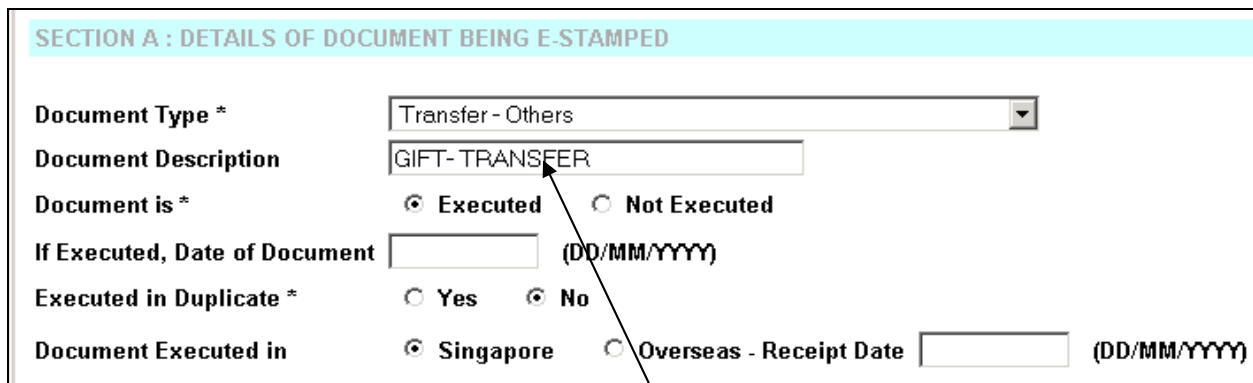
For E-stamping Subscribers:

Details to note when completing the e-stamping form for documents involving immovable properties


The screenshot shows the E-Stamping system interface. At the top left is the logo and the text "E-Stamping". Below it is a navigation menu with links: Home Page, Main Menu, Send Message, Receive Message, Bill Enquiry, Change Password, Logout, and Email. A note states: "Note: * indicates mandatory field." The main form area contains the following fields:

- Stamp Duty Type ***: A dropdown menu with "Other Transfer" selected.
- Mode ***: Three radio buttons: "Create" (selected), "Update", and "Enquire".
- Buttons: "SUBMIT" and "CLEAR".

Select the "Other Transfer" module in the E-stamping system.



The screenshot shows the "SECTION A : DETAILS OF DOCUMENT BEING E-STAMPED" form. The fields are as follows:

- Document Type ***: A dropdown menu with "Transfer - Others" selected.
- Document Description**: A text box containing "GIFT-TRANSFER".
- Document is ***: Two radio buttons: "Executed" (selected) and "Not Executed".
- If Executed, Date of Document**: A text box followed by "(DD/MM/YYYY)".
- Executed in Duplicate ***: Two radio buttons: "Yes" and "No" (selected).
- Document Executed in**: Two radio buttons: "Singapore" (selected) and "Overseas - Receipt Date" followed by a text box and "(DD/MM/YYYY)".

Under Document Type, please select "Transfer-Others".

Under Document Description, please insert "Gift" followed by the "Description of the document" that you are stamping.

Premium/Consideration Paid (if any) (S\$) 1000000

Details of Transaction (Maximum of 350 characters)

Consideration is nil.

or

Consideration is nominal. \$1.00

Under Premium/Consideration Paid (if any):

Please key in the market value of the immovable property.

Under Details of Transaction

- i) If the consideration is nil, please state, "Consideration is nil.
- ii) If the consideration is nominal, please state, "Consideration is nominal". Please state the amount of consideration.

Details to note when completing the e-stamping form for documents involving shares

The screenshot shows the E-Stamping system interface. At the top left is the logo and the text "E-Stamping". Below this is a navigation menu with links: Home Page, Main Menu, Send Message, Receive Message, Bill Enquiry, Change Password, Logout, and Email. A note states: "Note: * indicates mandatory field." The main form area contains the following fields:

- Stamp Duty Type ***: A dropdown menu currently showing "Share Transfer (Ad Valorem)".
- Mode ***: Three radio buttons labeled "Create", "Update", and "Enquire". The "Create" radio button is selected.
- Below the radio buttons are two buttons: "SUBMIT" and "CLEAR".

Select the "Share Transfer (Ad Valorem)" module in the E-Stamping system.

The screenshot shows the financial details section of the form with the following fields:

- Real Properties (including development)**: Input field.
- Click ADDRESS to enter Property Address**: Instruction with a button.
- All Other Assets (Other than Real Property) (S\$)**: Input field.
- Total Assets (S\$)**: Input field.
- Total Liabilities (S\$)**: Input field.
- Net Asset Value (NAV) (S\$)**: Input field.
- No. of Issued Shares**: Input field.
- NAV Per Share (S\$) ***: Input field.
- No. of Shares Transferred ***: Input field.
- NAV of Shares Transferred (S\$)**: Input field.
- Consideration (S\$) ***: Input field containing the value "0.01".

