



INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

Property Tax Rebate for Qualifying Commercial
Properties – Budget 2020 (Second Edition)



Property Tax Rebate for Qualifying Commercial Properties – Budget 2020 (Second Edition)

Published by
Inland Revenue Authority of Singapore

Published on 10 MAR 2020

First edition on 18 FEB 2020

Disclaimers: IRAS shall not be responsible or held accountable in any way for any damage, loss or expense whatsoever, arising directly or indirectly from any inaccuracy or incompleteness in the Contents of this e-Tax Guide, or errors or omissions in the transmission of the Contents. IRAS shall not be responsible or held accountable in any way for any decision made or action taken by you or any third party in reliance upon the Contents in this e-Tax Guide. This information aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary its position accordingly.

© Inland Revenue Authority of Singapore

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording without the written permission of the copyright holder, application for which should be addressed to the publisher. Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

Table of Contents

	Page
1. Aim	1
2. At a glance	1
3. Property Tax Rebate for Qualifying Properties in Budget 2020 ..	1
4. Treatment of Qualifying Properties in Mixed-Use Development for Property Tax Rebate	2
5. Illustrations of Tax Savings	3
6. Notification and Refund of Property Tax Rebate	5
7. Change of Use of Property from Qualifying to Non-qualifying Use	7
8. If a Property is Transferred	9
9. If Annual Value is Revised	9
10. Contact Information	11
11. Updates and amendments	11
Appendix A – Examples of Qualifying Properties	12

1 Aim

- 1.1 This e-Tax Guide provides details on the property tax rebate for qualifying commercial properties announced in Budget 2020.

2 At a glance

- 2.1 As part of the Government’s Stabilisation and Support Package, owners of **qualifying commercial properties (“qualifying properties”)** will be **granted** property tax rebate for the period of 1 Jan 2020 to 31 Dec 2020.
- 2.2 Owners of qualifying properties will be granted rebates of up to 30% on their property tax payable.
- 2.3 IRAS will send out the rebate notices by 30 Apr 2020. Owners of qualifying properties can expect to receive their refunds by 31 May 2020.

3 Property Tax Rebate for Qualifying Properties in Budget 2020

- 3.1 The property tax rebate is part of the Stabilisation and Support Package (SSP), which seeks to help identified sectors that are more affected by the COVID-19 outbreak.
- 3.2 Owners of qualifying properties will be granted property tax rebate for the period of 1 Jan 2020 to 31 Dec 2020.
- (a) The rebate is 30% of the property tax payable for:
- (i) A hotel room or function room of a hotel registered under the Hotels Act (“registered hotel”);
 - (ii) Serviced apartment or serviced apartment function room; and
 - (iii) Meetings, Incentives, Conventions and Exhibitions (MICE) space components of prescribed MICE venues, namely Suntec Singapore Convention & Exhibition Centre, Singapore EXPO, and Changi Exhibition Centre.
- (b) The rebate is 15% of the property tax payable for other qualifying properties. Some examples include:
- (i) Premises of an international airport i.e. Singapore Changi Airport;
 - (ii) Premises of a prescribed international cruise or regional ferry terminal. The prescribed cruise and ferry terminals are Singapore Cruise Centre, Marina Bay Cruise Centre and Tanah Merah Ferry Terminal;

- (iii) Shops (e.g. retail) and restaurants, including those within hotels, serviced apartments, the prescribed MICE venues under 3.2(a)(iii) as well as office, industrial, residential and mixed-use developments; and
- (iv) Premises of tourist attractions (e.g. Singapore Zoological Gardens, Singapore Flyer and Haw Par Villa).

Refer to Appendix A for the examples of the qualifying properties listed under Paragraph 3.2(b).

- (c) The rebate is 10% of the property tax payable for:
 - (i) Marina Bay Sands; and
 - (ii) Resorts World Sentosa.

The above 30% and 15% property tax rebates do not apply to them.

