INLAND REVENUE AUTHORITY OF SINGAPORE

IRAS e-Tax Guide

Simplification of Claim of Rental Expenses for Individuals (Third Edition)

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Simplification of Claim of Rental Expenses for Individuals

1 Aim

1.1 This e-Tax Guide explains when and how an individual can opt to deduct an amount of deemed expenses, as a proxy for the actual amount of deductible rental expenses incurred, against his rental income.

1.2 It is relevant to individuals who derive rental income from the letting of residential properties in Singapore.

2 At a glance

2.1 With effect from Year of Assessment ("YA") 2016, an individual may claim an amount of deemed expenses against his passive rental income for a YA from the letting of a residential property in Singapore. This is in lieu of the actual amount of deductible expenses incurred (excluding interest expense) in producing such income.

2.2 The amount of deemed expenses allowable in respect of a residential property for a particular YA is determined based on 15% of the gross rental income derived from the letting of that residential property. An individual who has opted for the deemed expenses may still claim a deduction for the actual amount of interest expense he has incurred on the property, if any, against his rental income.

3 Glossary

3.1 Deductible Interest expenses

This refers to the interest payable on mortgage/housing loans taken to finance the purchase of the tenanted property which are deductible under section 14(1) of the Income Tax Act ("ITA").

3.2 Passive Rental Income

It refers to rental income that is assessable to tax under section 10(1)(f) of the ITA and includes rent payable on the premises, rent payable on the furniture and fittings provided in the property, as well as property maintenance fees payable by the tenants.

3.3 Residential Property

This refers to:

(a) any detached house, semi-detached house or terrace house; or

(b) any part of a building (such as a flat or a condominium unit) constructed or adapted for human habitation,

that has a single annual value ascribed to it in the Valuation List prepared under Section 10 of the Property Tax Act, and is permitted under the Planning Act to be used for a residential purpose.

However, it does not include any residential property which, at any time during the period rental income is derived in the basis period for a particular YA, is permitted under the Planning Act to be used whether wholly or in part for any purpose that is not a residential purpose such as that of a child care centre, workers' dormitory, etc[1].

[1] Other examples include accommodation facilities within any sports and recreational club, a chalet, student care centre, kindergarten, a welfare home, a hospital, hospice, place for rehabilitation, convalescence, nursing care or other similar purpose, a hotel, backpackers' hostel, boarding house, or guest house, a serviced apartment, staff quarters, a students' boarding house or hostel.

4 Background

4.1 Generally, rental income derived from the letting of a property is liable to tax under section 10(1)(f) of the ITA ("passive rental income"). The net amount of rental income subject to income tax will be the balance of the gross passive rental income after deducting allowable expenses such as property tax, repairs and maintenance, fire insurance, mortgage interest etc., incurred to produce the rental income.

4.2 An individual who has made a claim for deduction of actual rental expenses against his passive rental income is required to keep the relevant records of the expenses claimed for a period of 5 years from the YA to which the claim relate.

5 Deemed expense deduction for residential properties

5.1 To simplify tax filing and ease the burden of record keeping for taxpayers, an individual may opt on a yearly basis to deduct an amount of deemed expenses, in lieu of the actual amount of deductible expenses incurred, against his passive rental income from the letting of a residential property in Singapore. An individual who has claimed an amount of deemed expenses against his rental income can in addition, make a claim for deduction on allowable interest expenses, if any.

5.2 The amount of deemed expenses allowable in respect of a residential property is 15% of the gross rental income. This amount of deemed expenses is considered to be generally in line with the amount of common rental expenses (such as property tax, property maintenance fees and minor repairs) that a landlord will incur.

Below is a comparison of the computation of net rent based on actual expenses incurred and where an option to claim an amount of deemed expenses is made:

Mr X has rented out his residential property at a gross rent of $4,000 per month from 1 Jan 2025 to 31 Dec 2025. He has incurred expenses on property tax, maintenance fees and fire insurance totalling $7,000. In addition, he paid housing loan interest of $9,500 in 2025.

