

Our Ref: PC 01-13

Date: 14 January 2013

## **Key Executive Officers**

Dear Sir/Madam

Effective Date: With immediate effect

### **PRACTICE CIRCULAR: REVISED ADDITIONAL BUYER'S STAMP DUTY (ABSD) AND SELLER'S STAMP DUTY (SSD)**

The Government announced on 11 January 2013 a comprehensive package of measures to cool the residential property market. This includes the Additional Buyer's Stamp Duty (ABSD) for residential properties and the Seller's Stamp Duty (SSD) for industrial properties. Brief information on the measures introduced are at Annex A for compliance by estate agents and salespersons.

2. Following the announcement, the Council for Estate Agencies (CEA) received feedback that there may be attempts made at backdating the date of offer of the Option to Purchase ("Option") in order for the buyers to avoid paying ABSD. This Practice Circular is to remind and ensure that estate agents and salespersons comply with the measures undertaken by Government.
3. Under paragraph 5(1) of the Code of Ethics and Professional Client Care ("Code of Ethics") of the Estate Agents (Estate Agency Work) Regulations 2010, estate agents and salespersons shall conduct their business and work with due diligence, despatch and care, and in compliance with all laws including statutory and regulatory requirements, and practice circulars and guidelines.
4. In addition, paragraph 6(1) of the Code of Ethics states that estate agents and salespersons shall render professional and conscientious service to their clients and shall act with honesty, fidelity and integrity.
5. Estate agents and salespersons are reminded that it is an offence under section 62 of Stamp Duties Act to evade stamp duty by executing a document where facts and circumstances are not fully and truly set forth. Any person guilty of such an offence shall

be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years or to both.

6. Estate agents and salespersons are to ensure that they do not infringe section 62 of the Stamp Duties Act, such as by assisting to backdate documents (e.g. the Option to Purchase, Sale and Purchase Agreement). If estate agents and salespersons are found to be involved in such infringement, they would also have breached paragraphs 5(1) and 6(1) of the Code of Ethics.
7. Estate agents and salespersons who infringe this Circular and/or provisions of the Code of Ethics may be subject to disciplinary action before a Disciplinary Committee under section 52(3) of the Estate Agents Act (Cap 95A). If found guilty, the estate agent or salesperson may be subject to a financial penalty of a specified amount not exceeding \$75,000, and/or suspension or revocation of his licence or registration.
8. Estate agents and salespersons are required to comply with this Circular. Estate Agents should also manage and supervise their salespersons to ensure their compliance with this Circular.
9. If you require further clarification, please call us at [1800-643-2555](tel:1800-643-2555), or write in to us at [feedback@cea.gov.sg](mailto:feedback@cea.gov.sg) for assistance.

Yours sincerely,

Desmond Yeo  
Dy Director (Inspection & Compliance)  
for Executive Director Council  
for Estate Agencies **ANNEX**  
**A**

#### **Extract of IRAS media release on ABSD measures that will take effect on 12 January 2013**

1. Currently, ABSD is imposed on certain groups of buyers:
  - (i) Foreigners and non-individuals purchasing any residential property, at a rate of 10%,

- (ii) Permanent Residents (PRs) purchasing their second and subsequent properties, at a rate of 3%; and
  - (iii) Singaporeans purchasing their third and subsequent properties, at a rate of 3%.
2. ABSD rates will be raised on the above groups of buyers. In addition, ABSD will be imposed on two new groups of buyers:
- (i) PRs purchasing their first residential property at a rate of 5%; and
  - (ii) Singaporeans purchasing their second residential property at a rate of 7%.
3. The new ABSD structure is as follows:

Citizenship	ABSD Rate on 1 <sup>st</sup> Purchase	ABSD Rate on 2 <sup>nd</sup> Purchase	ABSD Rate on 3 <sup>rd</sup> & Subsequent Purchase
Singapore Citizens	Existing: NA Revised: NA	Existing: NA Revised: 7%	Existing: 3% Revised: 10%
Permanent Residents	Existing: NA Revised: 5%	Existing: 3% Revised: 10%	Existing: 3% Revised: 10%
Foreigners and nonindividuals (Corporate entities)	Existing: 10% Revised: 15%	Existing: 10% Revised: 15%	Existing: 10% Revised: 15%

#### Extract of IRAS media release on SSD measures that will take effect on 12 January 2013

The following SSD rates will be imposed on industrial properties and land bought and sold within three years of the date of purchase:

- a) SSD at 15% if the property is sold in the first year of purchase, i.e. the property is held for one year or less from the date of purchase.
- b) SSD at 10% if the property is sold in the second year of purchase, i.e. the property is held for more than one year and up to two years from the date of purchase.
- c) SSD at 5% if the property is sold in the third year of purchase, i.e. the property is held for more than two years and up to three years from the date of purchase.

These SSDs will apply for industrial properties and land bought on or after 12 January 2013. Please note that all sellers of industrial properties are required to fill-in a SSD Declaration Form, to be witnessed by their lawyers. It can be downloaded from IRAS website at [www.iras.gov.sg](http://www.iras.gov.sg) > Stamp Duty > Seller's Stamp Duty (Industrial) > SSD for Industrial Properties Declaration Form.

If SSD is payable but not paid on a document, the document is considered to be not duly stamped even if the buyer has stamped and paid the buyer's stamp duty on the same document.

Details of the announcement on 11 January by IRAS regarding the ABSD and SSD can be found at IRAS website, [www.iras.gov.sg](http://www.iras.gov.sg). You may also call IRAS helplines on Stamp Duties at 6351-3697/ 6351-3698 for assistance.

Superseded