- 3.3 No rebate shall be given to any premises or any part of any premises used for the following:
- (a) Any residential, industrial or agricultural purpose;
 - (b) As an office, a business or science park, a petrol station or a warehouse;
 - (c) As a facility that is for exclusive use of occupiers of particular premises, whether with or without their guests, such as in-house gym, function and meeting space, club lounge, staff canteen and carpark located within the premises mentioned in Paragraph 3.3(a) and 3.3(b);
 - (d) Tenements such as space for base station, vending machine, signage, advertisement, ATM, AXS machines located within the premises mentioned in Paragraph 3.3(a) and 3.3(b); or
 - (e) Accommodation for staff.

4 Treatment of Qualifying Properties in Mixed-Use Development for Property Tax Rebate

- 4.1 Rebates will be granted to qualifying properties described in Paragraphs 3.2(a) and 3.2(b) that are found in mixed-use development. No rebate shall be given to any premises or a part of any premises used for the purposes listed under Paragraph 3.3.

The following table illustrates how the PT rebate will be granted to various qualifying properties (“components”) found in a mixed-use development. In this example, the development comprises a registered hotel, retail mall and office building.

Property	Component	Tax Rebate
Registered Hotel	Hotel Rooms	30%
	Function Rooms	30%
	Other qualifying properties e.g. shops, restaurants	15%
Retail Mall	Qualifying properties e.g. shops, restaurants	15%
	Offices	Not applicable
Office Building	Offices	Not applicable
	Qualifying properties e.g. shops and restaurants	15%
	Gym used exclusively for occupiers of the office building	Not applicable

5 Illustrations of Tax Savings

- 5.1 The examples below illustrate the total tax savings an owner of a qualifying property will enjoy after considering the relevant property tax rebate.

Example 1 – Shop in a Retail Mall

The Annual Value (AV) of a shop is \$90,000.

The revised property tax payable from 1 Jan 2020 to 31 Dec 2020 will be \$7,650 (after rebate) with **tax savings of \$1,350**. See computation:

Property Tax payable before rebate	= \$9,000 [10% x \$90,000]
Less: 15% Property Tax Rebate	= \$1,350 [15% x \$9,000]
Tax payable after rebate	= \$7,650 [\$9,000 - \$1,350]
Tax Savings	= <u>\$1,350</u>

Example 2 – Registered Hotel

The AV of a registered hotel is \$4,000,000. The revised property tax payable from 1 Jan 2020 to 31 Dec 2020 will be \$289,000 (after rebate) with **tax savings of \$111,000**. See computation:

Property Tax payable before rebate = \$400,000 [10% x \$4,000,000]

Less:

Component	AV	Tax Payable	Tax Rebate	Tax Savings
Hotel Rooms	\$3,000,000	\$3,000,000 x 10% = \$300,000	30%	30% x \$300,000 = <u>\$90,000</u>
Function Rooms	\$400,000	\$400,000 x 10% = \$40,000	30%	30% x \$40,000 = <u>\$12,000</u>
Other qualifying properties such as Food & Beverage (F&B) outlets, Shops, Gym	\$600,000	\$600,000 x 10% = \$60,000	15%	15% x \$60,000 = <u>\$9,000</u>
Total	\$4,000,000	\$400,000	-	\$111,000

Tax payable after rebate = \$400,000 - \$111,000 = \$289,000

Tax Savings = **\$111,000**

Example 3 – Carpark within a Mixed-use Development

The AV of the carpark within a mixed-use development is \$648,000.

The development comprises a retail mall (60% of GFA) and office (40% of GFA). The amount of property tax to be granted rebate will be based on the proportion of the GFA of the qualifying properties of the development i.e. retail mall in this example.

The revised property tax payable from 1 Jan 2020 to 31 Dec 2020 will be \$58,968 (after rebate) with **tax savings of \$5,832**. See computation:

Property Tax payable before rebate = \$64,800

Less:

Component	AV	Tax Payable	Tax Rebate	Tax Savings
Carpark apportioned to qualifying properties (retail mall)	60% x \$648,000 = \$388,800	\$388,800 x 10% = \$38,880	15%	15% x \$38,880 = <u>\$5,832</u>
Carpark apportioned to non-qualifying properties (office)	40% x \$648,000 = \$259,200	\$259,200 x 10% = \$25,920	Not applicable	Not applicable
Total	\$648,000	\$64,800	-	\$5,832

