

IRAS e-Tax Guide

**Stamp Duty : Removal of Fixed and Nominal
Duties
(Second Edition)**

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Paragraph

6.5 – Additional information on section 24(2) under Fixed Duty Instruments

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Stamp Duty: Removal of Fixed and Nominal Duties

1 Aim

1.1 This guide serves:-

- to inform you that the Minister for Finance, in Budget 2011, has announced the removal of most fixed and nominal duties with effect from 19 Feb 2011 to reduce the compliance costs of taxpayers.
- to provide you with the details on the types of instruments, the respective heads of charge under the First Schedule to the Stamp Duties Act and the respective sections under the Stamp Duties Act where fixed and nominal duties are removed.

2 At a Glance

- 2.1 Before 19 Feb 2011, instruments that are not liable to ad valorem duties are chargeable at fixed duties. The fixed duties on most of these instruments dated on and after 19 Feb 2011 are now removed.
- 2.2 The removal will not apply to Declaration of Trust. The Declaration of Trust will still be required to be stamped at a fixed duty of \$10 under Article 4 of the First Schedule to the Stamp Duties Act.
- 2.3 Before 19 Feb 2011, subsequent instruments that are executed to effect the same transaction of the same property are chargeable with nominal duties. The nominal duties on these subsequent instruments dated on and after 19 Feb 2011 are now removed.
- 2.4 Before 19 Feb 2011, duplicates or counterparts of any instrument chargeable with duty are chargeable with nominal duties. Similarly, the nominal duties on duplicate or counterpart instruments dated on and after 19 Feb 2011 are now removed.
- 2.5 Before 19 Feb 2011, for remission under Stamp Duties (Transfer of HDB Flat Within Family) (Remission) Rules 2007, stamp duties in excess of \$10 will be remitted when certain conditions are met. Full remission will now be given to such Transfer documents dated on and after 19 Feb 2011.

3 Glossary

- 3.1 Fixed duties mean duties imposed on instruments that are fixed in amount and do not vary according to the amount or value of the consideration paid or with the content of the instrument.

- 3.2 Nominal duties mean duties imposed on instruments that are of a nominal sum of up to \$10 and where 2 or more instruments are executed to effect the same transaction.
- 3.3 Property refers to immovable property and stock or shares.
- 3.4 Ad valorem duty means a duty based on the amount or value of consideration paid.
- 3.5 Disclaimer means a document or act whereby a person refuses to accept an interest which is attempted to be transferred to him / her, or refuses to take an entitlement under a Will or Law of Intestacy or Muslim Law of Inheritance.
- 3.6 Duplicate means another original set of the same instrument.
- 3.7 Counterpart is one of the several contracts of which the contents are the same and is signed by each contractual party in different sets of that same contract, particularly if the contractual parties are in different localities.
- 3.8 Settlement of property (broadly also known as trust) is where the property is given by the settlor into a trust for the beneficiaries in such manner as prescribed under the settlement.

4 Background

- 4.1 The removal of the mentioned fixed and nominal duties will help to reduce compliance costs for taxpayers.

5 Current Tax Treatment

- 5.1 Instruments that are not liable to ad valorem duties are chargeable at fixed duties of \$2 or \$10. For e.g, Novation of Lease where no consideration is paid and Transfer by Assent where properties are distributed in accordance to a Will or by law.
- 5.2 Subsequent instruments that are executed to effect the same transaction of the same property are chargeable with nominal duties of \$2 or \$10. For e.g, Sale and Purchase Agreement where ad valorem duty has been paid on the earlier Acceptance to Option to Purchase and Supplemental Lease where ad valorem duty has been paid on the earlier Lease document.
- 5.3 Duplicates or counterparts of any instrument chargeable with duty are chargeable with nominal duties of \$2.
- 5.4 Under Stamp Duties (Transfer of HDB Flat Within Family) (Remission) Rules 2007, stamp duties in excess of \$10 will be remitted when certain conditions are met.

