IRAS CIRCULAR

EXTENSION OF RELIEF GRANTED UNDER SECTION 15(1)(b) OF THE STAMP DUTIES ACT TO STATUTORY BOARDS, UNLIMITED COMPANIES AND LIMITED LIABILITY PARTNERSHIPS

INLAND REVENUE
AUTHORITY
OF SINGAPORE

Published by
Inland Revenue Authority of Singapore

Published on 15 Feb 2007

15 February 2007

To The Law Society of Singapore

Institute of Certified Public Accountants of Singapore

The Singapore Association of the Institute of Chartered Secretaries and Administrators

Extension of Relief Granted under Section 15(1)(b) of the Stamp Duties Act

1 Second Minister has announced that stamp duty relief will now be extended to intra-group transfers of assets to Statutory Boards (SBs), unlimited companies, and Limited Liability Partnerships (LLPs) where all the partners are companies. This change applies to documents executed and dated on or after 15 February 2007.

2 Currently, relief from ad valorem stamp duty is granted on documents made for the purposes of or in connection with the transfer, conveyance or assignment of any beneficial interest in any immovable property or shares ("assets"). This relief is available to transfers between associated companies with limited liability, associated registered business trusts, or a company with limited liability and an associated registered business trust[1].

3 Given that more businesses are adopting different types of business vehicles to streamline their corporate structures, Second Minister for Finance has decided to extend the stamp duty relief to intra-group transfers of assets involving Statutory Boards (SBs), unlimited companies, and Limited Liability Partnerships (LLPs) where all the partners are companies.

4 The relief will be allowed, if all the qualifying conditions under the Stamp Duties (Relief from Stamp Duty Upon Transfer of Assets Between Associated Companies) Rules are met.

5 Relief is applicable to LLPs where all the partners are companies. This includes the situation where the partners of an LLP ("llp1") include another LLP ("llp2"), provided that all the partners of llp2, and all the rest of the partners of llp1, are companies (see scenarios 1 and 2 of Annex 1). On the other hand, a LLP would not qualify for relief if any partner is an individual. In addition, within 2 years of the transfer, partnership interest in the LLP(s) involved in the transfer can only be disposed of to other companies.

6 Transfers between the SB and SB-owned companies, and transfers between companies owned by the same SB, will similarly enjoy the relief.

---

[1] Section 15(1)(b) of the Stamp Duties Act and the Stamp Duties (Relief from Stamp Duty Upon Transfer Of Assets Between Associated Companies) Rules

7 It is also not necessary for the transferor and transferee to be of the same business structure, so long as they are associated. The unlimited companies and LLPs need not be incorporated or registered in Singapore.

8 Furthermore, in view of the extension of stamp duty relief to associated LLPs, the consideration paid for the transfer of assets will now be extended to include partnership interest in the transferee LLP. The scenarios on how partnership interest in an LLP can be given as consideration are shown in scenarios 3, 4 and 5 of Annex 1.

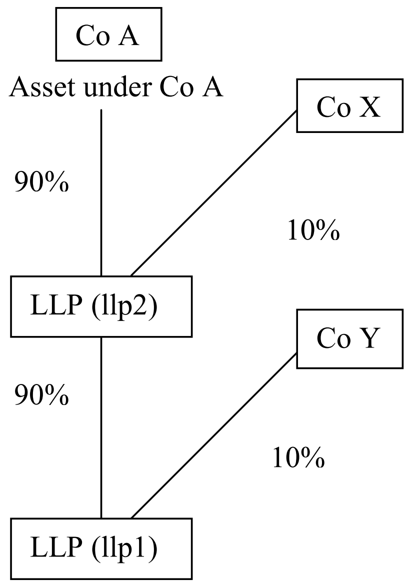
9 We would appreciate it if the above information could be disseminated to your members. If you need clarification, you may call our helplines at 6351 3697 / 6351 3698 for assistance.

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

Scenarios on how relief is extended to transfers involving two LLPs

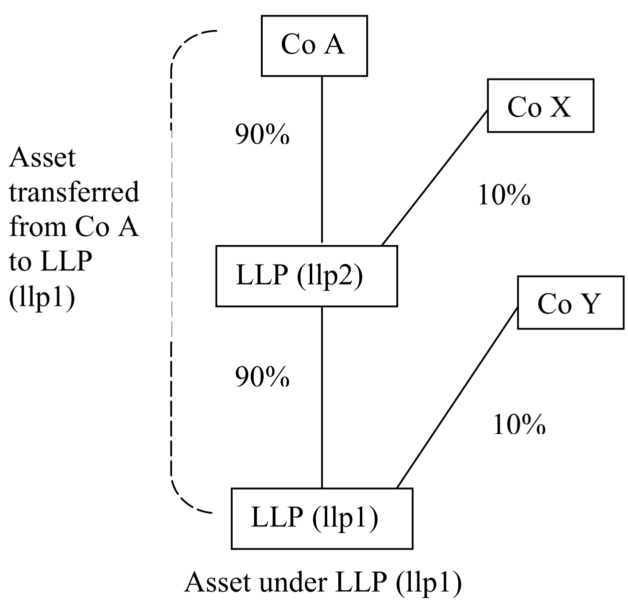
Scenario 1 – Indirectly associated entities with consideration paid in cash

