

IRAS CIRCULAR

PROPERTY TAX SURCHARGE (2006 BUDGET)



INLAND REVENUE
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Abolition of Property Tax Surcharge

- 1 The Property Tax (Surcharge) Act was enacted together with the Residential Property Act in 1974 to control the ownership of restricted residential properties by foreigners. Examples of such restricted properties include vacant residential lands and landed properties.
- 2 Under the Property Tax (Surcharge) Act, property tax surcharge is levied on foreign-owned restricted residential properties whose ownership commenced before 1 January 1974. The surcharge is levied in addition to the property tax payable for the property. The annual surcharge payable is equal to the annual property tax payable, before concessions, rebates and refunds. For example, if the annual value of a property is \$20,000 and the prevailing property tax rate 10%, the surcharge payable is $10\% \times \$20,000 = \$2,000$.
- 3 As the surcharge is no longer the appropriate instrument to regulate the foreign ownership of restricted landed properties, PM and Minister for Finance has decided to abolish the property tax (surcharge) and repeal the Property Tax (Surcharge) Act with effect from 1 July 2006.
- 4 Any enquiry on the above tax change may be referred to Ms Yan Bee Choo (DID: 63514402).