

# **IRAS CIRCULAR**

## **40% Property Tax Rebate for Owner-Occupied Residential Properties – Budget 2009**



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**Circular on 40% Property Tax Rebate for Owner-Occupied Residential Properties in Budget 2009**

**Overview**

This Circular serves 4 objectives:

- 1) To provide information on the new 40% Property Tax Rebate for Owner-Occupied Residential Properties announced by the Government in Budget 2009;
- 2) To specify the eligibility criteria for the rebate;
- 3) To provide examples on how the rebate is computed;
- 4) To provide information on the revised Property Tax Bill;

Since 1994, a GST rebate has been granted to owner-occupied residential properties with annual values below \$10,000.

In Budget 2007, Government announced as part of the GST Offset Package, that owner-occupied residential properties would be given an additional property tax rebate of up to \$100 per year in 2008 and 2009.

In Budget 2009, as part of the Government's efforts to ease costs for home owners in the light of the global economic downturn, a further rebate of 40% on the property tax payable (after deducting the existing rebates) for owner-occupied residential properties for the whole year 2009.

**1 Owner-Occupied Residential Properties**

Owner-occupied residential properties refer to those which are eligible for the owner-occupier's concessional tax rate of 4% per annum instead of the normal tax rate of 10%. This owner-occupier's concessional tax rate is available to an individual or a married couple who owns and lives in his or their residential property. It can be granted to one residential property at any one time. A residential property owned by a company, association or a body of persons does not qualify for the concession even if its staff lives in it.

**2 GST Rebate**

Since April 1994, owner-occupied residential properties with annual values below \$10,000 have been enjoying the on-going GST rebates of \$25 to \$150 based on the AV of their properties.

<b>AV</b>	<b>Annual GST Rebate</b>
\$5,000 and below	\$150.00 or the actual tax, whichever is lower
\$5,001 to \$6,000	\$125.00
\$6,001 to \$7,000	\$100.00
\$7,001 to \$8,000	\$75.00
\$8,001 to \$9,000	\$50.00
\$9,001 to \$9,999	\$25.00
\$10,000 and above	No rebate

**3 Budget 2007: Property Tax Rebate for 2008 & 2009**

Owner-occupied residential properties are given additional rebates in 2008 and 2009. This rebate is up to \$100 or the actual property tax amount (whichever is lower) after deducting the GST Rebate.

**4 New 40% Property Tax Rebate for Owner-Occupied Residential Properties – Budget 2009**

As part of the Government's efforts to ease homeowner's costs in the light of the global economic downturn, a further rebate of 40% on the property tax payable (after deducting the existing rebates) will be granted to owner-occupied residential properties for calendar year 2009.

#### 4.1 Eligibility conditions

Only owners from 22 January 2009 are eligible for the new 40% rebate for year 2009. They must also qualify for concessions under either of the following Property Tax Orders:

- a) Property Tax (Rate for Owner-Occupied Residential Premises) Order (O10);
- b) Property Tax (Residential Premises under Construction) (Remission) Order (O17)

#### 4.2 Application of the new 40% Property Tax Rebate

This new 40% Property Tax Rebate will be deducted from the property tax payable for the calendar year 2009, after deducting the GST Rebate (if applicable) and the existing Property Tax Rebate of up to \$100. The new 40% Property Tax Rebate will not be given or will be pro-rated if the concession in either 4.1(a) or 4.1(b) ceases to apply. (See para 5.2. Example 2)

### 5 Illustrations of Tax Savings

The 2 examples below illustrate the total tax savings an eligible owner will enjoy after taking into account the existing rebates as well as the new 40% Property Tax Rebate.

#### 5.1 Example 1

The annual value of an owner-occupied residential property is \$9,000. The property tax payable from 1 Jan 2009 to 31 Dec 2009 will be \$126.00 with tax savings of \$234.00. See computation:

Property Tax Payable before rebate	= \$360 [4% x \$9,000]
Less: GST Rebate	= \$ 50
Property Tax Rebate	= <u>\$100</u>
Balance	= \$210
Less: 40% Property Tax Rebate	= \$84 [40% x \$210]
Tax Payable after rebate	= \$126
Tax Savings	= <u>\$234</u>

#### 5.2 Example 2

The annual value of an owner-occupied residential property is \$9,000 and the 4% Owner-Occupier's concessionary tax rate will not be given from 1 Jul 2009. The property tax payable from 1 Jan 2009 to 31 Dec 2009 will be \$513.00 with tax savings of \$117.00. See computation:

1 Jan 2009 to 30 Jun 2009

Property Tax Payable before rebate = \$180 [4% x \$9,000/12 x 6 months]

Less: GST Rebate = \$ 25 [\$50/12 x 6 months]  
Property Tax Rebate = \$ 50 [\$100/12 x 6 months]  
Balance = \$105

Less: 40% Property Tax Rebate = \$42 [40% x \$105]  
Tax Payable after rebate = \$63

1 Jul 2009 to 31 Dec 2009

Property Tax Payable = \$450 [10% x \$9,000/12 x 6 months]

1 Jan 2009 to 31 Dec 2009

Total Tax Payable before rebates = \$630 [\$180 + \$450]  
Total Tax After rebates = \$513 [\$63 + \$450]

Tax Savings = \$117

**6 Notifications on Revised Property Tax**

Owners do not need to submit applications to claim the new 40% Property Tax Rebate. IRAS will inform eligible property owners on the revised property tax payable for 2009. Notifications will be sent from 1<sup>st</sup> April 2009 and all eligible owners will be notified by 31<sup>st</sup> July 2009.

6.1 Owners who pay by GIRO

Owners who currently pay by GIRO will receive their revised property tax computation with the revised GIRO instalment plans showing the revised monthly payments from April 2009.

Owners who are paying via a one-time GIRO instalment will have their deductions rescheduled. IRAS will notify owners on their revised property tax and the new GIRO deduction date from April 2009.

6.2 Owners who have paid up the full 2009 tax

Owners will receive their revised property tax computation from April 2009, followed by the refund cheques.

6.3 Owners who have not paid up the full 2009 tax before due date 31 January 2009

Owners who have not paid their 2009 property tax may proceed to pay the reduced property tax after taking into account the 40% property tax rebate. For enquiries, owners may email to [ptostax@iras.gov.sg](mailto:ptostax@iras.gov.sg) or call us on 1800 356 8600.

**7 When a Property is Transferred**

Any refund of property tax outstanding will only be given to the person who is the owner at the time of issue of refund and meets the eligibility conditions in paragraph 4.1.

Where the property changes ownership after 22 Jan 2009 but before the refund is issued, the seller is advised to make arrangements with the buyer if he wishes to claim from the buyer his share of the property tax rebate that relates to the period the seller owned the property. IRAS will not apportion refund between the previous and new owners.

This shall be a private arrangement between sellers and buyers. If in doubt, the parties should consult their conveyancing lawyers.

The rebate is not available to owners who sold their properties before 22 January 2009.

**8 Contact Information**

For enquiries on this circular, please contact:

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