INLAND REVENUE AUTHORITY OF SINGAPORE

IRAS e-Tax Guide

Stamp Duty: Additional Conveyance Duties on Property-Holding Entities (Fourth Edition)

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1 Aim

1.1 This guide explains:

a) the Additional Conveyance Duties ("ACD") which came into effect on 11 Mar 2017;
b) the ACD treatment; and
c) the calculation of the ACD on acquisition/disposal of equity interest in property-holding entities ("PHEs") whose primary tangible assets are Singapore residential properties.

2 At a Glance

2.1 ACD is applicable on qualifying acquisition and disposal of equity interest in PHEs on or after 11 Mar 2017. The purpose is to address the stamp duty rate differential[1] between direct acquisition/disposal of residential properties and indirect acquisition/disposal of residential properties via an entity.

2.2 Under the ACD provisions, a qualifying acquisition/disposal of equity interest in a PHE will be treated as a transfer of interest in the underlying residential properties and therefore, attract the ACD in addition to the share transfer duty which may apply on the acquisition/disposal of equity interest in a company.

2.3 ACD is not applicable to you if you and your associates do not have significant interest in the PHE after the acquisition.

[1] For example, when a buyer purchases shares in a holding company that owns residential properties, the stamp duty paid is at most 0.2% on shares while Buyer's Stamp Duty and Additional Buyer's Stamp Duty are not payable. Likewise, the seller of shares will not be subject to Seller's Stamp Duty on the indirect disposal of property.

3 Glossary

3.1 **Buyer** for the purpose of this guide is also known as the transferee, assignee or grantee.

3.2 **Seller** for the purpose of this guide is also known as the transferor, assignor or grantor.

3.3 **Entity** with reference to a PHE refers to a company, property trust, partnership, limited partnership ("LP") and limited liability partnership ("LLP").

3.4 **Equity interest** means
a) an issued share of a company (excluding treasury shares);
b) a share in the partnership (i.e. Partnership, LP and LLP) derived based on the partner's entitlement to the partnership property upon dissolution/winding up of the partnership or the profits of the partnership; or
c) a unit in the property trust derived based on the share(s) in the beneficial ownership in the trust asset; or share(s) in the profit/income/other payments or returns from the management of the property or operation of business using the property.

3.5 **Property trust** is a trust that holds/invests in prescribed immovable properties or equity interest in an entity that holds/invests in prescribed immovable properties.

4 Overview of the ACD treatment

4.1 When is an entity considered a PHE?

A PHE is an entity which has at least 50% (i.e. asset ratio) of its total tangible assets comprising prescribed immovable properties ("PIP") in Singapore. A PHE can be a Type 1 PHE and/or a Type 2 PHE.

4.1.1. **Type 1 PHE** means the target entity[2] has PIP of which the market value makes up at least 50% of the value of the entity's total tangible assets ("TTA").

4.1.2. **Type 2 PHE** means the target entity:

a) has 50% or more beneficial interest (directly/indirectly) in one or more entities each of which is a Type 1 PHE (henceforth referred to as "related entities"); **AND**

b) the sum of the market value of the PIP beneficially owned by the target entity directly and indirectly through its related entities is at least 50% of the TTA of the target entity and all the entities which the target entity has 50% or more beneficial interest (directly/indirectly) in.

What is considered as a prescribed immovable property ("PIP")?

PIP mean any immovable property that is –

a) zoned, or situated on land that is zoned:
   i) "Residential",
   ii) "Commercial and Residential";
   iii) "Residential/Institution";
   iv) "Residential with Commercial at 1st Storey", or
   v) "White";

b) permitted to be used by a written permission[3] or notification[4] for solely residential purposes or for mixed purposes one of which is residential; or

c) used for solely residential purposes or for mixed purposes one of which is residential, in a case where the property was so used on 1 Feb 1960 and has not been put to any other use since that date, and where such use is not the subject of a written permission or notification mentioned in sub-paragraph (b).

Please refer to Annex A for illustrations of PHEs.

[2] Target entity is one whose equity interest is being acquired/disposed of.
[3] Given under section 14(4) of the Planning Act (Cap. 232) (not being one that is given for a period of 10 years or less)
[4] Under section 21(6) of the Planning Act

4.2 When does qualifying acquisition/disposal occur?

4.2.1 A **qualifying acquisition** happens when equity interest in a PHE (i.e. the target entity) is acquired and the buyer (with any associates):

a) is already a significant owner of the PHE before the acquisition; **or**
b) becomes a significant owner of the PHE after the acquisition.

4.2.2 A **qualifying disposal** happens when the seller (together with any associates) is a significant owner of the PHE and the equity interest of the PHE disposed of:

a) is acquired on or after 11 Mar 2017; **and**
b) disposed of within 3 years of acquisition ("holding period") on a first-in first-out ("FIFO") basis.

Each qualifying acquisition/disposal on or after 11 Mar 2017 is subject to the additional conveyance duties for buyers ("ACDB") and/or sellers ("ACDS").

Who are my associates[5]?
Associates refer to an individual or entity who has direct ownership in the PHE and the relationship between the associates and the buyer/seller is any one of the following:

Where the buyer/seller is an individual, his/her associates include:

a) family members such as grandparent, parent, child, grandchild, sibling and spouse;
b) partners in a partnership, LP or LLP; or
c) entities which the buyer/seller owns to a significant extent[6].

Where the buyer/seller is an entity, its associates include

a) subsidiaries which it owns to a significant extent;
b) individuals who or holding entities which own a significant extent of it;
c) other entities in the group that is an associated entity to a common holding entity or individual which meets paragraph (b) above; or
d) partners in a partnership, LP or LLP.

Associates also include parties with an agreement or arrangement (whether oral/written/expressed/implied) to act together to acquire, hold or dispose of equity interest in, or with respect to the exercise of their votes in relation to the target entity.

What is a significant owner[5]?
A significant owner of a PHE refers to a person or an entity who beneficially owns at least 50% equity interest or at least 50% voting power ("significant owner threshold") in the PHE either on its own or with its associates.

In determining whether the significant owner threshold is met, the equity interest of the buyer's and seller's associates will be taken into account. In certain scenarios, the associates' equity interest will also be included in the tax computation.

A buyer or seller who owns less than 50% equity interest but has more than 50% voting power in the PHE is considered as a significant owner.

[5] Refer to Annex B for illustrations of associates and significant owner.
[6] 75% or more voting capital and more than 50% voting power. Refer to Stamp Duties (Section 23) Order for more details.

4.3 How to calculate the ACD payable?

If your transaction is a qualifying acquisition/disposal (see paragraphs 4.1 and 4.2), ACD may be payable. The ACD payable is calculated by applying the ACD rates on the percentage of equity interest that is subject to the ACD and the market value of the underlying residential property owned directly/indirectly by the PHE.

Please refer to:

- Paragraph 4.3.1 for the detailed ACD rates.
- Paragraph 4.3.2 to determine the value of the underlying residential properties.
- Paragraph 4.3.3 to determine the percentage of equity interest that is subject to ACD.

4.3.1 ACD Rates

The ACDB and ACDS are applicable on instruments executed on/after 11 Mar 2017. With effect from 16 Dec 2021, ACDB rate of up to 44% may apply on an instrument. There is no change to the ACDS rate i.e. remain at 12%.

Summary of the ACD rates on/after 11 Mar 2017 to current

Date of execution	ACDB	ACDS
Before 20 Feb 2018	Up to 18%	12%
On/after 20 Feb 2018	Up to 19%	
On/after 6 Jul 2018	Up to 34%	
On/after 16 Dec 2021	Up to 44%	

Please refer to:

- Table A1 and Table A2 below for the ACDB and ACDS rates for acquisition/disposal of equity interest in a Type 1 or Type 2 PHE.
- Table B1 and Table B2 below for the ACDB and ACDS rates for the acquisition/disposal of equity interest in an entity with ownership interests[7] in a Type 1 or Type 2 PHE.
- Annex C for the terms used in Tables A1 and A2 (unless otherwise specified).
- Annex D for the terms used in Tables B1 and B2 (unless otherwise specified).
- Annex E for examples[8] of the ACD calculations.

[7] Through one or more chains of entities.
[8] All examples in Annex E are provided on the assumption that the equity interest owned/acquired/ disposed has equivalent voting power.