<u>Before transfer of asset</u>



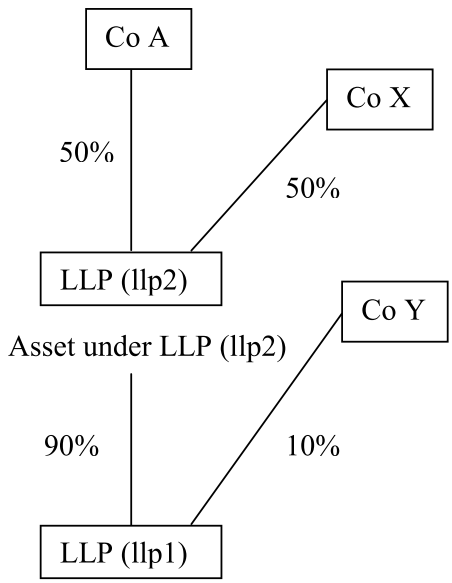
Company (Co A) and LLP (llp1) are associated* indirectly via LLP (llp2)
Company (Co A) transfers asset to LLP (llp1)
Consideration paid to Co A in cash

<u>After transfer of asset</u>



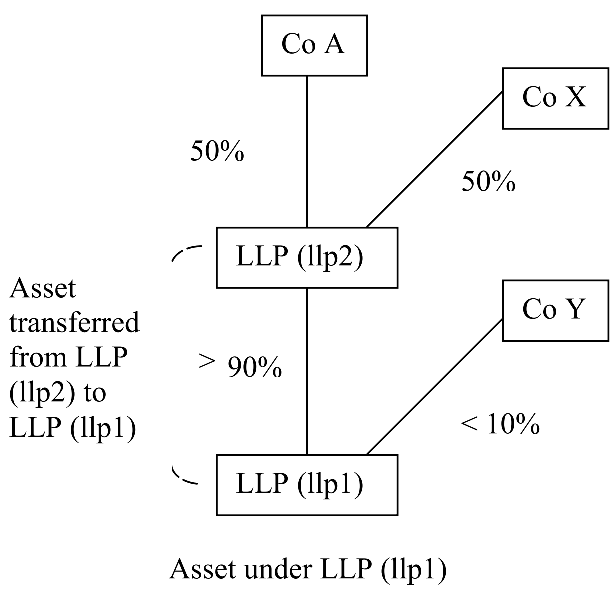
Scenario 2 - Directly associated entities with consideration paid in partnership interest

<u>Before transfer of asset</u>



LLP (llp1) and LLP (llp2) are associated* directly
LLP (llp2) transfers asset to LLP (llp1)
Consideration paid is in the form of partnership interest in LLP (llp1) to LLP (llp2)

<u>After transfer of asset</u>

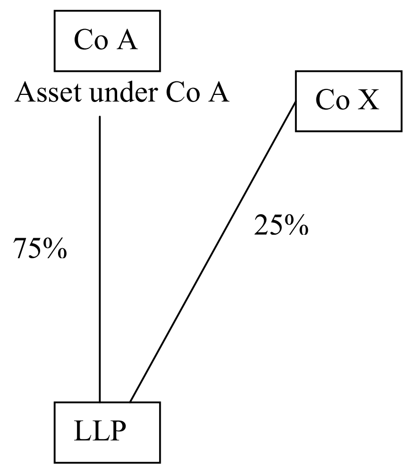


***		Association is with reference to capital contribution.**

Scenarios on how partnership interest in the transferee LLP can be paid as consideration for the transfer of assets to the LLP

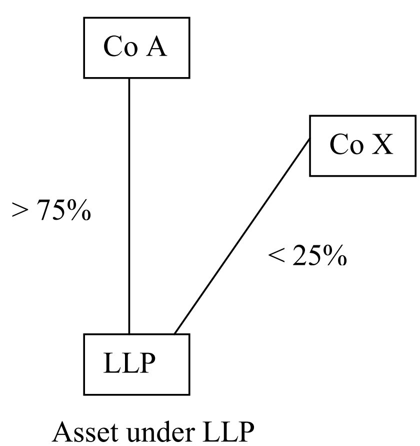
Scenario 3 - Directly associated entities with consideration paid in partnership interest

