

WITHDRAWAL OF 1998 CONCESSION ON DEFERMENT OF PAYMENT OF STAMP DUTY

The 1998 concession on deferment of payment of stamp duty on agreements for purchase of properties will be withdrawn with immediate effect from 15 December 2006. Henceforth, the purchaser of a property will pay stamp duty based on normal stamp duty rule that is **within 14 days** after the date of the Sale and Purchase Agreement or the date of acceptance of the Option to Purchase.

As a transitional measure purchasers who have accepted the Option to Purchase/signed the Sale & Purchase Agreement between 15 December 2006 and 31 December 2006 have up till 14 March 2007 to pay the stamp duty without incurring any penalty for late stamping.

Please refer to circular at Appendix A for more details.

Appendix A

IMMEDIATE

15 December 2006

WITHDRAWAL OF CONCESSION ON DEFERMENT OF PAYMENT OF STAMP DUTY ON AGREEMENTS FOR PURCHASE OF PROPERTIES

The deferment of payment of stamp duty on agreements for purchase of properties was one of the off-budget measures announced by the Minister of Finance in 1998. This concession was introduced to help the property market cope with the impact of economic slowdown. The concession allowed property buyers to defer the payment of stamp duty till completion of sale of completed properties or the date of Temporary Occupation Permit (TOP) in the case of newly constructed properties.

The Government has decided to remove the deferment concession with immediate effect from 15 December 2006 as economic conditions and the property market have improved. Henceforth, the purchaser of a property is required to pay stamp duty **within 14 days** after the date of the Sale and Purchase Agreement or the date of acceptance of the Option to Purchase. Failure to stamp these instruments within the stipulated time will attract penalty of up to 4 times the stamp duty due on the document.

As a transitional measure purchasers who have accepted the Option to Purchase / signed the Sale & Purchase Agreement between 15 December 2006 and 31 December 2006, have up till 14 March 2007 to pay the stamp duty without incurring any penalty for late stamping. To qualify for the transitional measure, the purchaser or his representative has to submit the prescribed form (see Annex 2) and a copy of the sale document to Commissioner of Stamp Duties within 14 days from the date of document.

We expect to process the form within 2 weeks from date of receipt. A letter would be sent to e-Stamping subscribers to inform them of the document reference number for them to pay the stamp duty via the e-Stamping system. For non-subscribers, they would receive a payment voucher together with the notification letter for them to make payment. Payment can be made by 14 March 2007 without incurring any penalty.

Purchasers who have exercised their options before 15 December 2006 are not affected by the new rule. They would continue to enjoy the stamp duty deferment concession.

Annex 1 is a table illustrating the timing of payment of stamp duty.

Annex 2 is the prescribed form for the transitional measure.

ANNEX 1 - Timing Of Payment Of Stamp Duty Before And After Cessation Of Deferment Concession

Types of property	Offer accepted/exercised before 15 Dec 2006	Offer accepted/exercised between 15 Dec 2006 and 31 Dec 2006	Offer accepted/exercised on or after 1 Jan 2007
Completed properties (those for which TOPs have been issued)/ vacant land/ resale of HDB flats/ resale of JTC leasehold interests	Within 14 days after the date of Transfer, or 14 days after the date the buyer subsequently contracts to sell the property, whichever is earlier.	<p>Payment of stamp duty may be deferred till 14.3.2007, or 14 days after the buyer subsequently contracts to sell the property, whichever date is earlier.</p> <p>To qualify for this transitional measure, buyer must lodge with the Commissioner of Stamp Duties the completed form and a copy of the document within 14 days from the date of acceptance of Option to Purchase.</p>	Within 14 days after the date of contract for purchase
Properties under construction (TOPs have not been issued)	Within 14 days after the date of Temporary Occupation Permit, or 14 days after the date the buyer subsequently contracts to sell the property, whichever is earlier.		Within 14 days after the date of contract for purchase
Land/ properties sold or leased by SLA/ HDB/ JTC	Within 14 days after the date of Building Agreement/ Agreement For Lease/ Transfer/ Lease (whichever applies), or 14 days after the date the buyer subsequently contracts to sell the property, whichever is earlier.		Within 14 days after the date of acceptance of letter of offer
Land sold by HDB/URA by tender	Within 14 days after the date of Building Agreement, or 14 days after the date the buyer subsequently contracts to sell the property, whichever is earlier.		Within 14 days after the date of award of tender

Please note

The qualifying criteria for transitional measure are:

- 1) offer must be exercised/ accepted/ executed between 15 December to 31 December 2006, and
- 2) lodge with the Commissioner of Stamp Duties the completed form and a copy of the document within 14 days from the date of acceptance.

GST ON SALE OF LEASEHOLD NON-RESIDENTIAL PROPERTIES

Regulation 16 of the GST (General) Regulations is amended from 1 January 2007. With the amendment, suppliers of leasehold non-residential properties under development are to account for GST to the extent of consideration received / invoiced / due based on the earliest of these events:

- (i) when he receives payment;
- (ii) when he issues a tax invoice for the payment;
- (iii) when the title of the property or land is transferred or
- (iv) when the property or land is made available to the buyer for occupation.

Currently, suppliers of uncompleted leasehold properties only account the GST on the final payment of the sales proceeds when the payment is received or invoiced even though the property has been made available to the buyer for occupation or the title of the property has been transferred. This amendment put sellers of uncompleted leasehold properties on par with sellers of completed properties and freehold properties under development. The streamlined treatment will make it simpler for suppliers supplying both leasehold and freehold properties.

As a transitional measure, developers with contracts entered into **before** 1 January 2007 have additional 3 months after the date the property is made available to the purchaser to account for the remaining progressive payments. See Appendix B for example.

Eng-Tay Geok Lee (Mrs)
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