

# **IRAS e-Tax Guide**

**Revision of Annual Values for HDB Flats  
from 1 Jan 2010**



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## **1. Overview**

IRAS has raised the Annual Values (AV) of all HDB flats with effect from 1 January 2010 to reflect prevailing market rentals. HDB owners should have received their 2010 annual property tax bill sent in the months of November and December 2009.

This guide provides the Frequently Asked Questions on the revision of AVs for HDB Flats.

## **2. Frequently Asked Questions on Revision of AVs**

### **2.1 What is AV? How is my AV derived?**

AV is the estimated annual rent that your property can fetch. It is generally determined based on market rentals for similar properties in the vicinity, regardless of whether it is rented out, owner-occupied or vacant.

### **2.2 How is property tax calculated?**

AV is used to compute the property tax of each property. The property tax rate for a flat that is let-out is 10%. However, the property tax payable for owner-occupied HDB flats is pegged at a concessionary rate of 4% of the AV of the flat.

### **2.3 Why is my AV revised?**

Your AV is revised to reflect current market rentals for similar HDB flats in your vicinity. Information on HDB rentals is available at <http://www.hdb.gov.sg>, under "Renting a Flat> From Open Market> Statistics".

### **2.4 My flat is not rented out. Why is AV determined based on rental value?**

Property tax is an asset tax based on property ownership. IRAS uses the market rent as the proxy for a property's assessable value. The assessable value or "Annual Value" is the same irrespective of whether the property is owner-occupied or rented out. The property tax payable is calculated at a percentage rate of the annual value determined. The standard property tax rate is 10%. However, to encourage home ownership, owner-occupiers of residential properties currently pay a concessionary property tax rate of 4% instead.

## 2.5 Do I have to pay more tax in January 2010?

IRAS reviews the AVs of properties annually, and adjusts the value up or down if it is justified by market conditions. Generally an increase in the AV of a property leads to an increase in property tax payable.

### AV revision for HDB flats on 1 January 2010

The last AV revision for HDB flats was done **two years ago** on 1 January 2008, based on rental values in 2007. AVs for HDB flats were not revised on 1 January 2009, notwithstanding that HDB rentals had increased significantly (by between 31 to 37%) in 2008 relative to 2007. The adjustment in AVs was deferred in view of the uncertainty in market rental trends in the midst of the economic recession. Indeed, market rentals have declined from their peak in fourth quarter 2008 through the first half of 2009. Nonetheless, market rentals today still stand significantly higher than what the 2008 AVs of HDB flats reflect. Given the stabilizing rental market, and that rentals have remained persistently higher across the spectrum of HDB estates in Singapore compared to 2008, IRAS has to adjust the AVs of HDB flats. Deferring an AV increase may lead to a greater increase in the future should HDB rentals continue to trend upwards.

### Lapsing of Two Property Tax Rebates on 31 December 2009

By end 2009, two existing property tax rebates: the \$100 rebate (as part of the GST Offset Package announced in Budget 2007) and the 40% rebate for owner-occupied residential properties (announced in Budget 2009) were scheduled to expire.

### New Property Tax Rebate for Owner-Occupied Properties in 2010

To help HDB homeowners adjust to the January 2010 AV increase, the Government will grant a new property tax rebate to all HDB owner-occupiers for the property tax payable in 2010. This new rebate granted to all HDB owner-occupiers will apply to property tax payable in 2010 after deducting the 1994 GST Rebate<sup>1</sup>, which is available to all residential property owner-occupiers.

The new rebate is set at 50% of the property tax payable, and capped at \$120.

To provide more help to owner-occupiers of smaller HDB flats, the rebate will be the lower of \$50 or the actual property tax amount. This means that flats with a property tax of \$50 and below<sup>2</sup> will not need to pay property tax in 2010.

Please refer to the calculation examples of the new rebate in Paragraph 2.7.