6 What's New and the Effective Date

- 6.1 Following the announcement in Budget 2011, most instruments that are liable to fixed or nominal duties that are executed on or after 19 Feb 2011 will no longer be chargeable with such duties.
- 6.2 Instruments that are liable to fixed or nominal duties that are executed before 19 Feb 2011 will continue to be chargeable.
- 6.3 Full remission under Stamp Duties (Transfer of HDB Flat Within Family) (Remission) Rules 2007 will be given to Transfer instrument dated on and after 19 Feb 2011.
- 6.4 Instruments that are no longer liable to fixed or nominal duties are listed in 6.5 and 6.6.
- 6.5 Fixed duty instruments :-

Relating to	Examples of Documents	Reference to Stamp Duties Act
Lease not otherwise specially charged with ad valorem duty	<ul style="list-style-type: none">• Novation of lease involving an incoming tenant and outgoing tenant where no consideration is paid.• Assignment of lease involving an incoming landlord and outgoing landlord where no consideration is paid.• Variation of lease or Supplemental Lease for reduction in rent or lease term.	Article 8(e) of First Schedule

Transfer of property to / from trustees where beneficiary owner remains the same	<ul style="list-style-type: none"> • Transfer of existing property held by current trustees to a new trustee. • Transfer of existing property held by one retiring trustee to the continuing trustees. 	Article 3(f) of First Schedule
	<ul style="list-style-type: none"> • Transfer of existing property held by a trustee to another trustee. 	Article 3(g)(ii) of First Schedule
Transfer of property not otherwise specially charged with ad valorem duty	<ul style="list-style-type: none"> • Transfer of property by way of assent to the beneficiaries in accordance to the Will, Intestate Succession Act or Muslim Law of Inheritance. 	Article 3(i) of First Schedule
	<ul style="list-style-type: none"> • Statement by a personal representative declaring himself to be absolute owner of any land under rule 33 of Land Titles Rules 	Section 24(2) and Article 3(i) of First Schedule

	<ul style="list-style-type: none"> • Transfer of property pursuant to universal succession. • Transfer of property from trustee to beneficial owners or vice versa where there is no change in the beneficial ownership. • Transfer of property in consideration of marriage, subject to the fulfillment of conditions stated in Section 16(3A) of the Stamp Duties Act. • Disclaimer 	Article 3(i) of First Schedule
Partition of immovable property where each owner does not receive any excess benefit	<ul style="list-style-type: none"> • Deed of Partition or Court Order for original co-owners of an immovable property to receive the same amount of shares in the property after partition. 	Article 10 of First Schedule
Surrender of lease where no consideration is paid	<ul style="list-style-type: none"> • Deed of Surrender where the tenant does not make any payment to the landlord for the premature termination of the lease. 	Article 12(b) of First Schedule

6.6 Nominal duty instruments:-

Relating to	Examples of Documents	Reference to Stamp Duties Act
Duplicate or counterpart	Please refer to the definitions in 3.6 and 3.7.	Section 12 and Article 5 of First Schedule
Lease executed in pursuance of an agreement duly stamped for ad valorem duty	<ul style="list-style-type: none"> Lease instrument that is executed after an Acceptance to Letter of Offer or an Agreement for Lease (where ad valorem duty has been paid). 	Article 8(d) of First Schedule
Transfer of property following an assignment, contract or agreement where ad valorem duty has been paid	<ul style="list-style-type: none"> Sub-sale Deed of Assignment between the original purchaser and the sub-purchaser, where ad valorem duty has been paid on the earlier executed Acceptance to Option to Purchase. Transfer instrument executed after the Sale and Purchase Agreement or the Acceptance to Option to Purchase (where ad valorem duty has been paid). 	Sections 22(3), 22A(10) and (10A)