Tax payable after rebate = \$64,800 - \$5,832 = \$58,968

Tax Savings = \$5,832

6 Notification and Refund of Property Tax Rebate

- 6.1 IRAS will inform owners of qualifying properties on their property tax rebates by 30 Apr 2020. Owners are not required to submit any claims for the rebate. Please contact Property Tax Division at www.iras.gov.sg (select “Contact Us”) if you do not receive any notice for the rebate by 30 Apr 2020 even though your property falls under the qualifying properties mentioned under Paragraph 3.2.
- 6.2 Owners of qualifying properties can expect to receive their refunds by 31 May 2020.
- 6.3 Refunds will be made directly to the owners’ GIRO bank accounts or via cheque if there is no outstanding tax. If there are any outstanding taxes, the rebate will be used to offset the outstanding taxes before any refund is made. For convenience, credits of less than \$15 will be carried forward to offset future tax liability.
- 6.4 For owners who have an ongoing GIRO instalment plan, with the rebate offsetting the instalment payment, there will be no GIRO deduction for a period ranging from two to four months starting from May 2020:

Properties	GIRO Instalment Plan
Other qualifying properties, Marina Bay Sands & Resorts World Sentosa	No GIRO deduction for May and Jun 2020
Registered hotels, Serviced Apartments and MICE venues namely Suntec Singapore Convention & Exhibition Centre, Singapore EXPO and Changi Exhibition Centre	No GIRO deduction from May to Aug 2020

The GIRO instalment payment for the remaining months will be adjusted accordingly.

Example 1 – Shop in a Retail Mall (Same example in paragraph 5.1)

The AV of a shop is \$90,000, and property tax has been paid via GIRO instalment till Apr 2020 before the rebate is granted.

Before Rebate

Tax payable before rebate = \$9,000

GIRO instalment per month = \$750
(Jan – Dec 2020)

GIRO Instalment Plan for 2020

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750

After Rebate

Tax payable after rebate = \$7,650

Outstanding tax payable = \$4,650 [\$7,650 – (\$750 x 4)]

Revised GIRO instalment per month (Jul – Dec 2020) = \$775 [\$4,650 / 6]

Revised GIRO Instalment Plan for 2020

May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
\$0	\$0	\$775	\$775	\$775	\$775	\$775	\$775

Example 2 – Registered Hotel (Same example in paragraph 5.1)

The AV of a registered hotel is \$4,000,000, and property tax has been paid via GIRO instalment till Apr 2020 before the rebate is granted.

Before Rebate

Tax payable before rebate = \$400,000

GIRO instalment per month = \$33,333.33
(Jan – Dec 2020)

GIRO Instalment Plan for 2020

Jan	Feb	Mar	Apr	May	Jun
\$33,333.33	\$33,333.33	\$33,333.33	\$33,333.33	\$33,333.33	\$33,333.33

Jul	Aug	Sep	Oct	Nov	Dec
\$33,333.33	\$33,333.33	\$33,333.33	\$33,333.33	\$33,333.33	\$33,333.33

After Rebate

Tax payable after rebate = \$289,000

Outstanding tax payable = \$155,666.68 [\$289,000 – (\$33,333.33 x 4)]

Revised GIRO instalment = \$38,916.67
per month (Sep – Dec 2020)

Revised GIRO Instalment Plan for 2020

May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
\$0	\$0	\$0	\$0	\$38,916.67	\$38,916.67	\$38,916.67	\$38,916.67

6.5 Any notification or refund of property tax rebate will only be made to the owner whose name is in the Valuation List at the time of notification or refund.

7 Change of Use of Property from Qualifying to Non-qualifying Use

7.1 The rebate is only applicable for the property tax payable on qualifying properties from 1 Jan 2020 to 31 Dec 2020. Please inform us if there is a subsequent change of use of your property to a non-qualifying use after the rebate has been granted and property tax refunded. The rebate will be revised according to the period that the property was approved and used for a qualifying use.

