IRAS CIRCULAR

(A) STAMPING OF LEASE WITH VARIABLE RENT

(B) STAMPING OF ACCEPTANCE
TO LETTER OF OFFER
FOR LEASE



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To The Law Society of Singapore
Real Estate Developers' Association of Singapore
Institute of Estate Agents
Singapore Institute of Surveyors and Valuers

(A) STAMPING OF LEASE WITH VARIABLE RENT (B) STAMPING OF ACCEPTANCE TO LETTER OF OFFER FOR LEASE

We note that currently almost all Leases with variable rents (ie where actual rent amounts cannot be ascertained upfront) are being submitted to IRAS for adjudication. Adjudication attracts a fee and delays stamping. We would like to advise that adjudication is not mandatory for such Leases. Like any other Leases with fixed rents, these Leases may be e-stamped without adjudication, based on the Open Market Rent or Gross Rent agreed between the parties of the contract, whichever is the higher. Gross Rent would include the base rent and all charges in connection with the Lease (such as additional rent, service charge, payment for hire of fittings or equipment, fees for advertising and promotion). A list of examples and the applicable stamp duty treatment is attached in Annex 1.

We also wish to clarify that Acceptance to Letter of Offer for Lease is chargeable for ad valorem duty, and hence needs to be stamped within 14 days of the date of acceptance. Failure to stamp the Acceptance within the stipulated time will attract late stamping penalty. Any subsequent document executed pursuant to the Acceptance, such as Lease or Agreement for Lease, will only be charged nominal duties since ad valorem duty has already been paid for the Acceptance.

We would appreciate if the information could be disseminated to your members. If you need any clarification, you may call our helplines at 6351 3697 / 6351 3698 for assistance.

WANG TECK LENG
DIRECTOR
VALUATION & STAMP DUTY
for COMMISSIONER OF STAMP DUTIES

cc Housing & Development Board
JTC Corporation
Singapore Land Authority
Urban Redevelopment Authority

ANNEX 1 - Stamping Of Lease Documents With Variable Rent

Types Of Rent Structure Involving Variable Rent Component	Stamp Duty Treatment
Rent based on percentage of sale turnover	Stamping based on Open Market Rent
Gross Rent, involving a percentage of sale turnover (where absolute amount is not known at time of stamping)	Stamping based on whichever is higher:- 1) Gross Rent, or 2) Open Market Rent
Gross Rent, involving a percentage of sale turnover that includes an ascertainable projected sale turnover	Stamping based on whichever is higher:- 1) Gross Rent to include amount derived from percentage of ascertainable projected sale turnover, or 2) Open Market Rent
Gross Rent, involving a percentage of sale turnover, subject to a minimum secured sum	Stamping based on whichever is higher:- 1) Gross Rent to include minimum secured sum, or 2) Open Market Rent
Gross Rent, involving a percentage of sale turnover, subject to a maximum secured sum	Stamping based on whichever is higher:- 1) Gross Rent to include maximum secured sum, or 2) Open Market Rent

Please note

1) "Open Market Rent" as defined under Section 25(5) of Stamp Duties Act, Cap. 312 means the consideration (including rent, payment for the hire of any furniture, chattels, fittings or equipment or for the provision of services, facilities or other things in connection with the property, and any other form of valuable consideration) that a lessee might reasonably be expected to pay under a lease of the property, if it were unoccupied and offered for renting.