A) Acquisition/disposal of equity interest in a Type 1 or Type 2 PHE

Table A1: ACDB Rates – for acquisition of equity interest

a) If target is a Type 1 PHE			
Market value of the underlying residential property of the Type 1 PHE			ACDB is the sum of (i) & (ii)
(i)	**Before 20 Feb 2018**	**On or after 20 Feb 2018**	
	On first $180,000	On first $180,000	1% x U/V x W
	On next $180,000	On next $180,000	2% x U/V x W
	Exceeding $360,000	On next $640,000	3% x U/V x W
		Exceeding $1,000,000	4% x U/V x W
(ii)	Z%[9] on the entire value		Z%[9] x U/V x W
b) If target is a Type 2 PHE			
Market value of the underlying residential property of the Type 2 PHE			ACDB is the sum of (i) & (ii)
(i)	**Before 20 Feb 2018**	**On or after 20 Feb 2018**	
	On first $180,000	On first $180,000	1% x U/V x W1 x X + 1% x U/V x W2 *(if target owns PIP directly)*
	On next $180,000	On next $180,000	2% x U/V x W1 x X + 2% x U/V x W2 *(if target owns PIP directly)*
	Exceeding $360,000	On next $640,000	3% x U/V x W1 x X + 3% x U/V x W2 *(if target owns PIP directly)*
		Exceeding $1,000,000	4% x U/V x W1 x X + 4% x U/V x W2 *(if target owns PIP directly)*
(ii)	Z%[9] on the entire value		Z%[9] x U/V x W1 x X + Z%[9] x U/V x W2 *(if target owns PIP directly)*

Table A2: ACDS Rates – for disposal of equity interest

	ACDS
a) If target is a Type 1 PHE	12% x U1/V x W
b) If target is a Type 2 PHE	12% x U1/V x W1 x X + 12% x U1/V x W2 *(if target owns PIP directly)*

[9] Z% is: –
- 15% if the instrument is executed on/after 11 Mar 2017 but before 6 Jul 2018; or
- 30% if the instrument is executed on/after 6 Jul 2018 but before 16 Dec 2021; or
- 40% if the instrument is executed on/after 16 Dec 2021.

B) Acquisition/disposal of equity interest in an entity with ownership interests in a Type 1 or Type 2 PHE

Table B1: ACDB Rates – for acquisition of equity interest

a) If target is a Type 1 PHE			
Market value of the underlying residential property of the Type 1 PHE			ACDB is the sum of (i) & (ii)
(i)	**Before 20 Feb 2018**	**On or after 20 Feb 2018**	
	On first \$180,000	On first \$180,000	1% x [(U/V x Y) + P] x W
	On next \$180,000	On next \$180,000	2% x [(U/V x Y) + P] x W
	Exceeding \$360,000	On next \$640,000	3% x [(U/V x Y) + P] x W
		Exceeding \$1,000,000	4% x [(U/V x Y) + P] x W
(ii)	Z%[10] on the entire value		Z%[10] x [(U/V x Y) + P] x W
b) If target is a Type 2 PHE			
Market value of the underlying residential property of the Type 2 PHE			ACDB is the sum of (i) & (ii)
(i)	**Before 20 Feb 2018**	**On or after 20 Feb 2018**	
	On first \$180,000	On first \$180,000	1% x [(U/V x Y) + P] x W1 x X + 1% × [(U/V × Y) + P] × W2 *(if target owns PIP directly)*
	On next \$180,000	On next \$180,000	2% x [(U/V x Y) + P] x W1 x X + 2% × [(U/V × Y) + P] × W2 *(if target owns PIP directly)*
	Exceeding \$360,000	On next \$640,000	3% x [(U/V x Y) + P] x W1 x X + 3% × [(U/V × Y) + P] × W2 *(if target owns PIP directly)*
		Exceeding \$1,000,000	4% x [(U/V x Y) + P] x W1 x X + 4% x [(U/V × Y) + P] × W2 *(if target owns PIP directly)*
(ii)	Z%[10] on the entire value		Z%[10] x [(U/V x Y) + P] x W1 x X + Z%[10] × [(U/V × Y) + P] × W2 *(if target owns PIP directly)*

Table B2: ACDS Rates – for disposal of equity interest

	ACDS
a) If target is a Type 1 PHE	12% x U1/V x W
b) If target is a Type 2 PHE	12% x U1/V x W1 x X + 12% x U1/V x W2 *(if target owns PIP directly)*

[10] Z% is: –
- 15% if the instrument is executed on/after 11 Mar 2017 but before 6 Jul 2018; or
- 30% if the instrument is executed on/after 6 Jul 2018 but before 16 Dec 2021; or
- 40% if the instrument is executed on/after 16 Dec 2021.

4.3.2 Value[11] of the underlying residential property i.e. the residential component

The value of the underlying residential property is dependent on the component of the PIP deemed attributable for residential purposes.

a) If the PIP owned (directly/indirectly) by the PHE is a **vacant land or an entire building with land**:

Zoning of the land	Component deemed as residential
Residential	100% of the gross floor area ("GFA")
Residential/Institution	
White	
Commercial & Residential	60% of the GFA
Residential with commercial at first storey	Maximum GFA for residential use[12]

b) If the PIP owned (directly/indirectly) by the PHE is a **part of an entire building,** the component of the property deemed residential is the part of the property permitted[13] for residential use.

The market value of the residential component may be determined by a professional valuer.

4.3.3 Percentage[14] of equity interest that is subject to ACD

a) <u>For acquisition of equity interest</u>

i) Where the buyer (with any associates) is already a significant owner of the PHE

ACDB is payable on the equity interest acquired and on any subsequent acquisition. See below for examples[15].

Example 1

<u>Company A owns 55% equity interest in a PHE with its associates before 11 Mar 2017. Company A makes the following transactions:</u>

S/N	Date	% acquired/ disposed	% of ownership	Qualifying acquisition? ACDB payable?
1	1 Apr 2017	5% acquired	60%	Yes

[11] Refers to the "W", "W1", "W2" in the ACD rates tables.
[12] Refers to the difference of the total GFA less the minimum GFA which must be set aside for commercial uses under the Master Plan.
[13] Permitted use means: -
(a) A use permitted by a Written Permission given under section 14(4) of Planning Act other than that given for a period of 10 years or less i.e. exclude temporary permission granted by the Competent Authorities for change of use;
(b) A use authorized by a notification under section 21(6) of Planning Act; or
(c) Such use, being an existing use of the building or part thereof and not being the subject of a written permission given under section 14 of the Planning Act or a notification under section 21(6) of that Act, was a use to which the building or part thereof was put on 1st February 1960, and the building or part thereof has not been put to any other use since that date.
[14] Refers to U/V or U1/V in the ACD rates tables.
[15] All examples in paragraph 4.3.3 are provided on the assumption that the equity interest owned/acquired/ disposed has equivalent voting power.

2	1 Sep 2017	30% acquired	90%	Yes
3	1 Jun 2018	10% acquired	100%	Yes

ACDB is payable on each acquisition based on the % acquired.

ii) Where the buyer (with any associates) becomes a significant owner of the PHE after the acquisition

ACDB is payable on the maximum increase in equity interest in the period between:

- **11 Mar 2017 (inclusive) to the time of the acquisition** if it is the first qualifying acquisition by the buyer (and its associates).
- **After the last qualifying acquisition to the time of the acquisition** if it is the second or subsequent acquisition by the buyer (and its associates).

Example 2 – First qualifying acquisition

Company B owns 10% equity interest in a PHE with its associates before 11 Mar 2017. Company B makes the following transactions:

S/N	Date	% acquired/ disposed	% of ownership	Qualifying acquisition? ACDB payable?
1	1 May 2017	5% acquired	15%	No, as significant ownership threshold is not crossed.
2	1 Oct 2017	15% acquired	30%	
3	1 Jul 2018	30% acquired	60%	Yes, as significant ownership threshold is crossed.

ACDB is payable on the S/N 3 acquisition based on the maximum increase in equity interest in the period between 11 Mar 2017 to 1 Jul 2018 (both dates inclusive) i.e. 50% (the sum of the % acquired).

Example 3 – First and subsequent acquisition

Mr. Tan currently owns 40% equity interest in a PHE with his associates. The 40% equity interest was acquired after 11 Mar 2017. Mr Tan makes the following acquisitions:

S/N	Date	% acquired/ disposed	% of ownership	Qualifying acquisition? ACDB payable?
1	1 May 2017	5% acquired	45%	No, as significant ownership threshold is not crossed.
2	1 Jun 2017	20% disposed	25%	No. ACDB is not applicable.
3	1 Jul 2017	15% acquired	40%	No, as significant ownership threshold is not crossed.
4	1 Sep 2017	20% acquired	60%	Yes, as significant ownership threshold is crossed.
5	1 Oct 2017	30% disposed	30%	No. ACDB is not applicable.

6	1 Nov 2017	50% acquired	80%	Yes, as significant ownership threshold is crossed.
7	1 Jan 2018	40% disposed	40%	No. ACDB is not applicable.
8	1 Mar 2018	35% disposed	5%	
9	1 May 2018	20% acquired	25%	No, as significant ownership threshold is not crossed.
10	1 Jul 2018	40% acquired	65%	Yes, as significant ownership threshold is crossed.

S/N 4 is the first qualifying acquisition. The ACDB is payable on 35% equity interest (the difference in % of ownership after acquisition, and the lowest % of ownership for the period between 11 Mar 2017 to 1 Sep 2017.

S/N 6 and S/N 10 are the second and subsequent qualifying acquisitions.
- For S/N 6, the ACDB is payable on 50% equity interest.
- For S/N 10, the ACDB is payable on 60% equity interest (the difference in % of ownership after the acquisition, and the lowest % of ownership in the period between 1 Jan 2018 to 1 Jul 2018).

(Note: ACDS of 12% is also payable on S/N 5, 7 and 8 disposals because the equity interests were disposed of within 3 years holding period. Please refer to paragraph 4.3.3(b) for more examples on ACDS.)

b) For disposal of equity interest

ACDS is payable on qualifying disposal and continues to apply on any subsequent disposal within the 3 years holding period on a FIFO basis until the seller (together with any associates) has disposed of all the equity interest in the PHE. See below for examples.