The following example illustrates the re-computation of tax rebate and property tax payable:

The AV of a shop is \$90,000 with effect from 1 Jan 2020. The revised property tax payable after considering the 15% property tax rebate is \$7,650 with tax savings of \$1,350.

In Jul 2020, the use of the property changed from shop to office. AV is also revised to \$60,000 with effect from 1 Jul 2020. The 15% property tax rebate is revoked with effect from 1 Jul 2020. The revised property tax payable (after rebate) is \$6,825 and amount of tax to be refunded is \$825. The revised tax savings is \$675.

Before Change of Use of the Property and AV revision:

1 Jan 2020 to 31 Dec 2020

Property Tax payable	= \$9,000 [10% x \$90,000]
Less: 15% Property Tax Rebate	= \$1,350 [15% x \$9,000]
Tax payable after rebate	= \$7,650 [\$9,000 - \$1,350]

After Change of Use of the Property and AV revision:

1 Jan 2020 to 30 Jun 2020

Property Tax payable before rebate	= \$4,500 [10% x \$90,000 x 6 / 12 months]
Less: 15% Property Tax Rebate	= \$675 [15% x \$4,500]
Tax payable after rebate	= \$3,825 [\$4,500 - \$675]

1 Jul 2020 to 31 Dec 2020

Property Tax payable before rebate	= \$3,000 [10% x \$60,000 x 6 / 12 months]
------------------------------------	--

1 Jan 2020 to 31 Dec 2020

Property Tax payable before rebate	= \$7,500 [\$4,500 + \$3,000]
Tax payable after rebate	= \$6,825 [\$3,825 + \$3,000]
Tax to be refunded after revision in AV	= \$825 [\$7,650 - \$6,825]

8 If a Property is Transferred

- 8.1 Should the property be transferred, IRAS will not apportion the rebate between the previous and new owners. This shall be a private arrangement between sellers and buyers. Parties should consult their conveyancing lawyers if in doubt.

9 If Annual Value is Revised

- 9.1 If the 2020 AV of the qualifying property is revised, the rebate will be re-computed based on the revised AV. The following examples illustrate the re-computation of the rebate and the tax payable:

Example 1: AV of the Qualifying Property is reduced in 2020

The AV of a shop is \$90,000 with effect from 1 Jan 2020. The revised property tax payable after considering the 15% property tax rebate is \$7,650 with tax savings of \$1,350.

The AV is subsequently revised downwards to \$80,000 with effect from 1 Jul 2020. The revised property tax payable (after rebate) is \$7,225 and amount of tax to be refunded is \$425. The revised tax savings is \$1,275.

Before AV revision:

1 Jan 2020 to 31 Dec 2020

Property Tax payable	= \$9,000 [10% x \$90,000]
Less: 15% Property Tax Rebate	= \$1,350 [15% x \$9,000]
Tax payable after rebate	= \$7,650 [\$9,000 - \$1,350]

After AV revision:

1 Jan 2020 to 30 Jun 2020

Property Tax payable before rebate	= \$4,500 [10% x \$90,000 x 6 / 12 months]
------------------------------------	--

1 Jul 2020 to 31 Dec 2020

Property Tax payable before rebate	= \$4,000 [10% x \$80,000 x 6 / 12 months]
------------------------------------	--

1 Jan 2020 to 31 Dec 2020

Property Tax payable before rebate	= \$8,500 [\$4,500 + \$4,000]
Less: 15% Property Tax Rebate	= \$1,275 [15% x \$8,500]
Tax payable after rebate	= \$7,225 [\$8,500 - \$1,275]
Tax to be refunded after revision in AV	= \$425 [\$7,650 - \$7,225]

Example 2: AV of the Qualifying Property is increased in 2020

The AV of a shop is \$90,000 with effect from 1 Jan 2020. The revised property tax payable after considering the 15% property tax rebate is \$7,650 with tax savings of \$1,350.

The AV is subsequently revised upwards to \$95,000 with effect from 1 Jul 2020. The revised property tax payable (after rebate) is \$7,862.50 and additional tax payable is \$212.50. The revised tax savings is \$1,387.50.