Gross Rent for 2025 (i.e. $4,000 x 12)	$48,000
Deductible expenses incurred (excluding interest)	$7,000
Housing loan interest	$9,500
Deemed expenses (i.e.15% of $48,000)	$7,200

For YA 2026, the computation of net rent under the two options is as follows:

Deduction is claimed on	**Actual amount of expenses**	**Amount of deemed expenses**
Gross Rent	$48,000	$48,000
Less: Housing Loan Interest	$9,500	$9,500
Other deductible Expenses	$7,000	$7,200
Net Rent	$31,500	$31,300

6 Option to be applied consistently across all tenanted residential properties in the same YA

6.1 If an individual has more than one tenanted residential property, he cannot opt to claim actual allowable expenses incurred for some tenanted residential properties and an amount of deemed expenses for other residential properties in the same YA. He must claim his rental expenses using one option and apply it consistently across all his tenanted residential properties for that YA.

7 Circumstances under which an individual cannot claim an amount of deemed expenses

7.1 An Individual cannot claim to deduct an amount of deemed expenses against any rental income if:

(a) He did not incur any deductible expense (excluding interest expense) in the production of the rental income.

(b) His rental income was derived through a partnership.

(c) His rental income was derived from a property held under a trust.

8 Administrative procedure

8.1 For an individual who e-files, the amount of deemed expenses will be computed based on the gross rental income pre-filled or declared by him when he e-files his income tax return. A taxpayer may opt out of the deduction of the amount of deemed expenses and claim the actual deductible expenses by filling in the relevant amount of expenses.

8.2 For an individual who paper-files, as his rental income will not be pre-filled, he would need to declare in his income tax return, his rental income derived from the residential property and claim for a deduction on either the amount of deemed expenses or the actual amount of deductible expenses incurred in the production of his rental income.

8.3 As the objective of the tax change is to simplify tax filing and ease the burden of record keeping, a taxpayer is not required to keep record of the rental expenses incurred if he claimed only the amount of deemed expenses. However, if he made a claim for interest expenses or a deduction based on actual expenses incurred, he is required to maintain the relevant supporting documents for a period of 5 years from the YA to which the claim relate. These documents may be requested by IRAS for audit purpose.

9 Contact information

9.1 For enquiries on this e-Tax Guide, please contact us at www.iras.gov.sg (select “Contact Us” > “Individual Income Tax”).

10 Updates and amendments

	Date of amendment	Amendments made
1	18 Mar 2016	a) Amended the meaning of the term “residential property” in paragraph 3.3. b) Inserted a new question 7 in Annex A and amended questions 4, 6, 8 (previously question 7).
2	30 Jan 2026	Updated the FAQ in Annex A.

Annex A – Frequently Asked Questions (FAQ)

1. My gross rental income is $10,000. Can I claim an amount of deemed expenses of $1,500 (15% x $10,000) against my gross rental income, if the actual amount of rental expenses I incurred was less than $1,500?

Yes. This is provided that you have incurred an amount of deductible expense (excluding interest expense), such as property tax, in deriving your rental income.

2. If the property is co-owned by 2 or more owners, is it a requirement for all the co-owners to opt for the same treatment i.e. all the owners must either elect to deduct an amount of deemed expenses or the actual amount of expenses incurred?

Where the property is under joint-ownership, each co-owner can make his/her own option to deduct either an amount of deemed expenses or the actual amount of expenses incurred, against his/ her rental income. In other words, there is no requirement for all co-owners to opt for the same treatment.

For example, Mr A, Mr B and Mr C derived rental income from their co-owned residential property in Singapore, in equal shares as follows:

	Co-owner Mr A	**Co-owner Mr B**	**Co-owner Mr C**
(a) Gross rental income (1/3 each)	$10,000	$10,000	$10,000
(b)Total deductible expenses incurred $4,680 (1/3 each)	$1,560	$1,560	$1,560
(c) Deemed expenses [15% of (a)]	$1,500	$1,500	$1,500
Whether co-owner opted to deduct deemed expenses	Yes	Yes	No

While Mr A and Mr B may opt to deduct an amount of deemed expenses against their share of rental income, Mr C may choose to deduct one third of the actual amount of expenses incurred against his share of rental income. This is provided that Mr C is able to substantiate his claims for the expenses incurred with the relevant supporting documents

If IRAS subsequently disallows a deduction on some of the actual expenses claimed by Mr C, this would not affect Mr A and Mr B's claim for deduction of the deemed expenses.

