



## Property Tax on Residential Property

All you need to know about property tax on residential property

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### 1. What is Property tax?

Property tax is an asset tax levied on property ownership. It is not a tax on rental income. It is thus levied on the ownership of properties, irrespective of whether the property is occupied or vacant.

### 2. How is property tax calculated?

The property tax is calculated by multiplying the Annual Value (AV) of the property with the prevailing property tax rate.

#### Annual Value (AV)

Every property has an AV. This AV of a property is determined based on market rentals of similar or comparable properties. What this means is that if you own a five-room flat in Toa Payoh, the Inland Revenue Authority of Singapore (IRAS) looks at similar five-room flats in Toa Payoh and how much they are rented out at, to determine the Annual Value.

#### Property Tax rates

We have progressive property tax rates for residential properties- the higher the value of the residential property, the higher the tax rate.

Changes were introduced in Budget 2022 to both owner-occupied homes, and non-owner occupied residential properties.

### Owner-Occupied Residential Properties

For the owner-occupied residential properties, the increased tax rates affect only those with Annual Value above \$30,000. That means that all owner-occupied HDB flats are not affected. The new rates took effect on 1 January 2023 and 1 January 2024.

### Non-Owner-Occupied Residential Properties

(This refers to residential buildings which are not owner-occupied and does not include residential land.)

All non-owner-occupied residential properties will face higher property taxes. The tax rates for these are higher because these properties include second homes and those held for investment. The tax increases are more significant for the higher-end non-owner-occupied residential properties. The new structure took effect from 1 January 2023 and 1 January 2024.

The tax rates for owner-occupied residential rates will continue to be lower than those for non-owner-occupied residential properties. The tax rates are shown in the tables below:

Table 1: Property Tax Rates for Owner-Occupied Residential Properties

Annual Value	Property Tax Rate for Owner-Occupied Residential Properties	
	Effective 1 Jan 2023	Effective 1 Jan 2024
First \$8,000	0%	0%
Next \$22,000	4%	4%
Next \$10,000	5%	6%
Next \$15,000	7%	10%
Next \$15,000	10%	14%
Next \$15,000	14%	20%
Next \$15,000	18%	26%
Above \$100,000	23%	32%

Table 2: Property Tax Rates for Non-Owner-Occupied Residential Properties

Annual Value	Property Tax Rates for Non-Owner-Occupied Residential Properties	
	Effective 1 Jan 2023	Effective 1 Jan 2024
First \$30,000	11%	12%
Next \$15,000	16%	20%
Next \$15,000	21%	28%
Above \$60,000	27%	36%

### 3. When and how do I pay property tax?

Property tax is payable yearly. At the end of each year, you will receive your property tax bill for the following year. Payment is due on 31 Jan. For ad-hoc property tax notices issued by IRAS, payment is due one month from the date of notice.

You are encouraged to join GIRO to enjoy up to 12 interest-free monthly instalments or opt for a one-time deduction. You can also choose digital payments such as PayNow QR and AXS using your property tax reference number.

For more information on property tax payment, please refer to IRAS' [website](#).

### 4. Why does my Annual Value change over the years?

As property tax is an asset tax based on property ownership, AV is reviewed and adjusted to reflect the change in market values of comparable property. The AV may be revised upwards, downwards or kept at the same level depending on the market values.

### 5. Why do I have to pay property tax on my home when I am an owner-occupier and not deriving rental income?

Property tax is based on property ownership and therefore is levied regardless of whether the property is owner-occupied, vacant or rented out. However, to encourage home ownership, we have a lower tax rate for owner-occupied residential properties.

For more information on the concessionary owner-occupier's tax rate, please refer to IRAS' [website](#).

### 6. I rent out my residential property and have to pay tax on my rental income and on the property. Am I being taxed twice?

There is no double taxation here. Property tax is imposed based on property ownership, not different from income tax on the rental income, which is a tax on the income which an individual earns.

For more information on property tax, please refer to IRAS' [website](#).

## 7. Why not use Capital Value to estimate Annual Value for property tax calculation?

In Singapore, we use rental transactions of comparable properties to determine the AV of the property for the purpose of property tax, for two reasons.

First, there are generally more rental transactions than sales transactions, to allow AV to be determined for each property based on comparable properties. Second, movements in sale prices are more volatile than rentals. Hence, using rental transactions to derive the AV helps to keep property tax more stable for property owners.

This practice of using market rents to determine the AV is also adopted by other jurisdictions like Hong Kong and Malaysia.

## 8. How else do we tax wealth?

We tax wealth through the property tax, stamp duty, and additional registration fee for motor vehicles. The higher value the residential property or motor vehicle, the higher the tax.

We will continue to study how we can strengthen our current system of wealth taxes. However, many forms of wealth are mobile, and as long as there are differences in wealth taxes across jurisdictions, such wealth can and will move. Any tax must therefore be effective and cannot be avoided easily, to be a good long-term solution.

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