

# FACT SHEET ON THE ADJUSTED ABSD RATES FOR ACQUISITIONS MADE ON / AFTER 6 JULY 2018



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## 1. Aim

1.1 This factsheet provides a summary of the

- Adjusted ABSD rates for acquisitions made on/after 6 Jul 2018;
- ABSD remission for acquisition of residential properties during the transitional period ("ABSD Transitional Remission");
- Application Procedures for the ABSD Transitional Remission and ABSD Housing Developers Remission; and
- Frequently Asked Questions ("FAQs").

## 2. ABSD Rate Structure

2.1 Additional buyer's stamp duty ("ABSD") is payable on the acquisition of residential properties<sup>1</sup>, based on the higher of the consideration or market value. The ABSD rate applicable depends on the profile of the buyer. For acquisitions made jointly by two or more parties of different profiles, the ABSD rate applicable will be based on the profile with the highest ABSD rate on the entire property value acquired.

2.2 To maintain a stable and sustainable property market, the ABSD rates would be adjusted and apply to acquisitions on or after 6 Jul 2018 (see Table 1 below).

Table 1 – ABSD Rates<sup>2</sup>

Profile of buyer	<u>Former ABSD Rates</u> On/after 12 Jan 2013 to 5 Jul 2018	<u>New ABSD Rates</u> On/after 6 Jul 2018
SC <sup>3</sup> buying 1 <sup>st</sup> residential property	Not applicable	Not applicable
SC buying 2 <sup>nd</sup> residential property	7%	12%
SC buying 3 <sup>rd</sup> and subsequent residential property	10%	15%
SPR* buying 1 <sup>st</sup> residential property	5%	5%
SPR buying 2 <sup>nd</sup> and subsequent residential property	10%	15%
Foreigners (FR) buying any residential property	15%	20%
		25%
Entities buying any residential property	15%	Plus additional 5% for housing developer# (non-remittable)

<sup>1</sup>SC refers to Singapore Citizens

<sup>2</sup>SPR refers to Singapore Permanent Residents

<sup>3</sup>Housing Developers refer to entities in the business of housing development (i.e. construction and sale of housing units) with respect to the subject property acquired. (Note: This definition of Housing Developer is the condensed version. You may refer to paragraph (1) of Article 3 to the Stamp Duties Act for the full definition.)

All entities will be subject to the new ABSD rate of 25%. In addition, housing developers are subject to an additional non-remittable ABSD rate of 5% upon stamping, i.e. aggregate ABSD rate of 30%. Such developers may apply for upfront remission on the ABSD rate of 25% under the Stamp Duties (Non-Licensed Housing Developers) (Remission of ABSD) Rules and the Stamp Duties (Housing Developers) (Remission of ABSD) Rules<sup>3</sup> (collectively referred to as "ABSD Housing Developers Remission"). Please refer to paragraph 4 for the application procedure to obtain the ABSD Housing Developers Remission.

Entities who are acquiring residential properties with no intention to undertake housing development of the subject property acquired should pay the ABSD rate of 25%.

It is **important** for the purchasing entity to decide whether it will undertake housing development of the subject property at the point of purchase, in order to ascertain the applicable ABSD treatment. Any subsequent change of intention will not be considered for stamp duty purposes. For example, entities who have paid the ABSD rate of 25% will not qualify for the ABSD Housing Developers Remission, even if they fulfil the remission conditions subsequently. Similarly, developers who paid the ABSD rate of 5% and applied for the ABSD Housing Developers Remission cannot withdraw their application subsequently. If they are unable to meet the remission conditions, the remitted ABSD of 25% will be recovered with interest.

2.3 All buyers / transferees (i.e. individuals, entities, housing developers) are required to complete the [ABSD Declaration Form](#) to be witnessed by their lawyers (if applicable). The completed form need not be submitted to IRAS, unless requested.

<sup>1</sup> There is no change to the scope of residential properties which you may refer to [www.iras.gov.sg](http://www.iras.gov.sg) for the definition.

<sup>2</sup> For rates before 12 Jan 2013, please refer to [www.iras.gov.sg](http://www.iras.gov.sg).

<sup>3</sup> The conditions for the remission include commencement of the housing development within 2 years from the date of acquisition, and completion and sale of all units of housing accommodation in the development within 3 or 5 years from the date of acquisition. For the full list of conditions, please refer to the below links:

- [Remission conditions for development of 4 or less units of housing accommodation](#)
- [Remission conditions for development of 5 or more units of housing accommodation](#)

### **3. Application Procedures for ABSD Remissions**

#### **a) For acquisitions made before 6 Jul 2018**

There is no change to the application/e-stamping procedure. Law firms with a registered e-Stamping account may proceed to e-stamp the document and apply for ABSD remission through our e-Stamping system as the former ABSD rates will apply.

#### **b) For acquisitions made on/after 6 Jul 2018**

All applicants (including law firms) are to apply for the ABSD remission via the [e-Stamping Portal](#) (select “Apply for Assessment/ Appeal/ Remission” under “Requests”) within 14 days from the date of execution of the instrument, , with the supporting documents (i.e. Option granted (if any), executed Sale Contract and prescribed Letter of Undertaking). You will receive an email on the payment instructions and to download your stamp certificate after payment has been cleared.

This mode of application is a temporary measure while we enhance our e-Stamping system to serve you better.

### **4. FAQs**

#### **4.1 FAQs relating to the ABSD Housing Developers Remission**

**Q1. A company purchased a residential/ mixed-residential property on 1 Aug 2018 for the purpose of commercial development, and hence paid 25% ABSD upfront. The company subsequently changes its intent and decides to use the residential/ mixed-residential property for the purpose of housing development. Will the entity be granted remission of the 25% ABSD, subject to conditions, similar to all other housing developers?**

A company that did not purchase the residential/ mixed-residential property for the purpose of housing development, as ascertained at the point of purchase, would not be subject to the additional 5% non-remittable ABSD for housing developers. Accordingly, it will not be able to avail itself to the ABSD Housing Developers Remission, as it does not qualify as a housing developer for stamp duty purposes.

**Q2. A company purchased a residential property for housing development on 1 Aug 2018 but intends to sell the housing units after 5 years. Is the company liable to 25% or 30% ABSD? Would it qualify for ABSD Housing Developers Remission?**

The company is liable to pay 30% ABSD because it is acquiring the subject property for housing development (i.e. construction and sale of housing units). It would not qualify for the ABSD Housing Developers Remission if it chooses to sell the housing units after 5 years.

**Q3. A company purchased a residential property for housing development on 1 Aug 2018 and have obtained ABSD Housing Developers Remission. Would the company be able to withdraw its application of the ABSD Housing Developers Remission subsequently?**

No, as the company's intent as at the point of purchase was for housing development (i.e. construction and sale of housing units) with respect to the subject property acquired. The remitted 25% ABSD would be recovered with interest if it fails to fulfill the remission conditions.

For more information on ABSD, please refer to [www.iras.gov.sg](http://www.iras.gov.sg).