Example 4 – Not a significant owner

Ms. Lim owns 30% equity interest in a PHE with her associates. She disposed of 20% equity interest on 1 Apr 2017.

Ms. Lim is not subject to ACDS as she is not a significant owner.

Example 5 – Interest acquired before 11 Mar 2017

Company C owns 100% equity interest in a PHE with its associates. The 100% equity interest was acquired in 20 Feb 2010. Company C disposed of its 100% equity interest on 1 Apr 2017.

Although Company C is a significant owner, Company C is not subject to ACDS as the interest disposed of was acquired before 11 Mar 2017.

Example 6 – Interest disposed of after 3 years holding period

Company D owns 50% equity interest in a PHE with its associates. The 50% equity interest was acquired on 11 Mar 2017. Company D disposed of its 50% equity interest on 20 Apr 2020.

Although Company D is a significant owner and the interest disposed of was acquired on/after 11 Mar 2017, Company D is not subject to ACDS as the interest was disposed after the 3 years holding period.

Example 7 – Interest disposed of within 3 years holding period on FIFO basis

Company E (with its associates) made the following acquisitions and disposals on/after 11 Mar 2017:

<table>
<tr><th>S/N</th><th>Date</th><th>% acquired/ disposed</th><th>% of ownership</th><th>Qualifying disposal? ACDS payable?</th></tr>
<tr><td>1</td><td>1 Apr 2017</td><td>30% acquired</td><td>30%</td><td rowspan="3">No. ACDS is not applicable.</td></tr>
<tr><td>2</td><td>1 Jun 2018</td><td>25% acquired</td><td>55%</td></tr>
<tr><td>3</td><td>1 Jul 2019</td><td>20% acquired</td><td>75%</td></tr>
<tr><td>4</td><td>1 Sep 2021</td><td>70% disposed</td><td>5%</td><td>Yes, 12% ACDS is payable on the disposal of the 15% equity interest. The first 55% equity interest is not subject to the ACDS because the disposal is made after the 3 years holding period from 1 Apr 2017 and 1 Jun 2018.</td></tr>
<tr><td>5</td><td>1 Oct 2021</td><td>5% disposed</td><td>0%</td><td>Yes, 12% ACDS is payable on the disposal of 5% equity interest because Company E was ever a significant owner and the ACDS continues to apply on any subsequent disposal until all equity interest has been disposed of.</td></tr>
</table>

(Note: ACDB is also payable on the:
- *S/N 2 acquisition based on the maximum increase in equity interest for the period between 1 Apr 2017 to 1 Jun 2018 (both dates inclusive) i.e. 55% (the sum of the % acquired).*
- *S/N 3 acquisition of 20% equity interest acquired.)*

5 Effective Date and Instruments chargeable with ACD

5.1 The ACD rates apply to qualifying acquisitions or disposals on/after 11 Mar 2017. Instruments which are subject to the ACD include:

- Contract or agreement for sale and purchase;
- Assignment or transfer;
- Gift;
- Settlement; and
- Declaration of trust

6 Arrangements chargeable with ACD

6.1 Section 23C of the Stamp Duties Act provides that certain arrangements[16] would be chargeable with ACD if they have the effect of:

a) Changing in the amount of equity interest[17], which would have otherwise resulted in ACD; or
b) Resulting in an entity ceasing to be a PHE (e.g. a change in the composition of the tangible assets of an entity) and that arrangement takes place within 1 year[18] of the execution of the instrument which would have otherwise been chargeable.

6.2 For the purpose of paragraph 6.1(a), the Commissioner of Stamp Duties is satisfied that an issuance of equity interest for capitalisation purposes is not subject to ACD if there are no changes in the persons holding the equity interests **and** the respective holdings of equity interest, before and after the issuance. There is no need to seek the Commissioner's opinion for such scenarios.

7 Administrative Procedure

7.1 Stamping procedure

For acquisition of equity interest in a company, share duty remains payable in addition to the ACD. You are required to stamp the instrument and pay the share duty using the form named "Share Transfer" available at our e-Stamping website (https://estamping.iras.gov.sg).

In addition, you are also to submit a copy of the instrument which effects the qualifying acquisition/disposal and all the other required information in paragraph 7.2 to the Commissioner of Stamp Duties within 14 days of the date of execution of the instrument (if executed in Singapore) or 30 days of the receipt of the instrument in Singapore (if executed overseas).

Commissioner of Stamp Duties
55 Newton Road

[16] Whether or not there are any instruments relating to the arrangement. In the absence of such instruments, the buyer/seller is required to give to the Commissioner of Stamp Duties a notice of the arrangement in the form set out in Annex F.
[17] Examples of such arrangement are an acquisition or issuance by an entity of its equity interests; and a cancellation, redemption or conversion of equity interests.
[18] Currently prescribed period under Stamp Duties (Section 23) Order

Revenue House
Singapore 307987

7.2 Required information

S/N	Required information
1	A copy of the contract/agreement or transfer instrument
2	Entire group structure (pre-acquisition and post-acquisition) which shows: (a) The chain of relationship including the percentage of equity interest between: • The ultimate holding entities, the intermediate holding entities and the immediate holding entities of target entity • The target entity and all its related entities (b) Indication on the group structure the target entity or the related entities (whichever applicable) which own the PIP in Singapore
3	Documents (e.g. ACRA business profiles) which support the percentage of equity interest between each entity in S/N 2(a).
4	Listing of the PIP in S/N 2(b). The listing should include: • The entities' names and the address/land details of the PIP owned by each of them • The value of the PIP and underlying residential properties, supported by the valuation reports.
5	Latest audited accounts of the target entity and all related entities
6	Register of the target entity which reflects the number of equity interests owned, date of acquisition/disposal by each holder of the equity interests
7	Articles of association of the target entity or other documentary evidences to support the voting power of each equity interest of the target entity
8	Declaration of associates (individuals and/or entities) and their beneficial equity interest in the PHEs (please use the template in Annex G)
9	Declaration by the buyer/seller that relevant checks have been made and the information provided is true.

The Commissioner of Stamp Duties may request for further information.

It is the responsibility of the party liable to provide the required information to the Commissioner of Stamp Duties.

If you are a buyer, you should approach the seller for information in S/N 2, 4, 5, 6 and 7, and verify with your associate the percentage of equity interests it owns in the target entity. The seller and associate are legally obliged to furnish the requested information to you.

If you are the seller, you should approach your associate to verify the percentage of equity interests it owns in the target entity. Similarly, the associate is legally obliged to furnish the requested information to you.

8 Frequently Asked Questions

Q1. What is the policy rationale for the ACD?

The ACD addresses the stamp duty differential between a direct sale or purchase of residential properties and an indirect sale or purchase of equity interest in PHEs whose primary tangible assets are Singapore residential properties.

Q2. If the entity owns a land zoned "Residential", how do I determine if the entity is a PHE?

Land zoned "Residential" is a prescribed immovable property for ACD purposes. If the market value of the land makes up at least 50% of the value of the entity's total tangible assets, the entity is a PHE.

Q3. My entity does not own any prescribed immovable property, but how do I tell if my entity is not a Type 2 PHE?

Your entity is not **a Type 2 PHE** if:

i. none of its subsidiaries are Type 1 PHEs; or
ii. it owns some equity interest in a Type 1 PHE, its holding does not exceed 50%; or
iii. it owns at least 50% equity interest in a Type 1 PHE ("related entities"), but the value of the prescribed immovable property beneficially owned by the entity directly and indirectly through its related entities is less than 50% of the total tangible assets of the entity and all the entities which the target entity has 50% or more beneficial interest (directly/indirectly) in.

Q4. If my entity has indirect prescribed immovable property holdings through related entities (defined as Type 1 PHEs which your entity owns at least 50% equity interest of), how do I determine if my entity is a Type 2 PHE?

First, you will need to know your related entities' prescribed immovable properties value, their total tangible assets and the percentage of your beneficial equity interest in each related entity~~.~~

Second, you will have to sum up the value of the prescribed immovable properties directly held by your entity and the value of the prescribed immovable properties indirectly held by your related entities weighted by your beneficial equity interest in them.

Third, you will have to divide the sum of the prescribed immovable properties value by the sum of your total tangible assets and all the entities (which you have 50% or more beneficial interest in) weighted by your beneficial equity interest in them.

Q5. How do I determine what are my entity's total tangible assets?

Tangible assets refer to physical assets that are capable of being assigned a value. For example, land, buildings, plant, machines, equipment, and etc. You will have to sum up your entity's tangible assets under its latest audited balance sheet to determine its total tangible assets.

Q6. How do I find out if the entity I am buying in is a PHE?

You should check with the seller of the entity especially if you are acquiring a significant interest in the entity. Under the law, the seller is required to inform the buyer whether the entity is a PHE and provide the value of its prescribed immovable properties.

Q7. How do I find out if I am a significant owner of an entity?

You have to refer to the entity's share register (for companies), partnership agreement (for partnerships) or trust deed (for trusts) to determine if your interest together with your associates' interest in the company are 50% or more.

Q8. As an individual investor in a company or trust that is a PHE, do I need to find out how much my family members (associates) have invested in the PHE?

If you are merely investing in a PHE as a minority shareholder or unitholder and you have no intention to acquire an indirect interest in the PHE's underlying residential property, this requirement does not apply to you.

