

CASE STUDY OF AV DETERMINATION FOR RESIDENTIAL PROPERTIES

Mr X owns a 3 Bedroom property (3BR) at 5 Siglap Road with a size of 130sqm. He rented out his property with a gross rent of \$4,800.00 from 1 Jan 2017.

To determine the Annual Value (AV) for his property, IRAS relied on the market rentals of similar or comparable properties within his development.

Table 1: Market Rentals in 5 Siglap Road

Street Name	Storey	Unit No.	Bedroom Type	Floor Area	Gross Rent
5 Siglap Road	09	06	3BR	132	\$4,300
5 Siglap Road	04	03	3BR	130	\$4,400
5 Siglap Road	04	06	3BR	130	\$4,500
5 Siglap Road	02	04	3BR	132	\$4,650
5 Siglap Road	11	04	3BR	130	\$4,800
5 Siglap Road	03	04	3BR	132	\$5,000
5 Siglap Road	09	04	3BR	132	\$5,100
5 Siglap Road	12	03	3BR	130	\$5,250

The example provided above is a hypothetical situation and does not represent an actual case.

From our analysis, comparable properties within the development are fetching monthly rentals ranging from \$4,300 to \$5,250. After providing a reasonable allowance for furniture, furnishings and maintenance fees, we derived the AV of his property at \$36,000 (\$3,000 per month)*.

His neighbour, Mr Y owns another 3 Bedroom property with a size of 130sqm. Mr Y is owner-occupying his unit.

The AV for both Mr X and Mr Y's units is \$36,000. However, the tax payable differs based on the tax rates. As Mr Y is owner-occupying his unit, he only needs to pay \$1,120.00 because he is taxed at owner-occupier tax rates. Meanwhile Mr X needs to pay a higher amount of \$3,720.00 as he is renting out his unit and is taxed at Residential Tax Rates (non-owner-occupied).



*We may not necessarily adopt the apportioned rental in his Tenancy Agreement.