3. I have 3 tenanted residential properties. For one of the properties, the total expenses incurred (excluding interest expense) was more than 15% of gross rental income and for the other two, the expenses incurred for each was less than 15% of the gross rental income. Can I opt to claim deduction on the actual expenses incurred for the first property and claim the deemed expenses for the other two properties in the same YA?

No, you will have to claim either actual expenses (excluding interest expenses) or deemed expenses for all the three tenanted residential properties.

4. I have 2 tenanted properties, one of them is a residential property and the other is a commercial property. Can I claim a deduction on the amount of deemed expenses against my rental income from both properties?

No, you can only deduct an amount of deemed expenses against your rental income derived from the residential property. You will have to claim the actual amount of expenses incurred against the rental income derived from the commercial property.

5. Why is the option to deduct an amount of deemed expenses based on 15% of the gross rental income not extended to non-residential properties?

Non-residential properties are generally used for commercial activities. The amount of deductible expenses associated with such properties may vary widely depending on how they are used and the activities carried out on the premises. Thus, an amount of deemed expenses based on 15% of the income from the letting of non-residential properties may not be sufficiently representative as a proxy for the amount of actual deductible expenses incurred in producing the rental income from these properties.

6. I own a 2-storey shop house to which there is only one annual value ascribed for the entire unit. The entire unit was rented out, and while the ground floor was permitted under the Planning Act to be used as a coffee shop, the upper floor is permitted for residential use. Can I claim an amount of deemed expenses against my rental income from the letting of the entire unit?

No, you cannot claim 15% deemed expenses because part of the property was permitted under the Planning Act to be used for a non-residential purpose at any time during the period rental income was derived. You will have to claim the actual amount of deductible expenses incurred against your rental income.

7. Part of my terrace house was permitted under the Planning Act to be used for non-residential purpose, and the entire property was rented to a tenant for residential use. Can I claim an amount of deemed expenses against my rental income from the letting of the entire unit?

No, you cannot claim 15% deemed expenses because part of the property was permitted under the Planning Act to be used for a non-residential purpose at any time during the period rental income was derived. You will have to claim the actual amount of deductible expenses incurred against your rental income.

8. I rented out my semi-detached property which is permitted under the Planning Act to be used as a kindergarten. Can I claim an amount of deemed expenses against my passive rental income from the property?

No, you cannot claim 15% deemed expenses because the property was permitted under the Planning Act to be used for a non-residential purpose at any time during the period rental income was derived. You will have to claim the actual amount of deductible expenses incurred against your rental income.

9. I derived rental income from letting out a room in my HDB flat. Can I claim an amount of deemed expenses against my rental income?

Yes. This is provided that you have incurred an amount of deductible expense (excluding interest expense), such as property tax, in deriving your rental income.

10. I derived rental income from sub-letting a residential property in Singapore. Can I claim an amount of deemed expenses against my rental income?

Yes. This is provided that you have incurred an amount of deductible expense (excluding interest expense) in deriving your rental income from sub-letting the property.

11. I am operating a business of letting out residential properties. Can I claim an amount of deemed expenses against my business revenue?

No. The option to deduct an amount of deemed expenses against rental income does not apply as your income is assessable to tax as trade income under section 10(1)(a) of the ITA, and not assessable to tax as passive rental income under Section 10(1)(f) of the ITA. You may claim the actual amount of deductible expenses incurred against your trade income.

12. Can I claim an amount of deemed expenses against my rental income when I report my income for one YA and opt to deduct the actual amount of expenses incurred against my rental income for a subsequent YA?

Yes. For your claims of actual expenses incurred against the rental income for the relevant YA, you must substantiate your claims with the relevant supporting documents.

13. Is the option to deduct an amount of deemed expenses available to a non-resident individual taxpayer who derived rental income from letting out residential property in Singapore?

Yes.

14. If I have claimed an amount of deemed expenses against my rental income, can I change my decision subsequently and claim a deduction based on actual expenses incurred instead?

If you would like to change your option, you will have to inform the Comptroller of Income Tax within 30 days from the date of the Notice of Assessment.