

# **IRAS e-Tax Guide**

## **STAMP DUTY TREATMENT AND STAMPING PROCEDURE FOR GIFT CASES (Second Edition)**



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

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Paragraphs

7 – Replaced 7.1 and 7.2 with new advice on stamping procedures

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# STAMP DUTY TREATMENT AND STAMPING PROCEDURE FOR GIFT CASES<sup>1</sup>

## 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.

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<sup>1</sup> 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

- 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 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, adjudication<sup>2</sup> and valuation<sup>3</sup> 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.

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<sup>2</sup> 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.

<sup>3</sup> 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.

## 7 Procedure for stamping of Gift Cases

### 7.1 For self stamping

7.1.1 Please visit the E-stamping website at <https://estamping.iras.gov.sg>. Please select the “Transfer of immovable property/ land/ stocks and shares by way of gift” module and fill in the details.

7.1.2 Payment will be via e-NETS (internet banking). You would need an existing internet banking account with DBS/POSB, UOB or Citibank. There is a daily payment limit of up to \$3,000, unless otherwise specified by your bank. If the limit is exceeded, you can proceed to generate a payment voucher. Please write the Document Reference Number on the back of your cheque or cashier’s order and mail it with the payment voucher to the address stated. You can also deposit them in the Cheque Deposit Box outside the Taxpayer Services Centre at IRAS. Once your cheque or cashier’s order is cleared, a notification to print the stamp certificate will be sent to your email address provided. If you did not provide an email address, the stamp certificate will be mailed to you.

7.1.3 Alternatively, you can use the payment voucher to make payment at SingPost service bureaus located at Novena, Chinatown Point and Robinson Road. NETS, cheque, cashier order or cash are accepted. A service fee of \$5 will be payable for the services rendered.

### 7.2 For stamping by service bureau

7.2.1 Please use the prescribed requisition Form E6A (for immovable properties) or E6B (for shares) for stamping at SingPost Service Bureau at Novena, Chinatown Point and Robinson Road. You are advised to complete the prescribed requisition forms before being served. A service fee of \$25 will be payable for the services rendered.

7.2.2 The prescribed requisition forms can be downloaded from our E-stamping website at <https://estamping.iras.gov.sg>.

## **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. 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

### **4. 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.

### **5. 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.

**6. 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.