However, if you and your family members are together a significant owner of the PHE, you will need to ask your family members about their respective equity interest in the PHE.

Alternatively, for companies registered with the Accounting and Corporate Regulatory Authority of Singapore (ACRA), you can purchase the business profile of the company for its list of shareholders and shareholdings at ACRA's website.

Q9. Why are my associates interest taken into account for the purpose of ACD?

You and your associates are treated as one entity as collectively you and your associates can assert control over the entity and its assets even though individually, each of you may not own a significant interest in the entity.

Q10. If my entity is a Type 1 PHE (i.e. at least half of the total tangible assets is prescribed immovable property), am I still required to investigate further whether my entity is also a Type 2 PHE?

No. Once your entity is a Type 1 PHE, the ACD will apply on any transfer of equity interest in your entity if you are a significant owner. The ACD will be levied on the value of underlying residential properties you directly hold, as well as underlying residential properties held by the related entities.

Q11. If my entity is only holding equity interest in PHEs (no other assets), can I declare that my entity is a Type 2 PHE without producing the asset percentage computation?

To reduce the burden on taxpayers, IRAS does not require the computation of asset percentage for Type 2 PHEs if the entity has been declared a Type 2 PHE by virtue of its business.

Q12. If I am selling my significant interest in the PHE which was acquired less than 3 years ago but before 11 Mar 2017, will I be subject to ACDS?

No, the ACDS only applies to equity interest acquired in the PHE after 11 Mar 2017, where the equity interest is held for less than 3 years.

Q13. Can I pay ACD based on the book value of the underlying residential property?

No, the ACD is payable on the market value of the underlying residential property at the time of stamping.

Q14. I incurred late stamping penalties as I was not informed by the seller that the entity I acquired is a PHE, can IRAS waive the late penalties?

Late penalties will be payable if a document is stamped late. While the seller is legally obliged to inform the buyer whether the target is PHE, the onus is on the buyer to upfront request for such information. Buyers are encouraged to determine if a target is a PHE before the transaction to ensure that stamp duty is paid within 14 days of execution.

Q15. What if the seller of the PHE provides the buyer with false information?

The seller may be guilty of an offence and shall be liable on conviction to a fine not exceeding 4 times the amount of duty unpaid or underpaid.

Q16. I have paid ACDB but I realised that the entity I acquired is not PHE, can I apply for a refund?

Yes, you can apply for a refund within 6 months from the date of document. IRAS reserves the right to request for the supporting documents to verify.

Q17. Are there ways to avoid ACD?

The Commissioner of Stamp Duties has the power to impose the ACD, notwithstanding that the conditions of the ACD provisions are not met, if the Commissioner is satisfied that there was an arrangement to circumvent the conditions.

Q18. There are possible unforeseen consequences on business transactions – for example, fund managers are not speculators of residential property and the ACD on share transfers will also affect estate planning.

The ACD is not a property market tightening measures. It is intended to address the stamp duty rate differential between the direct buying/selling of residential property and the buying/selling of equity interest in entities holding primarily residential properties in Singapore.

Q19. What if entities undertake joint venture ("JV") agreements for property development? For example, when a company acquires the land first via a special purpose vehicle ("SPV") before bringing in a JV partner, is the sale of a 50% equity interest in that SPV (assuming it is a PHE) to the JV partner subject to ACD? Would the JV partner be able to obtain remission since it is developing residential properties through the SPV?

The transfer of 50% equity interest in the PHE to the incoming JV partner will attract both ACDB and ACDS if it satisfies the qualifying conditions.

Parties who jointly own the SPV before acquiring the land through the SPV will not incur ACD.

The SPV will enjoy the ABSD housing developers remission on the residential land acquired by it, if the residential development project fulfils the ABSD remission conditions.

Q20. Where there is a mortgage of equity interest in a PHE and the mortgagee (lender) exercises the power of sale upon default, will the mortgagor be subject to ACDS?

If the equity interest disposed of was acquired on or after 11 Mar 2017 and within 3 years of purchase and the mortgagor was ever a significant owner, the mortgagor will be liable for ACDS arising from the sale by the mortgagee.

Q21. How will the residential component for land zoned "White" be determined?

The definition of residential property follows from the ABSD policy. Where a land is zoned "White" under the Master Plan, 100% of the gross floor area will be deemed attributable to residential purpose.

Q22. Are contracts or agreements for sale of stocks and shares in a PHE dutiable?

Yes, stamp duty will be payable on the contract/agreement for the sale of stocks and shares or the share transfer document, whichever is earlier.

However, if there is a contract/agreement but the shares transferred are scripless, the share duty and ACD will be remitted under rule 3 of the Stamp Duties (Agreements for Sale of Equity Interests) (Remission) Rules ("remission rules"). There is no need to e-stamp or submit an application for remission to IRAS for the contract/agreement which satisfies rule 3 of the remission rules.

The relevant duties remain payable on the executed transfer instrument, if applicable.

Q23. I am acquiring/disposing of equity interest in an entity. The entity owns (directly/indirectly) land zoned non-residential but contains residential units. Will the land be treated as prescribed immovable property?

As the non-residential land contains residential units, it is a prescribed immovable property for ACD purposes.

Q24. I am acquiring/disposing of equity interest in an entity. The entity owns (directly/indirectly) land zoned residential with serviced apartments development. Is the land considered as a prescribed immovable property?

As the land owned by the entity is zoned residential, the land is a prescribed immovable property for ACD purposes.

Q25. I am acquiring/disposing of equity interest in an entity. The entity owns (directly/indirectly) land zoned "White" but the development is a non-residential or mixed-residential in nature. Is the land considered as a prescribed immovable property?

As the land owned by the entity is zoned "White", the land is a prescribed immovable property for ACD purposes.

Q26. Is ACD payable on issuance of new shares for capitalisation purposes where there are no changes in the shareholders and the shareholding proportion?

An issuance of equity interest is subject to ACD under section 23C(1). However, the Commissioner of Stamp Duties is satisfied that an issuance of equity interest for capitalisation purposes is not subject to ACD if there are no changes in the persons holding the equity interest and the respective holdings of equity interest, before and after the issuance.

There is no need to seek the Commissioner's opinion for such scenarios.

Q27. I executed a Sale and Purchase Agreement ("SPA") to acquire the equity interest of a PHE. The share duty and ACD have been paid. The seller and I decided to aborted the sale, can I apply for refund of the share duty and ACD paid?

You can apply for share duty and ACD remission within 6 months from the date of the rescission of the SPA. If you satisfy rule 4 of the Stamp Duties (Agreements for Sale of Equity Interests) (Remission) Rules, refund in excess of $50 for each duty type will be made to the party who is liable for stamp duty.

Q28. I executed a Sale and Purchase Agreement ("SPA") to acquire the shares of a company which is not a PHE i.e. no ACD payable. Do I pay the share duty on the SPA or the subsequent transfer document?

You will pay share duty on the subsequent transfer document**.** The share duty chargeable on the SPA is remitted under rule 2 of the Stamp Duties (Agreements for Sale of Equity Interests) (Remission) Rules ("remission rules" if the SPA is not subject to ACD. There is no need to e-stamp or submit an application for remission to IRAS for contract/agreement which satisfies rule 2 of the remission rules.

9 Contact Information

For enquiries on this Guide, please contact:

Property Tax Division
Valuation and Stamp Duty Branch
Inland Revenue Authority of Singapore
55 Newton Road
Revenue House
Singapore 307987
Tel: 1800 460 4923
Email: estamp@iras.gov.sg

10 Updates and Amendments

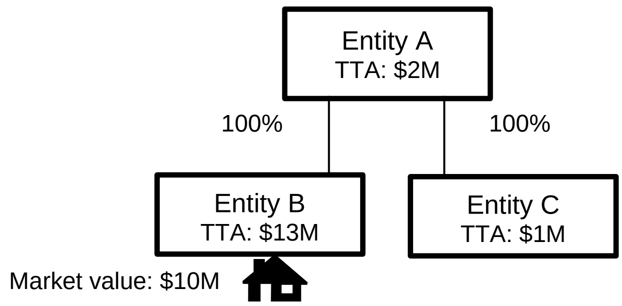
	Date of amendment	Amendments made
1	19 Feb 2018	• Amended paragraph 4 to clarify the prescribed immovable properties, ACD treatment and new ACD rates following Budget 2018 changes and calculation. • Amended paragraph 6 to clarify section 23C treatment. • Amended FAQs to reflect prescribed immovable properties where necessary and inserted new FAQs Q18 to Q27.
2	5 Jul 2018	• Amended paragraph 4.3.1 to reflect the updated ACDB rates for documents executed on or after 6 Jul 2018. • Updated FAQs Q19, 22, 27 • Inserted FAQ Q28.
3	16 Dec 2021	• Amended paragraph 4.3.1 to reflect the updated ACDB rates for documents executed on or after 16 Dec 2021.

Annex A – Illustrations of Property-Holding Entities ("PHEs")

Example 1 – Type 1 PHE
Entity A owns prescribed immovable properties ("PIP") with market value of $40 million and its TTA is $50 million.

