

IRAS CIRCULAR

CONVEYANCING MATTERS RELATING TO PROPERTY TAX



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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Law Society of Singapore
(Conveyancing Practice)

Dear Sir

CONVEYANCING MATTERS RELATING TO PROPERTY TAX

As a follow up on the meeting between the Law Society of Singapore (Conveyancing Practice) and the IRAS on the 12 January 2006, we would appreciate it if the Law Society could help to disseminate the following information to all your members.

1) *Submission of all claims for Vacancy Refund and Owner-Occupier Concessionary tax, before completion of sale of property*

On sale of property, seller should settle any claim for vacancy refund (VR) or owner-occupier concessionary tax (OO) before completion of sale of property. IRAS will not accept claims for VR and OO from the seller after he ceases to be the owner of the property.

Please remind your clients to submit their claims, if any, for VR and OO **before** the completion of sale of property.

2) *Settlement of the outstanding property tax before the seller terminates his GIRO arrangement*

Property Tax is payable yearly in advance. Enforcement action will be taken to recover any outstanding property tax unless there is a subsisting GIRO instalment arrangement plan. On sale of property, if the seller terminates his GIRO arrangement prematurely before the filing of the Notice of Transfer (NT), the outstanding property tax is to be paid immediately to avoid any enforcement action by IRAS.

Please remind your clients to settle the property tax in full on completion of sale of property. The seller may inform his bank to cancel his GIRO instruction¹ to avoid further deduction from his bank account on completion of sale of property.

If the property tax is not settled in full on sale of property, seller should avoid terminating his GIRO arrangement in advance before the filing of NT.

¹ Although all GIRO arrangements will be cancelled upon filing of NT, informing the bank to cancel the GIRO instruction will help to prevent over-deduction. As IRAS delivers the GIRO deduction tape to banks for processing a few days before the scheduled deduction, there might be an unintended deduction if the NT is filed during this timeframe.

Upon filing of NT, purchaser of property can submit his application for GIRO instalment arrangement with IRAS before enforcement action is taken to recover the overdue tax. The new GIRO application form should be sent to IRAS within 21 days after the filing of Notice of Transfer.

Other information for lawyers:

The cut-off date for GIRO deduction is the last working day of the month. If the request for GIRO termination² is received on or after the cut-off date, the GIRO deduction for the following month will still be deducted from the seller's bank account.

Please take this into consideration when apportioning the outstanding property tax for seller paying by GIRO.

Yours faithfully,

Fong Lee Kheng
for COMPTROLLER OF PROPERTY TAX

² This refers to direct requests to **IRAS** to terminate. Lawyers can still stop the following month deduction by terminating the GIRO arrangement through the **bank** at least 1 working day before the scheduled deduction date.