

# **IRAS CIRCULAR**

## **STAMPING A TRANSFER OF SHARES & DISTRIBUTION OF ASSETS IN SPECIE UPON LIQUIDATION OF COMPANY**



**INLAND REVENUE  
AUTHORITY  
OF SINGAPORE**

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**STAMPING A TRANSFER OF SHARES - SUBSTITUTION OF BALANCE SHEET  
VALUE OF PROPERTIES WITH MARKET VALUE NO LONGER A MANDATORY  
REQUIREMENT**

**DISTRIBUTION OF ASSETS IN SPECIE UPON LIQUIDATION OF COMPANY - AD  
VALOREM DUTY**

Please refer to annex A attached which details above two changes effective  
from 31 Aug 04. Please disseminate it to all your members.

Thank you.

Yours faithfully

MRS SHIRLEY Y L LEE  
DIRECTOR  
PROPERTY TAX DIVISION (STAMP DUTY)  
for COMMISSIONER OF STAMP DUTIES

**STAMPING A TRANSFER OF SHARES -  
SUBSTITUTION OF BALANCE SHEET VALUE OF PROPERTIES WITH MARKET  
VALUE NO LONGER A MANDATORY REQUIREMENT**

Stamp duty on a transfer of shares in a non-listed company is based on the consideration or the net asset value of the shares transferred, whichever is greater.

To arrive at the net asset value of the shares transferred, transferee of shares in companies that legally or beneficially own immovable properties currently have to determine the market value of properties owned by the company. This requirement applies to all transfers regardless of the number or value of shares transferred.

To facilitate the stamping of transfer of shares and to reduce taxpayers' compliance cost, we have decided not to make it mandatory that transferees must use market valuation of immovable properties to compute the net asset value of the shares transferred when stamping their transfers. Transferees may if they choose, use balance sheet values of properties to arrive at the net asset value. This will apply to any share transfer instrument dated on or after 31 Aug 04. At the same time, we have designed a simplified Worksheet C to compute net asset value. It will replace Worksheet A & B. These changes are in response to feedback.

IRAS will also continue to carry out back-end audit checks to ensure that the amount of duty paid is reflective of the true value of the shares transferred, especially for non-arms length cases.

**DISTRIBUTION OF ASSETS IN SPECIE UPON LIQUIDATION OF COMPANY - AD  
VALOREM DUTY**

Currently, when a company goes into liquidation and assets (immovable property, shares) of the company are distributed in specie to its shareholders, a fixed duty is payable on the instrument of transfer.

Since shareholders are acquiring property and shares per se, decision has been made that shareholders should pay ad valorem stamp duty on the transfer, similar to any acquisition of properties or shares. Stamp duty will be computed on the value of the properties or shares acquired. This will apply to any transfer resulting from a distribution in specie that is dated on or after 31 Aug 04.