Subsequent contract or agreement effecting the same sale of the same property where ad valorem duty has been paid on one such earlier contract or agreement	<ul style="list-style-type: none"> • Fresh Sale and Purchase Agreement between the developer and sub-purchaser. 	Sections 22(5), 22A(10) and (10A)
Transfer of property following a foreclosure order which is duly stamped for ad valorem duty	<ul style="list-style-type: none"> • Transfer instrument executed after the decree or Court order (where ad valorem duty has been paid). 	Section 18(3)
Mortgage instrument executed in pursuance of an agreement duly stamped for ad valorem duty	<ul style="list-style-type: none"> • Mortgage instrument executed after a Deed of Assignment (where ad valorem duty has been paid). 	Article 9(d) of First Schedule
Subsequent instrument executed in conjunction with a security which is duly stamped with ad valorem duty	<ul style="list-style-type: none"> • Instrument effecting additional security for the same loan. 	Article 9(e) of First Schedule
Settlement executed in pursuance of an agreement duly stamped for ad valorem duty	<ul style="list-style-type: none"> • Deed of Settlement executed after an Agreement for Settlement (where ad valorem duty has been paid). 	Article 11(b) of First Schedule
Transfer of registered stock or marketable security intended as a security following an instrument executed under hand	<ul style="list-style-type: none"> • Transfer for share instrument that is executed after a Memorandum of Charge of shares signed under hand. 	Section 30(3)

6.7 The removal of the fixed duties would not apply to Declaration of Trust where beneficial ownership does not pass. It remains chargeable under Article 4 of the First Schedule to the Stamp Duties Act at \$10.

7 Administrative Procedure

- 7.1 With the removal of most fixed and nominal duties, there is no need to stamp instruments otherwise liable for fixed or nominal duties dated on or after 19 Feb 2011.
- 7.2 If instruments not liable to fixed or nominal duties by virtue of the removal had been stamped, an application for refund may be submitted to Commissioner of Stamp Duties. Details on refund application may be found on our website at www.iras.gov.sg > Stamp Duty > Claim Refunds.

8 Frequently Asked Questions

8.1 Why is the \$10 fixed duty on Declaration of Trust retained?

Declaration of Trust may operate as a sale or a gift, for which ad valorem duty is payable. As such, by retaining the fixed duty on Declaration of Trust, IRAS can assess if the document is correctly stamped.

8.2 When a tenant pays a consideration to his landlord for surrendering the lease on and after 19 Feb 2011, will the surrender of lease attract any duty?

A payment by a tenant to the landlord to persuade the landlord to accept a surrender of a lease will not attract any fixed duty as the surrender of lease is executed on or after 19 Feb 2011.

However, if the surrender of lease is initiated by the landlord and he pays a consideration to the tenant for the surrender, this is treated as an assignment of lease and is chargeable with ad valorem duty under Article 12(a) of First Schedule.

8.3 What is a partition of immovable property with no excess benefits and with excess benefits?

No excess benefits results from a partition of immovable property where the co-owners divide their jointly owned property in severalty and each owner gets a value equals to his original share in the property before partition.

In a situation where after the division, one of the co-owners gets a property in severalty, the value of which is greater than his original share, the difference between the value of the property in severalty which he gets and the value of his original share is the excess benefits.

To illustrate, A and B co-owned a piece of land in equal shares (50% each). The land which is worth say a value of \$1,000,000 was divided into 2 separate lots X and Y. The value of lot X say is worth \$600,000 and the value of lot Y say is \$400,000. A gets lot X and B gets lot Y. As a result of the partition, A gets an excess benefits of \$100,000 (value of lot X \$600,000 less his original share \$500,000). \$100,000 is the excess benefits. Ad valorem duty will be payable based on the value of \$100,000 or consideration paid by A to B (if any), whichever is greater.

8.4 I am holding on to a duplicate document. How can I check if the original document has been duly stamped?

You may request for a copy of the Stamp Certificate from the party who did the stamping. Alternatively, you may check with IRAS. Please refer to contact information at paragraph 9.

9 Contact Information

- 9.1 For enquiries on this Guide, please contact :
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