
Corporate Real Estate

Government Implements New Measures on Buyers' Stamp Duty

Introduction

On 14 February 2023, as part of the Budget Statement for Budget 2023, the Minister for Finance, Lawrence Wong, announced the implementation of an increase in the Buyer's Stamp Duty ("**BSD**") rates for residential and non-residential properties "*to enhance the progressivity of the BSD regime*". The new measures have since taken effect from (and including) 15 February 2023.

The measures are expected to affect 15% of residential properties and 60% of non-residential properties.

In this Update, we provide a summary of the key changes to BSD rates in the new measures.

Changes at a Glance

The two broad measures that have come into effect are:

- (a) BSD for residential properties: An increase in BSD for residential properties in excess of S\$1.5 million;
- (b) BSD for non-residential properties: An increase in BSD for non-residential properties in excess of S\$1 million.

Contribution Note: *This Client Update was written with contributions from Calvin Lim, Senior Associate, from Corporate Real Estate.*

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Increase in BSD Rates for Residential Properties

New BSD rates for residential properties

The new BSD rates for residential properties are set out in the table below:

Purchase Price or Market Value of Property (whichever is higher)	BSD rates for residential properties		
	Rates before 20 February 2018	Rates on or after 20 February 2018 but on or before 14 February 2023	Rates on or after 15 February 2023
First S\$180,000	1%	1%	1%
Next S\$180,000	2%	2%	2%
Next S\$640,000	3%	3%	3%
Next S\$500,000		4%	4%
Next S\$1,500,000			5%
Amount exceeding S\$3,000,000			6%

Purely for illustration purposes, we append below calculations for how BSD payable for residential properties has increased over the years:

Purchase Price of Property (assuming Market Value is the same)	BSD payable before 20 February 2018	BSD payable on or after 20 February 2018 but on or before 14 February 2023	BSD payable on or after 15 February 2023
S\$700,000.00	S\$15,600.00	S\$15,600.00	S\$15,600.00
S\$1,200,000.00	S\$30,600.00	S\$32,600.00	S\$32,600.00
S\$1,700,000.00	S\$45,600.00	S\$52,600.00	S\$54,600.00
S\$2,200,000.00	S\$60,600.00	S\$72,600.00	S\$79,600.00
S\$3,200,000.00	S\$90,600.00	S\$112,600.00	S\$131,600.00

What constitutes a residential property

To determine if a property is a residential property for stamp duty purposes, IRAS' [website](#) is instructive:

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For acquisition or disposal of a part of an entire building (e.g. building units, including those under construction), whether the property is considered to be residential (and the component of the property attributable to residential) depends on whether the permitted use of the property is residential or for mixed purposes (one of which is residential) at the date of acquisition or disposal:

Permitted Use as at Date of Purchase or Acquisition	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%	0%
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	0%	100%

For acquisition or disposal of a vacant land or an entire building with land, whether the property is considered to be residential depends on the zoning of the land under the Master Plan (and not the permitted use of the property), at the date of acquisition or disposal:

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	0%
Residential/ Institutional	100% of the gross floor area	0%
White	100% of the gross floor area	0%
Commercial & Residential	60% of the gross floor area	40% of the gross floor area
Residential with Commercial at first storey	Total gross floor area less the minimum gross floor area which must be set aside for commercial uses under the Master Plan	Minimum gross floor area set aside for commercial use
Any other zoning (e.g. Hotel, Commercial, Business Park)	0%	100% of the gross floor area

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BSD rates for residential properties will apply on the residential component of the property acquired or disposed of.

No change in ABSD rates for residential properties

The rates for Additional Buyers' Stamp Duty ("**ABSD**") currently remains unchanged. For reference, these are:

Profile of Buyer		ABSD rates
Singapore Citizens	Buying 1 st residential property	Not applicable
	Buying 2 nd residential property	17%
	Buying 3 rd and subsequent residential property	25%
Singapore Permanent Residents	Buying 1 st residential property	5%
	Buying 2 nd residential property	25%
	Buying 3 rd and subsequent residential property	30%
Foreigners	buying any residential property	30%
Entities buying any residential property		35% (Developers may apply for remission of this ABSD, subject to conditions) Additional upfront non-remittable 5% ABSD for housing developers
Trustees ¹ buying any residential property		35% (can be refunded if all conditions for remission are met)

¹ Trustee refers to a trustee of any trust when acting in that capacity, but excludes the following:

- Trustee for a collective investment scheme when acting in that capacity;
- Trustee-manager for a business trust when acting in that capacity; and
- Trustee for a housing developer when acting in that capacity.

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Changes in maximum Additional Conveyance Duties rate for buyers

With these changes to BSD, correspondingly, the Additional Conveyance Duties for buyers of equity interest property-holding entities will be raised from up to 44% to up to 46%.