Two callout boxes provide additional instructions:

- The first callout box points to the "NAV of Shares Transferred" field and contains the text: "Key in the details of the accounts of the company to derive the NAV of shares transferred."
- The second callout box points to the "Consideration" field and contains the text: "If the consideration is nil, please key in the value as '0.01'".
"If the consideration is nominal, state the amount of consideration."

SECTION E : PENALTY / REMARKS

Please input the following information

For calculation of penalty

1. Document is/will be tendered as evidence in court Yes No

2. Reason for delay in stamping

For recording of remarks

3. Any additional comments relating to this document
(Maximum of 140 characters)

Under recording of remarks

- i) If the consideration is nil, please state, "Consideration is nil".

- ii) If the consideration is nominal, please state, "Consideration is nominal". Please state the amount of consideration.

SAMPLE FORM E5D



Commissioner of Stamp Duties
55 Newton Road, Revenue
House
Singapore 307987
Tel: 63513697/8

**FORM E5D
REQUISITION FORM FOR
OTHER TRANSFERS**

INLAND REVENUE
AUTHORITY
OF SINGAPORE

FOR IRAS/SNS USE	Date	____ / ____ / ____	Queue No.	_____
	Processed by	_____	Doc No.	_____

Please complete this Form in BLOCK letters

Particulars of Person Submitting Document for Stamping

Name _____

Address _____

Tel No. _____

I certify that the information provided below is a true and accurate account of the transaction as they are recorded in the document.

Please e-stamp the document with - ORIGINAL \$ _____ . _____

DUPLICATE \$ _____ . _____

TOTAL \$ _____ . _____

Signature _____

Name of Signatory _____

For Document Type, select "Others" and specify as "Gift" followed by "Description of the document" that you are stamping.

SECTION A: DETAILS OF DOCUMENT FOR STAMPING

Document Type: Transmission Application On Death Of Proprietor

Transfer to the President of the Republic of Singapore

Others, please specify: G I F T - T R A N S F E R

Is Document signed? YES NO If YES, Date of Document ____ / ____ / ____

Signed / Will be signed in duplicate? YES NO

Document is signed in Singapore Overseas If Overseas, Date Document was received in Singapore ____ / ____ / ____

SECTION B: PARTICULARS OF PROPERTIES / SHARES #

Building:

Blk/House No. _____

Street Name _____

Storey-Unit No. _____ - _____ Postal Code _____

Vacant Land:

MK/TS No. _____ Lot No. _____ PL/PT/Parcel No. _____

Stocks & Shares:

No. of stocks / shares

Name of company

Premium / Consideration Paid (if any)

(S\$)

1 0 0 0 0 0 0

Under Premium/Consideration Paid, state the market value of the immovable property.

SECTION B: DETAILS OF TRANSACTION

C O N S I D E R A T I O N I S N I L

O R

C O N S I D E R A T I O N I S

N O M I N A L . \$ 1 . 0 0

Under Details of Transaction

- i) If the consideration is nil, please state, "Consideration is nil".
- ii) If the consideration is nominal, please state, "Consideration is nominal". Please state the amount of consideration.

SECTION C: PARTICULARS OF TRANSFEROR #

Name

Identity Type:

NRIC

FIN

PASSPORT

ROC

ROB

OTHERS

Identity No.

Name

Identity Type:

NRIC

FIN

PASSPORT

ROC

ROB

OTHERS

Identity No.

SECTION D: PARTICULARS OF TRANSFEREE #

Name

Identity Type:

NRIC

FIN

PASSPORT

ROC

ROB

OTHERS

Identity No.

Address:

Block/House No.

Street Name

Storey -Unit No.

-

Postal Code

OPTION 1

Date of Company Incorporation / /
D D M M Y Y Y Y

No. of Shares Transferred

Total par or paid up value of shares transferred \$

Consideration \$

If the consideration is nil, please state the value as "0.01"
If the consideration is nominal, state the amount of consideration.

OPTION 2

Audited accounts as at / /
D D M M Y Y Y Y

Net Asset Value Per Share \$

No. of Shares Transferred

Consideration \$

(attach Working Sheet C)

(GIFT- TRANSFER)

OPTION 3

No. of Shares Transferred

Market Value Per Share as at Date of Transfer

Consideration \$

Please state "GIFT" followed by the "Description of the document" that you are stamping for both gift/nominal cases.

SECTION C: PARTICULARS OF TRANSFEROR #

Name

Identity Type: NRIC FIN PASSPORT ROC ROB OTHERS

Identity No.

SECTION D: PARTICULARS OF TRANSFEREE #

Name

Identity Type: NRIC FIN PASSPORT ROC ROB OTHERS

Identity No.

Address: Block/House No.

Street Name

Storey -Unit No. - Postal Code

Use copies of this page if the space provided is insufficient