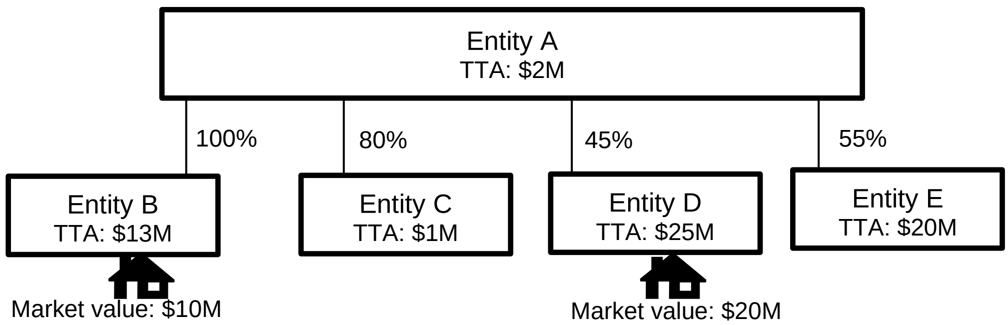
Entity A is a Type 1 PHE as its asset ratio is 80% ($40M/$50M).

Example 2 – Type 2 PHE
Entity A (target) has 2 direct subsidiaries. The group structure together with the market value of PIP owned by each entity and their TTA is shown below:



- Sum of market value of the PIP beneficially owned by the target entity and its related entity = $10M
- Sum of the TTA of the target entity and all the entities which the target has 50% or more beneficial interest in = $16M
- Entity A is a Type 2 PHE as its asset ratio is 62.5% (i.e. $10M/$16M).

Example 3 – Type 2 PHE
Entity A (target) has 4 direct subsidiaries. The group structure together with the market value of PIP owned by each entity and their TTA is shown below:

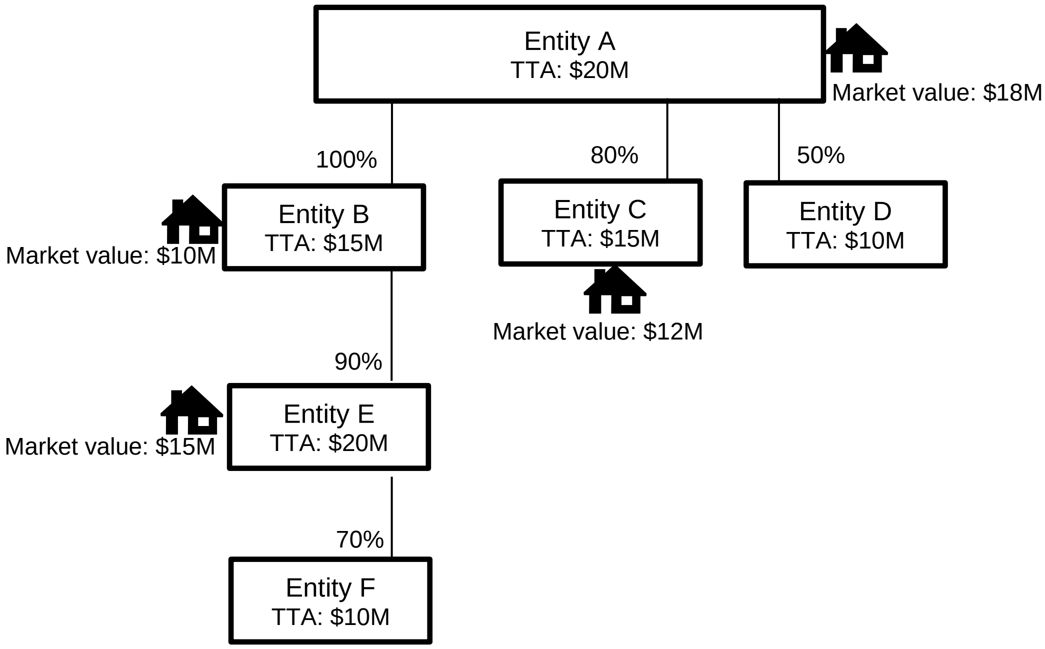


- Entities B, C and E are related entities of Entity A.
- Sum of market value of the PIP beneficially owned by the target entity and its related entities = $10M
- Sum of the TTA of the target entity and all the entities which the target has 50% or more beneficial interest in = $26.8M (i.e. $2M + $13M + (80% x $1M) + (55% x $20M))
- Entity A is not a Type 2 PHE as its asset ratio is 37.3%% (i.e. $10M/$26.8M).

Annex A – Illustrations of Property-Holding Entities ("PHE") (continued)

Example 4 – Type 1 and Type 2 PHE

Entity A (target) has direct and indirect subsidiaries. The group structure together with the market value of the PIP owned by each entity and their TTA is shown below:

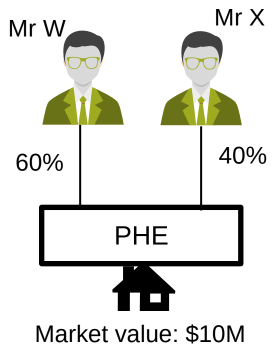


- Sum of market value of the PIP beneficially owned by the target entity and its related entities = $51.1M (i.e. $18M + $10M + (80% x $12M) + (100% x 90% x $15M)
- Sum of the TTA of the target entity and all the entities which the target has 50% or more beneficial interest in = $76.3M (i.e. $20M + $15M + (80% x $15M) + (50% x $10M) + (100% x 90% x $20M) + (100% x 90% x 70% x $10M)
- Entity A is a Type 1 and Type 2 PHE as its Type 1 and 2 PHE asset ratios are 90% (i.e. $18M/$20M) and 67% (i.e. $51.1M/$76.3M) respectively.

Annex B – Illustrations of Associates and Significant Owners

Example 1:

Mr W has 60% equity interest in a PHE. There is no association[19] between Mr W and Mr X.

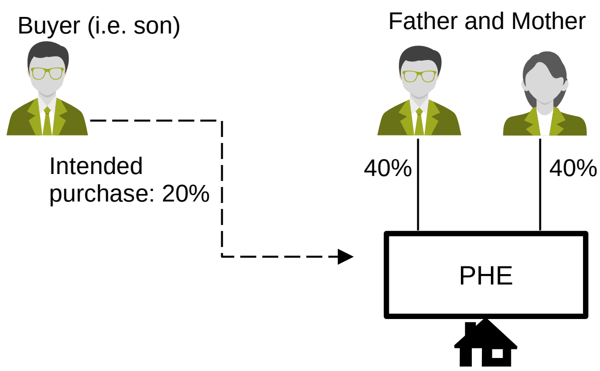


Since Mr W and Mr X are not associates, Mr X is not a significant owner as the significant owner threshold is not met.

However, as Mr W already owns 60% equity interest in its own name (i.e. crossed the significant owner threshold), Mr W is a significant owner of the PHE.

Example 2:

Buyer has 0% equity interest in a PHE and intends to acquire 20% equity interest. The buyer's father and mother currently each owns 40% equity interest in the PHE.



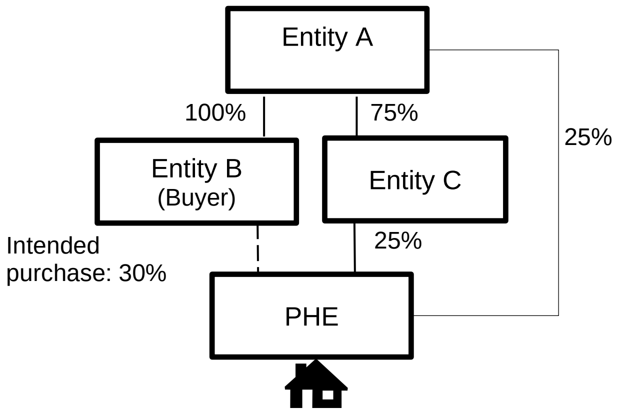
As the existing shareholders of the PHE are the parents of the buyer, they are associates of the buyer and their interest will be treated as the buyer's interest to determine if the significant owner threshold is met.

Therefore, the buyer is already a significant owner before the acquisition as he (with his associates) owns 80% (i.e. 0% + 40% + 40%) equity interest in the PHE.

[19] Refer to "Who are my associates?" immediately after paragraph 4.2.2.

Annex B – Illustrations of Associates and Significant Owners (continued)

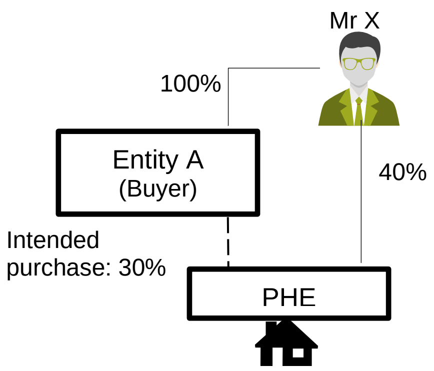
Example 3:
<u>Entity B (i.e. buyer) intends to acquire 30% equity interest in a PHE. Another entity, Entity C, owns 25% equity interest in the PHE.</u>



Entity A is an associate of the buyer as Entity A owns the buyer to a significant extent[20]. Entity C is also an associate of the buyer because the entities have a common holding entity (i.e. Entity A) which owns each of them to a significant extent.

Since Entities A and C are associates of the buyer, their interest will be treated as the buyer's interest and the buyer will already be considered as a significant owner as its associates collectively own 50% (25% +25%) prior to the acquisition. Entity B will own 80% (i.e. 30% + 25% + 25%) equity interest in the PHE (i.e. crossed the significant owner threshold) after the acquisition.