Increase in BSD Rates for Non-Residential Properties

New BSD rates for non-residential properties

The new BSD rates for non-residential properties are set out in the table below:

Purchase Price or Market Value of Property (whichever is higher)	BSD rates for non-residential properties	
	Rates on or before 14 February 2023	Rates on or after 15 February 2023
First S\$180,000	1%	1%
Next S\$180,000	2%	2%
Next S\$640,000	3%	3%
Next S\$500,000		4%
Amount exceeding S\$1,500,000		5%

Purely for illustration purposes, we append below calculations for how BSD payable for non-residential properties has increased:

Purchase Price of Property (assuming Market Value is the same)	BSD payable on or before 14 February 2023	BSD payable on or after 15 February 2023
S\$700,000.00	S\$15,600.00	S\$15,600.00
S\$1,200,000.00	S\$30,600.00	S\$32,600.00
S\$1,700,000.00	S\$45,600.00	S\$54,600.00
S\$2,200,000.00	S\$60,600.00	S\$79,600.00
S\$3,200,000.00	S\$90,600.00	S\$129,600.00

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Applicability of New BSD Rates

These revised BSD rates would apply to cases where the contract for the sale/ purchase is entered into or the Option to Purchase ("**OTP**") is granted on or after 15 February 2023.

Where the contract for the sale and purchase is entered into or the OTP is granted on or before 14 February 2023, the pre-15 February 2023 BSD rates would apply for cases that meet **all** of the following conditions ("**transitional remission conditions**"):

- (a) The OTP is granted by the sellers to buyers on or before 14 February 2023;
- (b) This OTP is exercised on or before 7 March 2023, or within the OTP validity period, whichever is earlier; and
- (c) This OTP has not been varied on or after 15 February 2023.

Concluding Words

In line with the increase in property tax rates for higher value owner-occupied residential properties as well as all non-owner-occupied residential properties, the increase in BSD appears to be a tax move by the government to increase tax revenue, rather than have a dampening effect on the property market. Nevertheless, it remains to be seen the extent to which these measures will affect the property market in the coming months.

Potential purchasers and developers of all properties should be aware of the changes imposed by the new measures and determine whether such changes are applicable to their respective transactions.

For further queries, please feel free to contact our team below.

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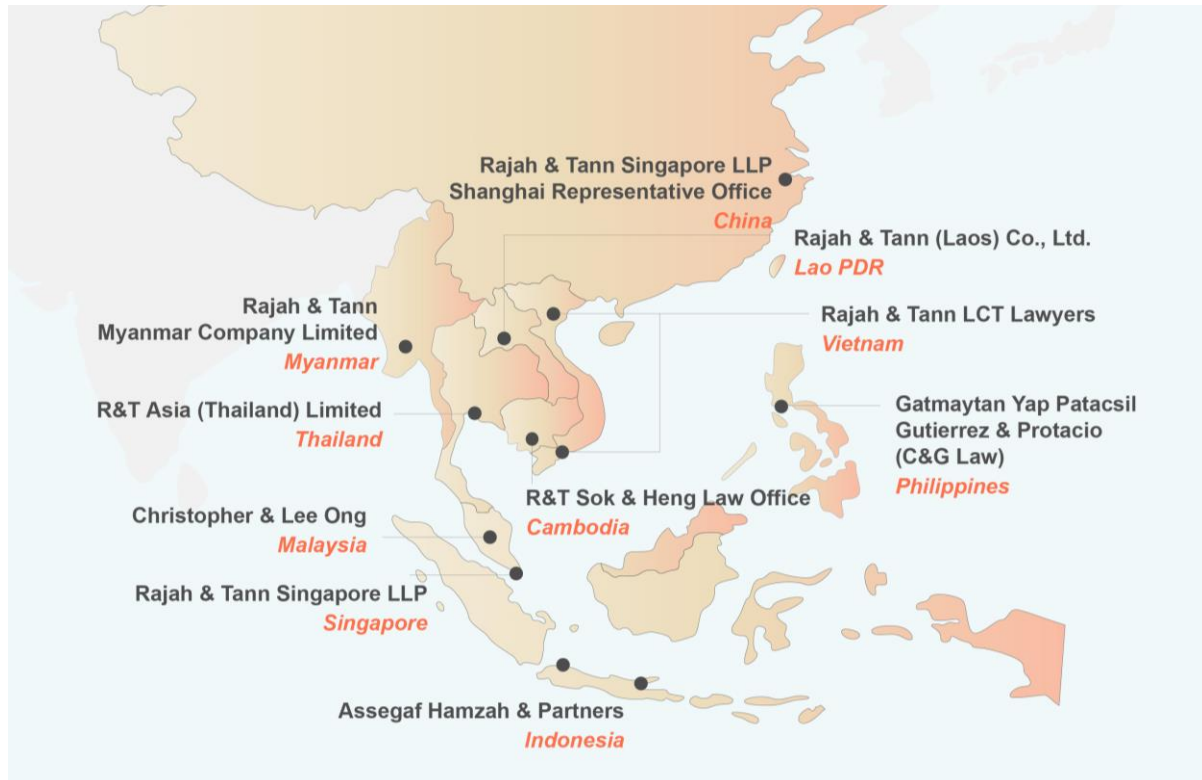
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