Before AV revision:

1 Jan 2020 to 31 Dec 2020

Property Tax payable	= \$9,000 [10% x \$90,000]
Less: 15% Property Tax Rebate	= \$1,350 [15% x \$9,000]
Tax payable after rebate	= \$7,650 [\$9,000 - \$1,350]

After AV revision:

1 Jan 2020 to 30 Jun 2020

Property Tax payable before rebate	= \$4,500 [10% x \$90,000 x 6 / 12 months]
------------------------------------	--

1 Jul 2020 to 31 Dec 2020

Property Tax payable before rebate	= \$4,750 [10% x \$95,000 x 6 / 12 months]
------------------------------------	--

1 Jan 2020 to 31 Dec 2020

Property Tax payable before rebate	= \$9,250 [\$4,500 + \$4,750]
Less: 15% Property Tax Rebate	= \$1,387.50 [15% x \$9,250]

Tax payable after rebate = \$7,862.50 [\$9,250 - \$1,387.50]

Additional tax payable after revision in AV= \$212.50 [\$7,862.50 - \$7,650]

10 Contact Information

10.1 For enquiries on this e-Tax Guide, please contact Property Tax Division at www.iras.gov.sg (select “Contact Us”).

11 Updates and Amendments

	Date of amendment	Amendments made
1	10 Mar 2020	<ul style="list-style-type: none">• Amended paragraph 3.1, 3.2(a) and 3.2(b), 3.3, 5, 6 and 9 to provide additional information• Removed paragraph 3.4 as the full scope of the rebate is updated in this e-tax guide• Inserted a new paragraph 4 on Treatment of Qualifying Properties in Mixed-Use Development for Property Tax Rebate• Inserted a new paragraph 7 on Change of Use of Property from Qualifying to Non-qualifying Use• Inserted Appendix A to provide list of qualifying properties that are eligible for the 15% property tax rebate

Appendix A – List of Qualifying Properties

These properties are eligible for the 15% property tax rebate, unless excluded at paragraph 3.3:

List of Qualifying Properties	Examples
Premises of an international airport i.e. Changi Airport	-
Premises of a prescribed international cruise or regional ferry terminal, namely Singapore Cruise Centre, Marina Bay Cruise Centre and Tanah Merah Ferry Terminal	-
Premises of tourist attractions	Singapore Zoological Gardens, Singapore Flyer & Haw Par Villa
Shop	Retail shop, furniture shop, pet shop supermarket, take-away food shop, bakery & confectionery, pawnshop, dispensary, beauty salon, spa, ticket agency, travel agency, laundry or dry-cleaning shop, department store, post office, showroom and bank
Warehouse retail	-
Restaurant	Restaurant, café, cybercafé, food court, coffeeshop, market & hawker stalls, bar and night club
Amusement centre	Video games arcade, computer gaming centre and billiard saloon
Cinema or theatre	-
Sports and recreational building	Social club, golf club, clan and association, skating rink and bowling alley
Child care centre or kindergarten	-
School	Tuition centre, language school, computer school, art school, dancing school, speech and drama school, child development centre, play school, foreign system school, training or

List of Qualifying Properties	Examples
	vocation training institute, other private education institution and driving school
Health and medical care building	Medical clinic, medical centre, hospital, nursing home, hospice, place of rehabilitation or convalescent home
Backpackers' hostel, boarding house, guest house, hotel or students' hostel that is not a registered hotel	-
Purpose-built workers' dormitory	Any premises licensed under the Foreign Employee Dormitories Act 2015 and the licensed operator of which is not the employer or prospective employer of its residents
Carpark used in connection with the operation of the qualifying properties listed in this table	<p>Carpark of a retail mall, hotel or serviced apartment</p> <p>For carpark in a mixed-use development, the rebate will be apportioned based on the proportion of the gross floor area of the qualifying properties within the development. Refer to example 3 under Paragraph 5.</p>
Spaces used in connection with the operation of the qualifying properties listed in this table	Management office, store, and other tenements such as atrium space, space for base station, vending machine, signage, advertisement space, ATM, AXS machines within a retail mall
Shophouses that are used for the purposes listed in this table but exclude those that are used for purposes listed in Paragraph 3.3 of this guide	Refer to the examples listed in this table