

IRAS CIRCULAR

WITHDRAWAL OF EXEMPTION FOR LAND UNDER DEVELOPMENT AND GRANTING OF “APPROVED BUILDING PROJECTS”



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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WITHDRAWAL OF EXEMPTION FOR LAND UNDER DEVELOPMENT AND GRANTING OF “APPROVED BUILDING PROJECTS”

In his Budget Statement on 1 March 1995, the Minister of Finance announced the withdrawal of the property tax exemption for land under development under the Property Tax (Exemption of Land Under Development) Order 1987. This will be replaced by the Property Tax (Exemption of Land Under Development) Order 1995. Under the new Order, only vacant land with “approved building project” status will qualify for the exemption.

“Approved Building Project”

An “Approved Building Project” status will be granted to projects which meet the following criteria:-

- (i) The owner of the project or development must have committed at least \$500 million on the buildings and improvements. (Land costs are to be excluded from the minimum qualifying sum).
- (ii) If the project does not meet the threshold value of \$500 million, the property owner must satisfy the Minister that the project will create substantial spin-offs and benefits for Singapore.
- (iii) In all cases, the project must have the support of EDB. EDB will use criteria similar to those used to assess tax incentive applications by companies viz:
 - (a) whether the project is a key-link in our industry cluster;
 - (b) the value-added per worker for the project, employment profile and new capabilities introduced by the company;
 - (c) the minimum fixed asset investment of \$50 million over a 5-year period.

Eligibility under the 1987 Order

Land which is currently exempted from property tax under the Property Tax (Exemption of Land Under Development) Order 1987 will continue to be exempted under the conditions stipulated in that Order. Land where foundation works have already commenced prior to 2 Mar 95 may still be eligible for the exemption under the old Order.

Procedure

A property owner who wishes to apply for the “approved building project” status will need to fill in an application form and submit his application to IRAS within 6 months from the date of written permission for the building project issued under the Planning Act.

For further queries, the public may call the Inland Revenue Authority of Singapore at 330-4760.