

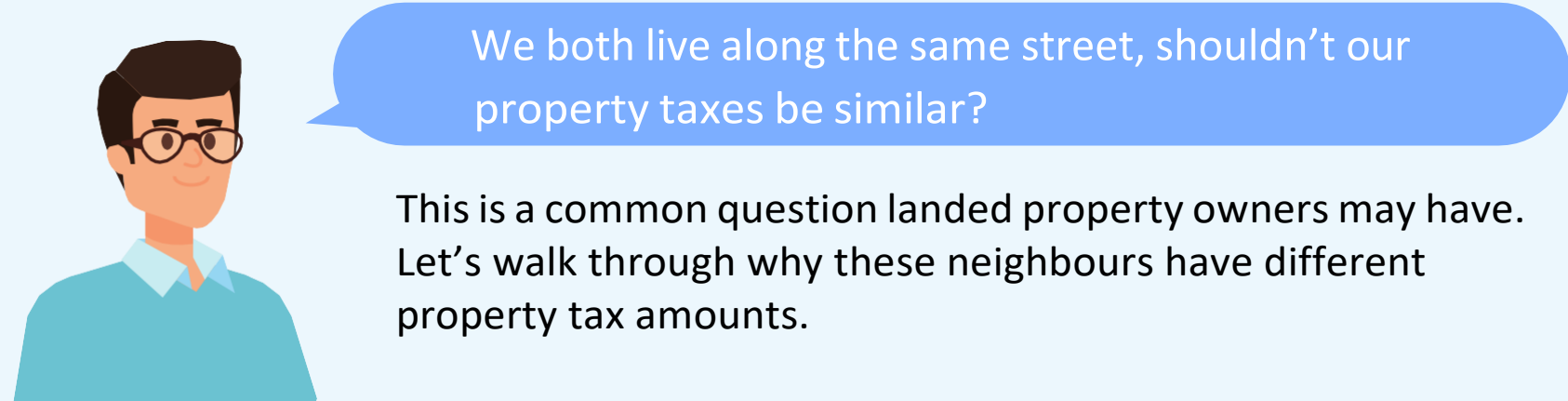
Case Study 1: “Why is my property tax higher than my neighbour’s?”

Mr Lim lives at 6 Orchid Street in a 2-storey semi-detached house.

Mr Tan lives at 23 Orchid Street in a 2-storey terrace house.

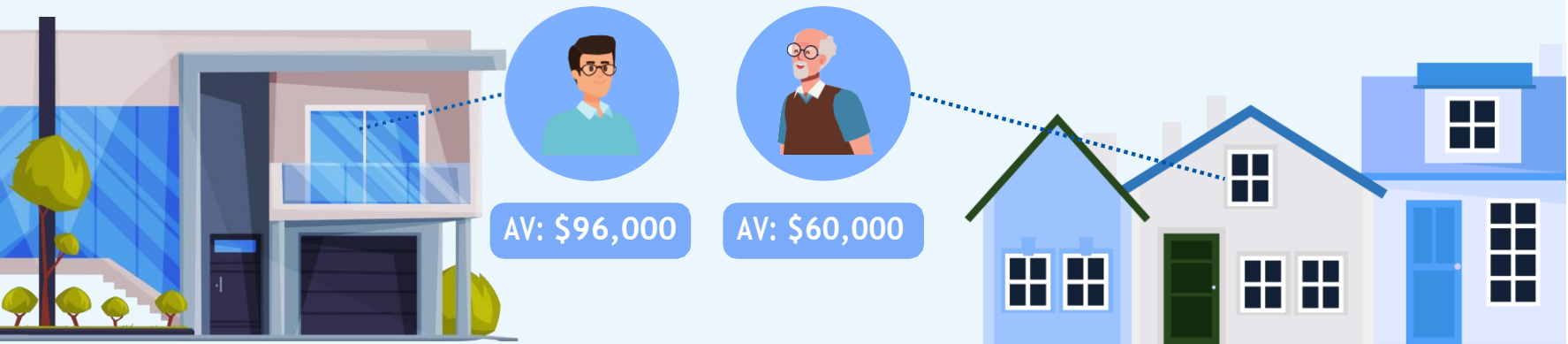


While chatting one day, they realised their property taxes differ.



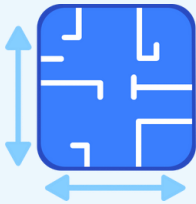

This is a common question landed property owners may have. Let's walk through why these neighbours have different property tax amounts.

Difference in Annual Value (AV)



The Annual Value reflects the market rent that the property could fetch in the year. Mr Lim's semi-detached house at 6 Orchid Street has an **AV of \$96,000** (equivalent to a monthly rent of \$8,000) while Mr Tan's terrace house at 23 Orchid Street has an **AV of \$60,000** (equivalent to \$5,000 monthly rental). Why the difference?

The difference is because **several important factors** influence AVs:

-  **Property Type and Size:** Mr Lim's ~500 sqm semi-detached house is larger than Mr Tan's ~300 sqm terrace house. Semi-detached properties typically attract higher rents due to their larger floor areas.
-  **Property Condition:** Mr Lim's house, with renovations completed 2 years ago, is in better condition than Mr Tan's property, which was completed in the late 1990s

The Bottom Line

Just as rental rates vary based on property characteristics, so does the Annual Value assessment. Mr Lim's **higher property tax reflects his property's features** - larger size, semi-detached house (property type), and better condition.

This explains why neighbouring properties have **different** Annual Values and corresponding property tax bills, as each is assessed based on its **unique characteristics** and **rental potential**.

