

SINGAPORE'S SECOND TRANCHE OF PROPERTY COOLING MEASURES FOR 2023 – WHAT YOU NEED TO KNOW ABOUT THE REVISED ADDITIONAL BUYER'S STAMP DUTY ('ABSD') RATES WITH EFFECT FROM 27 APRIL 2023

In a joint statement announced on 27 April 2023 by the Ministry of Finance ('MOF'), Ministry of National Development ('MND'), and Ministry of Monetary Authority ('MAS'), the ABSD rates for the purchase of residential properties in Singapore will be increased with immediate effect as part of the Government's measured effort to cool the undyingly robust property market. The announcement comes shortly after the Government's recent implementation of the Buyer's Stamp Duty ('BSD') hike on 15 February 2023.

A. INCREASE IN ABSD RATES

1. Individuals purchasing additional residential properties in their own names

The hike in ABSD rates, which affects purchases occurring on or after 27 April 2023, would see a change to the following:-

(a) **Singapore Citizens ('SCs'):-**

- i. For SCs buying their **second** residential property, an increase in ABSD rate from **17% to 20%** of the property's purchase price ('PP') or market value ('MV') (whichever is higher); and
- ii. For SCs buying their **third and subsequent** residential property, an increase in ABSD rate from **25% to 30%** of the PP or MV (whichever is higher).

(b) **Singapore Permanent Residents ('SPRs'):-**

- i. For SPRs buying their **second** residential property, an increase in ABSD rate from **25% to 30%** of the PP or MV (whichever is higher); and
- ii. For SPRs buying their **third and subsequent** residential property, an increase in ABSD rate from **30% to 35%** of the PP or MV (whichever is higher).

(c) **Foreigners (i.e. individuals who are not SCs or SPRs):-**

- i. For foreigners buying **any** residential property, an increase in ABSD rate from **30% to 60%** of the PP or MV (whichever is higher).

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(d) Entities (excluding Housing Developers):-

- i. For entities and trusts buying **any** residential property, an increase in ABSD rate from **35% to 65%** of the PP or MV (whichever is higher).

For SCs and SPRs who purchase their first residential property on or after 27 April 2023, the ABSD rates remain unchanged at 0% and 5% respectively. The ABSD rate of Housing Developers buying any residential property also remains unchanged.

Profile of Buyer	ABSD Rates from 16 December 2021 to 26 April 2023	ABSD Rates on or after 27 April 2023
SC buying first residential property	Not applicable	Not applicable
SC buying second residential property	17%	20%
SC buying third and subsequent residential property	25%	30%
SPR buying first residential property	5%	5%
SPR buying second residential property	25%	30%
SPR buying third and subsequent residential property	30%	35%
Foreigners buying any residential property	30%	60%
Entities buying any residential property	35%	65%
Housing Developers buying any residential property	35% (Plus additional 5% (non-remittable))	35% (Plus additional 5% (non-remittable))

Source: Inland Revenue Authority of Singapore (IRAS)'s Fact Sheet on New ABSD Rates For Acquisitions made on / after 27 April 2023

2. Individuals purchasing residential properties to be held on trust

Residential properties purchased on or after 27 April 2023 to be held on trust under the trustee's name will also be subject to an increase in the ABSD (Trust) from 35% to 65%.

Purchasers or trustees who seek to enjoy remission of the ABSD (Trust) of 65% may submit an application to IRAS, provided that ALL of the following conditions are met:-

- (a) There is an identifiable individual beneficiary;
- (b) There is evidence that ABSD (Trust) of 65% has been paid to IRAS; and
- (c) The application to IRAS is performed within 6 months after the date of execution of the instrument.

Profile of Buyer	ABSD Rates from 16 December 2021 to 26 April 2023	ABSD Rates on or after 27 April 2023
Trustee buying any residential property	35%	65%

B. TRANSITIONAL PROVISION

The implementation of the revised ABSD rates will also come with a transitional provision which allows individuals who intend to purchase / have purchased additional residential properties under their own names to enjoy the ABSD rates on or before 26 April 2023 provided that:-

- (a) An Option to Purchase ('OTP') was granted to the individual on or before 26 April 2023;
- (b) such OTP is exercised on or before 17 May 2023, or within the OTP exercise period; and
- (c) such OTP has not been subject to any variation on or after 27 April 2023.

Individuals who seek to enjoy the ABSD rates under the transitional provision would have to submit an application to IRAS within 14 days after the date of execution of the instrument.

C. FAQ ON ABSD MATTERS

(a)When is ABSD payable?

ABSD is payable from the date of the signed document (i.e. Acceptance to granted Option to Purchase; Sale and Purchase Agreement):

- (a) For documents signed in Singapore, ABSD must be paid within 14 days after such date.
- (b) For documents signed outside of Singapore, ABSD must be paid within 30 days after such document is received in Singapore.

(b)What is a 'residential property'?

In determining what constitutes a 'residential property', IRAS would assess the nature of the acquisition or disposal of the property. To this, there are two broad categories, namely:-

- (a) Acquisition or disposal of a part of an entire building; and
- (b) Acquisition or disposal of vacant land or entire building with land.

(a) Acquisition or disposal of a part of an entire building

In relation to the acquisition or disposal of a property that is part of an entire building, such property is capable of residential use if the permitted use authorised by the Urban Redevelopment Authority ('URA') is solely or partially for residential purpose. ABSD is payable on the residential component of such property.

Permitted Use as at Date of Purchase or Acquisition or Disposal	Zoning under Master Plan	Component of the property attributable to Residential	Component of the property attributable to Non-Residential
For solely residential use	Any	100%	-
For mixed-use (e.g. HDB shop with living quarter), one of which is for residential use	Any	The part permitted for residential use	The part permitted for non-residential use
Any other non-residential use	Any	-	100%

[Source: Table 1, IRAS's 'Definition of Residential Property'](#)

(b) *Acquisition or disposal of vacant land or entire building with land*

In relation to the acquisition or disposal of a vacant land or entire building with land, such property is capable of residential use if the zoning of the land under URA's Master Plan is one of the stipulated zones in Table 2 below. For the various zones, ABSD is payable on the component of the property attributable to residential use.

Zoning under Master Plan	Component of the property attributable to Residential	Component of the property attributable to Non-Residential
Residential	100% of the gross floor area ("GFA")	-
Residential / Institutional	100% of the GFA	-
White	100% of the GFA	-
Commercial & Residential	60% of the GFA	40% of the GFA
Residential with Commercial at first storey	Total GFA less the minimum GFA which must be set aside for commercial uses under the Master Plan.	Minimum GFA set aside for commercial use
Any other zoning e.g. Hotel, Commercial, Business Park	-	100% of the GFA

Source: Table 2, IRAS's 'Definition of Residential Property'

If you are intending to embark on a sale or purchase of your property, please feel free to reach out to our Ms Sharon Tay for a discussion and consultation to better understand the process.

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