Before transfer of asset



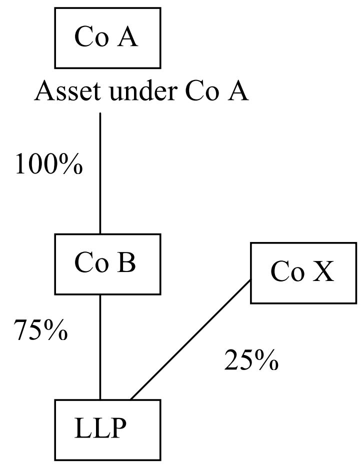
Co A and LLP are associated directly
Co A transfers asset to LLP
Consideration is in the form of interest in LLP to Co A

After transfer of asset
Interest of Co A in LLP is increased.
Co A and LLP must remain associated at all times during the moratorium period. The LLP must also retain the asset during the moratorium period. The change in the association threshold / disposal of asset is permissible if such change is in consequence of reconstruction, amalgamation or liquidation.



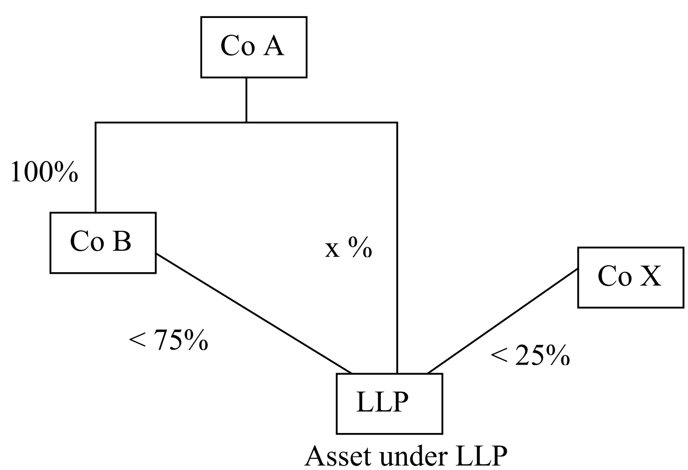
Scenario 4 – Indirectly associated entities with consideration paid in partnership interest

Before transfer of asset



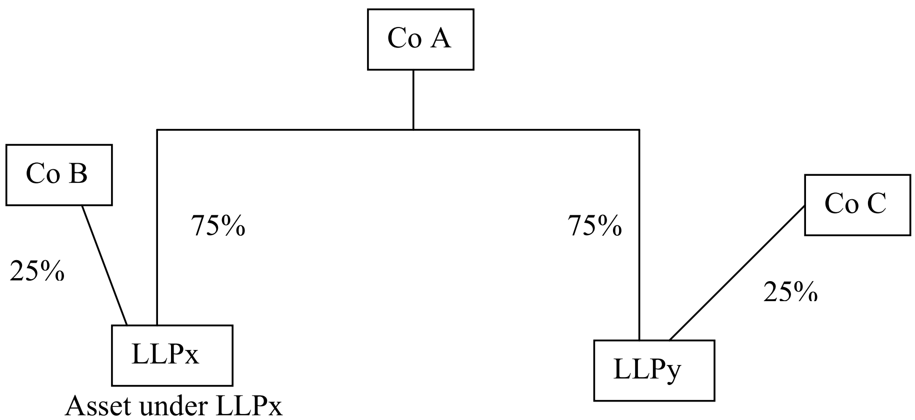
Co A is associated indirectly to LLP
Co A transfers asset to LLP
Consideration is in the form of interest in LLP to Co A

After transfer of asset
Partners of LLP are Co B, Co X and Co A.
Co A, Co B and LLP must all remain associated at all times during the moratorium period. The LLP must also retain the asset during the moratorium period. The change in the association threshold / disposal of asset is permissible if such change is in consequence of reconstruction, amalgamation or liquidation.



Scenario 5 – Associated LLPs through holding companies with consideration paid in partnership interest

Before transfer of asset



LLPx is associated with LLPy
LLPx transfers asset to LLPy
Consideration is in the form of interest in LLPy to LLPx

After transfer of asset
Partners of LLPy are Co A, Co C and LLPx
The interest of LLPx (i.e. x%) in LLPy is equal to the sum total of reduced interest of Co A and Co C in LLPy.
Co A, LLPx and LLPy must all remain associated at all times during the moratorium period. LLPy must also retain the asset during the moratorium period. The change in the association threshold / disposal of asset is permissible if such change is in consequence of reconstruction, amalgamation or liquidation.