Example 4:
<u>Entity A (i.e. buyer) intends to acquire 30% equity interest in a PHE. Its 100% shareholder, Mr X, owns 40% equity interest in the PHE.</u>



Mr X is an associate of the buyer as Mr X owns a significant extent of the buyer.

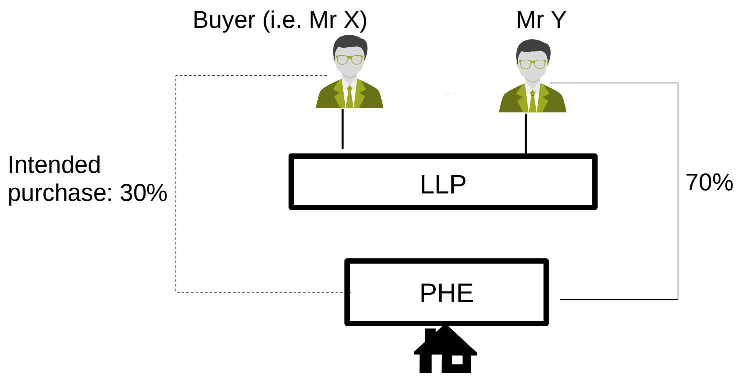
Since Mr X is an associate of the buyer, Mr X's interest will be treated as the buyer's interest and the buyer will become a significant owner as it will own 70% (i.e. 30% + 40%) equity interest in the PHE (i.e. crossed the significant owner threshold) after the acquisition.

[20] 75% or more voting capital and more than 50% voting power. Refer to Stamp Duties (Section 23) Order for more details.

Annex B – Illustrations of Associates and Significant Owners (continued)

Example 5:

Mr X (i.e. buyer) intends to acquire 30% equity interest in a PHE. He is a partner of an LLP. Mr Y who is a partner of the same LLP owns 70% equity interest in the PHE.



Mr Y is an associate of the buyer as they are partners of a LLP.

Since Mr Y is an associate of the buyer, his interest will be treated as the buyer's interest and the buyer will become a significant owner as it will own 100% (i.e. 30% + 70%) equity interest in the PHE (i.e. crossed the significant owner threshold) after the acquisition.

Annex C – Terms used for ACD Rates in Tables A1 and A2

For ACD rates in Tables A1 and A2, the terms used have the below meaning:

(*a*) U is —

(i) if, as a result of the conveyance, the grantee becomes a significant owner of the PHE, and this is the first time the grantee becomes such significant owner since the effective date, the difference between —

(A) the sum of the equity interests in the PHE beneficially owned by the grantee following the conveyance, and the equity interests in the PHE beneficially owned by each of the grantee's associates, acquired on or after the effective date; and

(B) the lowest amount, at any time in the period between the effective date and the time of the conveyance, of the sum of —

(BA)the equity interests in the PHE beneficially owned by the grantee; and

(BB)the equity interests in the PHE beneficially owned by each of the grantee's associates;

(ii) if, as a result of the conveyance, the grantee becomes a significant owner of the PHE at any time other than that mentioned in sub-paragraph (i), the difference between —

(A) the sum of the equity interests in the PHE beneficially owned by the grantee following the conveyance, and the equity interests in the PHE beneficially owned by each of the grantee's associates; and

(B) the lowest amount, at any time in the period between the date of the most recent conveyance by which the grantee ceased to be a significant owner and the time of the conveyance, of the sum of —

(BA)the equity interests beneficially owned by the grantee; and

(BB)the equity interests in the PHE beneficially owned by each of the grantee's associates; or

(iii) if, after the conveyance, the grantee remains a significant owner of the PHE, the total number of all equity interests in the PHE conveyed under the conveyance to the grantee;

(b) U1 is the amount of equity interests specified in section 23(8) that are comprised in the conveyance;

(c) V is the total amount of all equity interests in the PHE;

(d) W is the market value, at the time of execution of the conveyance, of the underlying property of the PHE under paragraph (a) of the definition of "underlying property" in section 23(21);

(e) W1 is the market value, at the time of execution of the conveyance, of the underlying property of the PHE under paragraph (b)(i) of the definition of "underlying property" in section 23(21);

(f) W2 is the market value, at the time of execution of the conveyance, of the underlying property of the PHE under paragraph (b)(ii) of the definition of "underlying property" in section 23(21); and

(g) X is the percentage of the equity interests that the PHE (being a Type 2 PHE) beneficially owns (including indirectly by applying section 23(18)) in a Type 1 PHE.

Annex D – Terms used for ACD Rates in Tables B1 and B2

For ACD rates in Tables B1 and B2, the terms used have the below meaning:

(a) U is —

(i) if, the equity interests in the entity (called the target entity) being conveyed, together with the equity interests beneficially owned by the grantee in one or more other entities (each called a 2nd entity), would result in the grantee becoming a significant owner of the combined single entity, and this is the first time the grantee becomes such significant owner since the effective date, the difference between —

(A) the sum of the equity interests in the target entity that are beneficially owned by the grantee following the conveyance, and the equity interests in the target entity beneficially owned by each of the grantee's associates, that are acquired on or after the effective date; and

(B) the lowest amount, at any time in the period between the effective date and the time of the conveyance, of the sum of —

(BA)the equity interests in the target entity beneficially owned by the grantee; and

(BB)the equity interests in the target entity beneficially owned by each of the grantee's associates;

(ii) if the equity interests in the entity (called the target entity) being conveyed, together with the equity interests beneficially owned by the grantee in one or more other entities (each called a 2nd entity), would result in the grantee becoming a significant owner of the combined single entity, and this is not the first time that the grantee becomes such significant owner since the effective date, the difference between —

(A) the sum of equity interests in the target entity that are beneficially owned by the grantee following the conveyance, and the equity interests in the target entity beneficially owned by each of the grantee's associates; and

(B) the lowest amount, in the period between the date of the most recent conveyance by which the grantee ceased to be a significant owner and the time of the conveyance, of the sum of —

(BA)the equity interests beneficially owned in the target entity by the grantee; and

(BB)the equity interests in the target entity beneficially owned by each of the grantee's associates; or

(iii) if the grantee is already a significant owner of the combined single entity at the time of execution of the conveyance, the amount of equity interests conveyed in the target entity under the conveyance;

Annex D – Terms used for ACD Rates in Tables B1 and B2 (continued)

(b) P is —

(i) in the case mentioned in paragraph (*a*)(i), the total of the sums calculated for each 2nd entity mentioned in that provision using the formula Q/R × S, where —

(A) Q is the amount of equity interests in the 2nd entity beneficially owned by the grantee, and the equity interests in the 2nd entity beneficially owned by each of the grantee's associates, that were acquired between the effective date and the time of execution of the conveyance;

(B) R is the total amount of all equity interests in the 2nd entity; and

(C) S is the percentage of the equity interests that the 2nd entity beneficially owns (including indirectly by applying section 23(18)) in the PHE;

(ii) in the case mentioned in paragraph (*a*)(ii), the total of the sums calculated for each 2nd entity mentioned in that provision using the formula Q1/R × S, where —

(A) Q1 is the difference between —

(AA) the total amount of equity interests beneficially owned in the 2nd entity by the grantee, and the equity interests in the 2nd entity beneficially owned by each of the grantee's associates, following the conveyance; and

(AB) the lowest amount of equity interests beneficially owned in the 2nd entity by the grantee in the period between the date of the most recent conveyance by which the grantee, and the equity interests in the 2nd entity beneficially owned by each of the grantee's associates, ceased to be a significant owner and the time of the conveyance; and

(B) R and S have the same meanings as in sub-paragraph (i); and

(iii) in the case mentioned in paragraph (*a*)(iii), zero;

(c) U1 is the amount of equity interests specified in section 23(8) that are comprised in the conveyance;

(d) V is the total amount of all equity interests in the target entity;

(e) W is the market value, at the time of execution of the conveyance, of the underlying property of the PHE under paragraph (a) of the definition of "underlying property" in section 23(21);

(f) W1 is the market value, at the time of execution of the conveyance, of the underlying property of the PHE under paragraph (b)(i) of the definition of "underlying property" in section 23(21);

(g) W2 is the market value, at the time of execution of the conveyance, of the underlying property of the PHE under paragraph (b)(ii) of the definition of "underlying property" in section 23(21);

(h) X is the percentage of the equity interests that the PHE (being a Type 2 PHE) beneficially owns (including indirectly by applying section 23(18)) in a Type 1 PHE; and

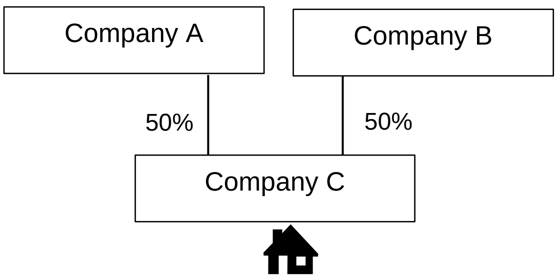
(i) Y is the percentage of the equity interests that the target entity beneficially owns (including indirectly by applying section 23(18)) in the PHE at the time of the execution of the conveyance.