## 2.6 How do I calculate the property tax payable for my flat?

You can use the interactive calculator at the following website link: [http://www.iras.gov.sg/Tax%20Calculators/HDB/PT\\_HDB.html](http://www.iras.gov.sg/Tax%20Calculators/HDB/PT_HDB.html) to calculate your property tax payable for 2010. Please enter the annual value and tax rate as indicated in your annual property tax bill.

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<sup>1</sup> Owner-occupiers of all residential properties will continue to enjoy the property tax rebate that has been given since 1994 when GST was first introduced.

<sup>2</sup> Property tax payable after deducting the 1994 GST rebate.

## 2.7 Calculation Examples of Property Tax Payable for Different Flat Types

### Example of property tax for a 2-room HDB Flat

	Annual Value	Owner-Occupier Tax Rate	Tax Payable
Property Tax based on Annual Value			
1 Jan 2010 – 31 Dec 2010	4,800	4%	\$192.00
Less : GST Rebate			<u>\$150.00</u>
		Sub Total	\$ 42.00
Less : Owner-Occupied HDB Rebate			<u>\$ 42.00</u>
		Total	<u>\$ 0.00</u>

### Example of property tax for a 3-room HDB Flat

	Annual Value	Owner-Occupier Tax Rate	Tax Payable
Property Tax based on Annual Value			
1 Jan 2010 – 31 Dec 2010	6,900	4%	\$276.00
Less : GST Rebate			<u>\$100.00</u>
		Sub Total	\$176.00
Less : Owner-Occupied HDB Rebate			<u>\$ 88.00</u>
		Total	<u>\$ 88.00</u>

### Example of property tax for a 4-room HDB Flat

	Annual Value	Owner-Occupier Tax Rate	Tax Payable
Property Tax based on Annual Value			
1 Jan 2010 – 31 Dec 2010	9,000	4%	\$360.00
Less : GST Rebate			<u>\$ 50.00</u>
		Sub Total	\$310.00
Less : Owner-Occupied HDB Rebate			<u>\$120.00</u>
		Total	<u>\$190.00</u>

## 2.8 How do I pay?

IRAS would like to encourage HDB owners to pay their property tax via GIRO to enjoy up to 12 monthly interest-free installments. With GIRO, they can maximise their cash flow without having to worry about payment due dates.

HDB owners who are DBS/POSB ATM card holders can apply for GIRO via the D-Pay (Direct Pay) enabled AXS Stations and get instant approval for their GIRO applications. GIRO application forms are also available on IRAS' website ([www.iras.gov.sg](http://www.iras.gov.sg)) > Quick Links > Forms > GIRO Application Forms.

Those who wish to pay their property tax in full can do so via Internet Banking or at self-service kiosks like AXS Stations and SAM.

## 2.9 Can I object to the AV?

If you do not agree with the AV, you may log into myTax Portal (<http://mytax.iras.gov.sg>) to file an online objection stating your grounds of objection.

### Step-by-step guide on how to login to myTax Portal

- a) Select "I am logging in for My Personal Tax Matters"
- b) Click "SingPass" to login using SingPass or "IRAS PIN" to login using IRAS PIN

If you have selected to login using Singpass, select SingPass ID type from the drop down list and enter your SingPass ID. Click Submit to proceed with login. Next, enter your SingPass and click Login to proceed with login;

Or

If you have selected to login using "IRAS PIN", select your tax reference number type from the dropdown list and enter your tax reference number. Enter your IRAS PIN and click Login to proceed with login.

- c) To file an objection online, select "Property Tax" from the left-hand side menu. Click on "File objections to Annual Value" from the list of Property Tax e-Services.
- d) Enter the property address and click Query. An objection template will be launched for you to enter the objection details.

## 2.10 Who can I call to make enquiries?

For more enquiries, you may contact the property tax helpline at 1800 356 8300 or email [propertytax@iras.gov.sg](mailto:propertytax@iras.gov.sg).