

# **IRAS CIRCULAR**

## **REINSTATEMENT OF PROPERTY TAX EXEMPTION FOR LAND UNDER DEVELOPMENT**



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## **REINSTATEMENT OF PROPERTY TAX EXEMPTION FOR LAND UNDER DEVELOPMENT**

Property tax exemption for land under development, last reinstated in 1998, was withdrawn with effect from 26th February 2000 when the property market showed signs of recovery and property transaction volumes picked up.

In the light of the weakened property sector, the Government has decided to reinstate the property tax exemption for land under development for 2 years with immediate effect. The exemption will apply as follows:

- (a) in cases where the foundation works for the building commenced before 12th October 2001, from 12th October 2001 until the earlier of -
  - (i) 11th October 2003; or
  - (ii) date of issue of Temporary Occupation Permit (TOP), or where the TOP is not issued, the date of issue of the Certificate of Statutory Completion (CSC).
  
- (b) in cases where the foundation works for the building commenced on or after 12th October 2001, from the date of commencement of the foundation works until the earlier of -
  - (i) 11th October 2003; or
  - (ii) date of issue of the TOP, or where TOP is not issued, the date of issue of the CSC.

To claim for the property tax exemption for land under development, an owner (new applicant) is required to submit a claim form (Form IR423 - Form for exemption of property tax for land under development) to the Comptroller of Property Tax within 6 months after the completion of the floor slab of the first storey or lowest basement of the development. The form is available through downloading from our website at [www.iras.gov.sg](http://www.iras.gov.sg). Taxpayers can also call our helpline for a copy of the form to be sent to them.

For an owner who is currently granted property tax exemption for land under development under the Property Tax (Exemption of Land Under Development) Order 1998 (hereinafter referred as "1998 PT order"), but whose property tax exemption may expire on or after 26th February 2003 but before 11th October 2003 by virtue of that Order even though the development has yet to be completed when the property tax exemption expires, the owner will continue to be granted property tax exemption for the period 27th February 2003 to 11th October 2003 or the date of issue of TOP or CSC, as the case may be, whichever is earlier. In such cases, there is no need for the owner to apply to the Comptroller of Property Tax to have the property tax exemption extended to 11th October 2003.

To illustrate, an owner may have commenced development work on his land on 1st January 1998. Under the 1998 PT Order, he would, on due claim, have been

granted property tax exemption on the land under development for the period 27th February 1998 to 26th February 2003 if the development is not completed earlier. With the reinstatement of the property tax exemption for land under development for 2 years announced by DPM this afternoon, the owner will now automatically be granted the property tax exemption for the period from 27th February 2003 to 11th October 2003 so long as the development remains uncompleted during this period. However, if a Temporary Occupation Permit (TOP), or where the TOP is not issued, a Certificate of Statutory Completion (CSC), is issued on any date from 27th February 2003 but before 12th October 2003, say 1st June 2003, then the owner will only be granted property tax exemption for the further period from 27th February 2003 to 1st June 2003.

For an owner who is currently granted property tax exemption for land under development under the 1998 PT Order and whose exemption period for the development under that Order may extend beyond 11th October 2003, the owner can continue to enjoy the property tax exemption for the period stipulated under that Order.

The table at Appendix provides further examples to illustrate how the property tax exemption for land under development reinstated for 2 years from 12th October 2001 will apply to owners who are currently granted property tax exemption for land under development under the 1998 PT Order.

Clarification on this tax change may be referred to 1800-356-8600.

## APPENDIX

**Examples illustrating how the property tax exemption for land under development reinstated for 2 years from 12<sup>th</sup> October 2001 will apply to owners who are currently granted property tax exemption for land under development under the Property Tax (Exemption of Land Under Development) Order 1998 (referred hereafter as “1998 PT Order”)**

Date of commencement of foundation work of building	Commencement of property tax exemption under 1998 PT Order	Expiry of property tax exemption under 1998 PT Order	Whether or not building has been completed (i.e. TOP or CSC, as the case may be, issued) on the date of expiry of property tax exemption under the 1998 PT Order?	Whether or not property tax exemption granted till 11 <sup>th</sup> October 2003 by virtue of the reinstatement of property tax exemption for land under development for 2 years from 12 <sup>th</sup> October 2001?
1.1.1998	27.2.1998	26.2.2003	No	Yes, property tax exemption will be granted for the period 27.2.2003 to 11.10.2003 or date of issue of TOP/CSC whichever is earlier.
1.2.1998	27.2.1998	26.2.2003	No	Yes, property tax exemption will be granted for the period 27.2.2003 to 11.10.2003 or date of issue of TOP/CSC whichever is earlier.
1.5.1998	1.5.1998	30.4.2003	No	Yes, property tax exemption will be granted for the period 1.5.2003 to 11.10.2003 or date of issue of TOP/CSC whichever is earlier.
1.8.1998	1.8.1998	31.7.2003	No	Yes, property tax exemption will be granted for the period 1.8.2003 to 11.10.2003 or date of issue of TOP/CSC whichever is earlier.
1.10.1998	1.10.1998	30.9.2003	No	Yes, property tax exemption will be granted for the period 1.10.2003 to 11.10.2003 or date of issue of TOP/CSC whichever is earlier.
12.10.1998	12.10.1998	11.10.2003	No	Not applicable, as the expiry date of property tax exemption under the 1998 PT Order coincides with the expiry date of the property tax exemption reinstated for 2 years from 12 <sup>th</sup> October 2001.
1.5.1999	1.5.1999	30.4.2004	No	Not applicable. Owner will be granted property tax exemption up to 20.4.2004 under the 1998 PT Order.