Annex E – Examples of ACD Calculations

Example 1 – Type 1 PHE and without associates

- Company A and Company B are not associated. The companies own 100% equity interest on equal basis in Company C since 1 Jan 2010.
- Company A acquires Company B's 20% equity interest in Company C on 1 Aug 2018.
- Company C owns prescribed immovable properties ("PIP") with market value of $12 million. The total tangible asset (TTA) of Company C is $15 million. Company C does not have equity interest in any entities.

Before



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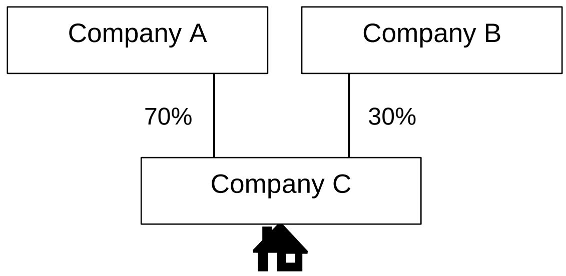


Steps to determine if ACDB/ACDS is payable and the percentage of equity interest which is subject to ACD:

1) Is Company C a PHE?
Yes, Company C is a Type 1 PHE because:
- Company C owns PIP, and
- the market value of the PIP is at least 50% of the value of its total tangible assets (i.e. $12M/$15M = 80%).

2) Is Company A a significant owner of the PHE?
Yes, because:
- Company A owns 50% equity interest (i.e. crosses the significant owner threshold), and
since the 50% equity interest which Company A owns was acquired since 1 Jan 2010, Company A is therefore already a significant owner of the PHE before the acquisition on 1 Aug 2018.

3) Is ACDB payable and what is the percentage of equity interest that is subject to ACDB?
Since Company A is already a significant owner in Company C, the percentage of equity interest which is subject to ACDB is 20%.

Market value of the residential component[21]	ACDB rate	ACDB
On first $180,000	1% x U/V x W	1% x 20/100 x $180,000 = $360
On next $180,000	2% x U/V x W	2% x 20/100 x $180,000 = $720
On next $640,000	3% x U/V x W	3% x 20/100 x $640,000 = $3,840
Exceeding $1,000,000	4% x U/V x W	4% x 20/100 x $11M = $88,000
	30% x U/V x W	30% x 20/100 x $12M = $720,000
	Total	$812,920

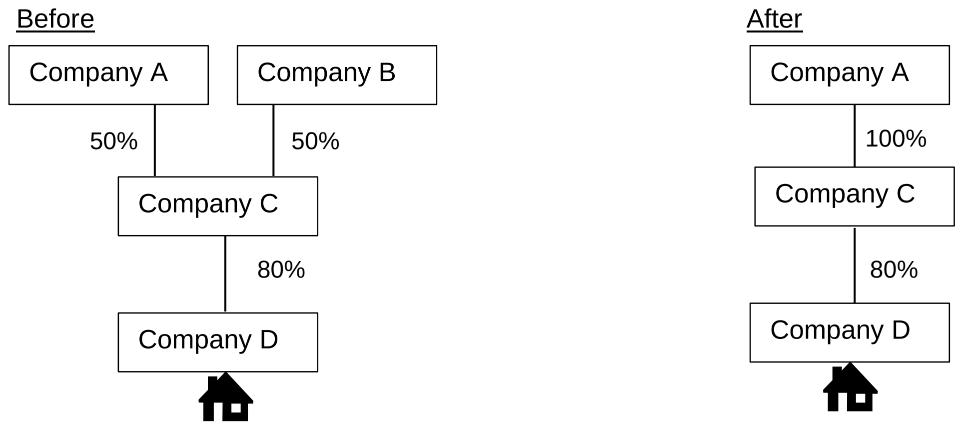
4) Is ACDS payable?
ACDS is not payable because the 20% equity interest disposed of was acquired by Company B before 11 Mar 2017 (ACD effective date).

[21] Assuming that the market value of the residential component is the value of the PIP.

Annex E – Examples of ACD Calculations (continued)

Example 2 – Type 2 PHE and without associates

- Company A and Company B own 50% equity interest each in Company C, acquired on 1 Jan 2018.
- Company A acquires Company B's 50% equity interest in Company C on 1 May 2018.
- Company C does not own prescribed immovable properties ("PIP").
- Company D owns PIP with market value of $12 million. The TTA of Company C and Company D are $5 million and $15 million respectively.



<u>Steps to determine if ACDB/ACDS is payable and the percentage of equity interest which is subject to ACD:</u>

1) Is Company C a PHE?
- Company C is not a Type 1 PHE because it does not own any PIP.
- Company C is a Type 2 PHE because the value of the PIP held directly/indirectly makes up at least 50% of the TTA of Company C and Company D: ($12M x 0.8) / ($5M + ($15M x 0.8)) = 56.5%

2) Is Company A a significant owner of the PHE?
Yes, because:
- Company A owns 50% equity interest (i.e. crosses the significant owner threshold), and since the 50% equity interest which Company A owns was acquired since 1 Jan 2018, Company A is therefore already a significant owner of the PHE before the acquisition on 1 May 2018.

3) Is ACDB payable and what is the percentage of equity interest that is subject to ACDB?
Since Company A is already a significant owner in Company C, the percentage of equity interest which is subject to ACDB is 50%.

Market value of the residential component[22]	ACDB rate	ACDB
On first $180,000	1% x U/V x W1 x Y	1% x 50/100 x $180,000 x 80% = $720
On next $180,000	2% x U/V x W1 x Y	2% x 50/100 x $180,000 x 80% = $1,440
On next $640,000	3% x U/V x W1 x Y	3% x 50/100 x $640,000 x 80% = $7,680
Exceeding $1,000,000	4% x U/V x W1 x Y	4% x 50/100 x $11M x 80% = $176,000
	15% x U/V x W1 x Y	15% x 50/100 x $12M x 80% = $720,000
	Total	<u>$905,840</u>

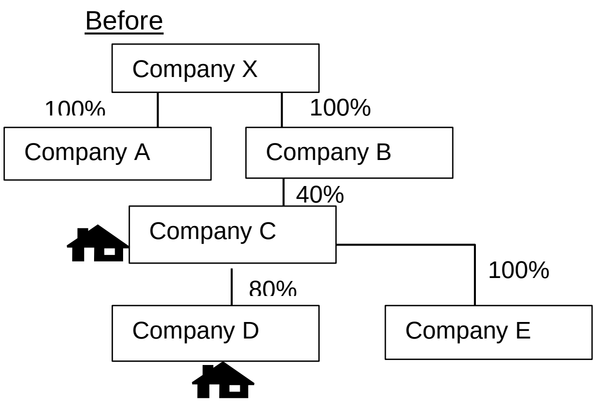
4) Is ACDS payable
Yes, by Company B since it is a significant owner of a Type 2 PHE (Company C) and its 50% equity interest was acquired on/after 11 Mar 2017 (ACD effective date) (i.e. on 1 Jan 2018) and disposed of within the 3-year holding period (i.e. on 1 May 2018), 12% ACDS is payable i.e. 12% x 50/100 x $12M x 80% = $576,000

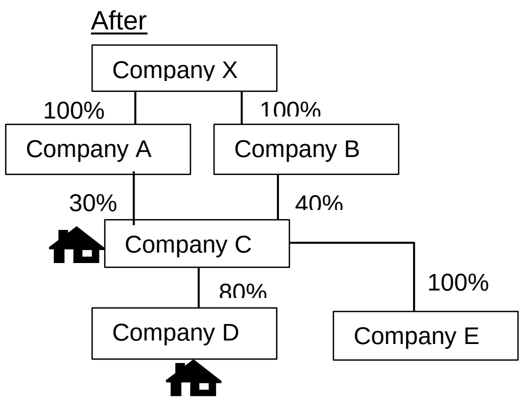
[22] Assuming that the market value of the residential component is the value of the PIP.

Annex E – Examples of ACD Calculations (continued)

Example 3 – Type 1 and 2 PHE and with associates

- Company B owns 40% equity interest in Company C, acquired on 11 Mar 2017.
- Company A acquires another 30% equity interest in Company C from a 3rd party on 1 Feb 2018.
- Company C owns prescribed immovable properties ("PIP") with market value of $15 million and its TTA is $20 million.
- Company D owns PIP with market value of $12 million and its TTA is $15 million.
- Company E does not own PIP and its TTA is $5 million





<u>Steps to determine if ACDB/ACDS is payable and the percentage of equity interest which is subject to ACD:</u>

1) Is Company C a PHE?
- Company C is a Type 1 PHE as its PIP is at least 50% of its TTA.
- Company C is a Type 2 PHE because the value of the PIP held directly/indirectly is at least 50% of the TTA of Company C, D and E: [$15M + ($12M x 0.8)] / [$20M + ($15M x 0.8) + $5M) = $24.6M/$37M = 66.5%

2) Is Company A a significant owner of the PHE after its acquisition?
Yes, because:
- Company A's associate i.e. Company B owns 40% equity interest and together with the 30% acquired by Company A, it crosses the significant owner threshold.

3) Is ACDB payable and what is the percentage of equity interest that is subject to ACDB?
Since the 40% equity interest was acquired by the associate on/after 11 Mar 2017, the percentage of equity interest which is subject to ACDB is 70%.

Market value of the residential component[23] of Company C	ACDB rate	ACDB
On first $180,000	1% x U/V x W2	1% x 70/100 x $180,000 = $1,260
On next $180,000	2% x U/V x W2	2% x 70/100 x $180,000 = $2,520
On the remainder	3% x U/V x W2	3% x 70/100 x $14,640,000 = $307,440
	15% x U/V x W2	15% x 70/100 x $15M = $1,575,000
Market value of the residential component[25] of Company D	ACDB rate	ACDB
On first $180,000	1% x U/V x W1 x Y	1% x 70/100 x $180,000 x 80% = $1,008
On next $180,000	2% x U/V x W1 x Y	2% x 70/100 x $180,000 x 80% = $2,016
On the remainder	3% x U/V x W1 x Y	3% x 70/100 x $11,640,000 x 80% = $195,552
	15% x U/V x W1 x Y	15% x 70/100 x $12M x 80% = $1,008,000
	Total	<u>$3,092,796</u>

4) Is ACDS payable?
Assuming the 3rd party had acquired its 30% equity interest on 11 Mar 2017 and does not have any associates, ACDS is not payable as the 3rd party is not a significant owner immediately before the disposal.

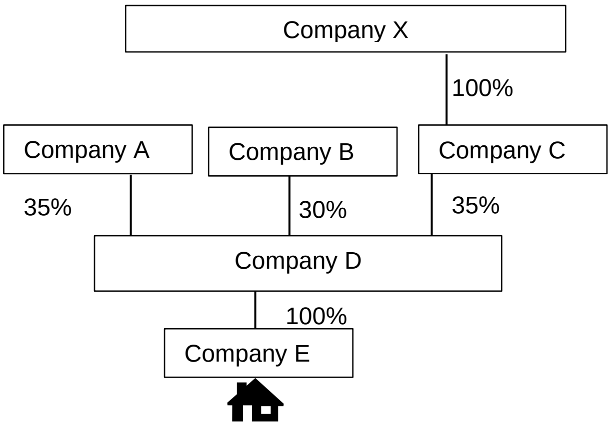
[23] Assuming that the market value of the residential component is the value of the PIP.

Annex E – Examples of ACD Calculations (continued)

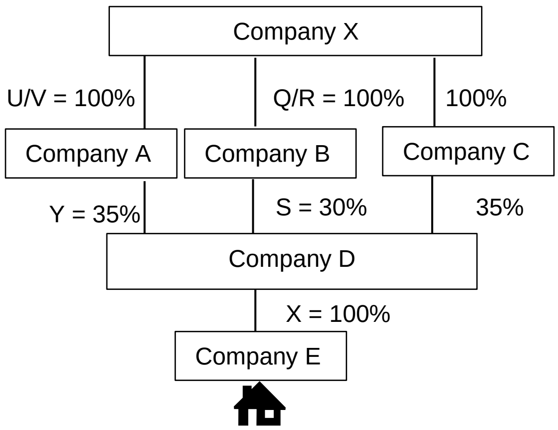
Example 4 – Acquisition of equity interest in an entity with ownership interests in Type 1 and 2 PHE

- Company X has indirect 35% equity interest in Company E through C and D on 1 Nov 2016.
- Company X acquires 100% equity interest in Company A and B from a 3rd party on 1 Aug 2017.
- Company D's TTA is $5 million.
- Company E owns prescribed immovable property ("PIP") with market value of $41 million and its TTA is $45 million.

Before



After



Steps to determine if ACDB/ACDS is payable and the percentage of equity interest which is subject to ACD:

1) Are Companies D and E a PHE?

- Company D is a Type 2 PHE because the value of the PIP held directly/indirectly is at least 50% of the TTA of Company D and Company E:
  - [($41M x 1) / ($5M + ($45M x 1)] = $41M/$50M = 82%
- Company E is a Type 1 PHE as its PIP is at least 50% of its TTA.

2) Is Company X a significant owner of the PHE i.e. Company D, after the acquisition?

Yes, because:

- Company X already owns 35% equity interest in Company D through C and with the additional 35% and 30% equity interest acquired through Company A and B, Company X will own 100% equity interest in Company D through A, B and C.

3) Is ACDB payable and what is the percentage of equity interest that is subject to ACDB?

Since Company X will own significant interest in Company D, the acquisition of the additional 65% equity interest is subject to ACDB.

Market value of the residential component[24] of Company D	ACDB rate	ACDB
On first $180,000	1% x [(U/V x Y) + P] x W1 x X	1% x [(100/100 x 35%) + (100/100 x 30%)] x $180,000 x 1 = $1,170
On next $180,000	2% x [(U/V x Y) + P] x W1 x X	2% x [(100/100 x 35%) + (100/100 x 30%)] x $180,000 x 1 = $2,340
On the remainder	3% x [(U/V x Y) + P] x W1 x X	3% x [(100/100 x 35%) + (100/100 x 30%)] x $40,640,000 x 1 = $792,480
	15% x [(U/V x Y) + P] x W1 x X	15% x [(100/100 x 35%) + (100/100 x 30%)] x $41,000,000 x 1 = $3,997,500
	Total	$4,793,490

4) Is ACDS payable?

Assuming the 3rd party had acquired its 100% equity interest in Companies A and B on 1 Jan 2016, ACDS is not payable because the equity interest disposed of was acquired by the 3rd party before 11 Mar 2017 (ACD effective date).

[24] Assuming that the market value of the residential component is the value of the PIP.

Annex E – Examples of ACD Calculations (continued)

Example 5 – ACDS on first-in-first out basis

- Mr. Tan owns 100% equity interest in Company A.
- Company A owns prescribed immovable property ("PIP") with market value of $15 million and its TTA is $20 million.
- The 100% equity interest which Mr. Tan owned was acquired on the following dates:
  - 20% on 1 Jan 2016
  - 40% on 1 Mar 2017
  - 30% on 5 Sep 2017
  - 10% on 30 Dec 2017

Mr. Tan is selling his 80% equity interest in Company A on 30 Jun 2019 and the remaining 20% on 25 Dec 2020.

Steps to determine if ACDS is payable and the percentage of equity interest which is subject to ACDS:

1) Is Company A a PHE?

- Company A is a Type 1 PHE as its PIP is at least 50% of its TTA.

2) Is Mr. Tan a significant owner of the PHE?

Yes, Mr. Tan owns 100% equity interest in Company A.

3) Is ACDS payable and what is the percentage of equity interest that is subject to ACDS?

For the 80% disposal on 30 Jun 2019

- The first 60% of the equity interest disposed of was acquired on 1 Jan 2016 and 1 Mar 2017 i.e. both before 11 Mar 2017. ACDS is not payable on the 60% interest.
- The next 20% equity interest disposed of was acquired on 5 Sep 2017 and was disposed of within 3 years from the date of acquisition i.e. subject to ACDS.

ACDS rate	ACDS
12% x U/V x W	12% x 20/100 x $15M = $360,000

For the 20% disposal on 25 Dec 2020

- The first 10% was acquired on 5 Sep 2017 and disposed of after the 3 years holding period i.e. ACDS not payable.
- The next 10% was acquired on 30 Dec 2017 and disposed of within the 3 years holding period i.e. ACDS payable.

ACDS rate	ACDS
12% x U/V x W	12% x 10/100 x $15M = $180,000

Annex F – Notice under Section 23C

Commissioner of Stamp Duties
55 Newton Road, Revenue House
Singapore 307987

NOTICE UNDER SECTION 23C OF THE STAMP DUTIES ACT

INLAND REVENUE AUTHORITY OF SINGAPORE

Part A – Details of the party who, as a result of the arrangement, beneficially owns equity interests or higher percentage of equity interest	
Name	
ID Type	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*
ID Number	

Part B – Details of the party who, as a result of the arrangement, beneficially owns no/lower percentage of equity interest	
Name	
ID Type	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*
ID Number	

Part C – Details of the equity interest	
Name of Entity	
ID Type	UEN-Business / UEN-Local Co/ UEN-Others / Others*
ID Number	

Part D – Details of the arrangement
Please provide detailed description of the arrangement which results the equity interest: (use separate sheet of paper if necessary)

Part E – Confirmation	
We confirm that the information provided in Part A to Part D are true and correct.	
Signature of Party named in Part A:	Date:
Signature of Party named in Part B:	Date:

*Please delete accordingly.

This notification must be submitted to the Commissioner of Stamp Duties ("COSD") within 14 days after the date of changes in beneficial ownership of equity interest in a residential property-holding entity. The COSD may request for further information.
The ACD payable on the increased/decreased of equity interest is calculated based on the market value of the underlying residential properties. Please refer to www.iras.gov.sg or IRAS e-Tax Guide on Stamp Duty: Additional Conveyance Duties (ACD) on Property-Holding Entities for the ACD rates.

Annex G – Declaration of Associates

Declaration of associates (individuals and/or entities) and their beneficial equity interest in PHEs

Name of associate	ID Type	ID Number	Relationship (e.g. subsidiary, spouse)	% of beneficial equity interest in the target
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
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	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			
	NRIC / FIN / Passport No. / UEN-Business / UEN-Local Co/ UEN-Others / Others*			

I declare that the above listing is complete and accurate.
Name of Buyer/Seller*___________________________
ID number: ___________________________________
ID type: ______________________________________

____
Signature and company stamp (if applicable) of Buyer/Seller*

Date: _______________________________________

*Please delete accordingly.