

5 July 2018

RAISING ADDITIONAL BUYER'S STAMP DUTY RATES AND TIGHTENING LOAN-TO-VALUE LIMITS TO PROMOTE A STABLE AND SUSTAINABLE PROPERTY MARKET

1. The Government announced today adjustments to the Additional Buyer's Stamp Duty (ABSD) rates and Loan-to-Value (LTV) limits on residential property purchases, to cool the property market and keep price increases in line with economic fundamentals.

Status of the Private Housing Market

2. After declining gradually for close to 4 years, private residential prices began rising in 3Q2017. Prices have increased sharply by 9.1% over the past year. Demand for private residential property has also seen a strong recovery, as transaction volumes continue to rise.
3. The sharp increase in prices, if left unchecked, could run ahead of economic fundamentals and raise the risk of a destabilising correction later, especially with rising interest rates and the strong pipeline of housing supply.
4. The Government has therefore decided to raise ABSD rates and tighten LTV limits for residential property purchases.

Raising ABSD Rates

5. The current ABSD rates for Singapore Citizens (SC) and Singapore Permanent Residents (SPR) purchasing their first residential property will be retained at 0% and 5% respectively.
6. The Government will make the following changes to ABSD rates:
 - a) Raise ABSD by 5%-points for all other individuals; and
 - b) Raise ABSD by 10%-points for entities; and
 - c) Introduce an additional ABSD of 5% that is non-remittable under the Remission Rules¹ (payable on the purchase price or market value, as applicable) for developers purchasing residential properties for housing development.

7. Table 1 summarises the adjustments to the ABSD rates.

Table 1: Changes to Additional Buyer's Stamp Duty rates

	Previous	After 6 July 2018
<p><u>Singaporeans:</u></p> <ul style="list-style-type: none"> Buying 1st residential property Buying 2nd residential property Buying 3rd and subsequent residential property 	<p>0%</p> <p>7%</p> <p>10%</p>	<p>0%</p> <p>12%</p> <p>15%</p>
<p><u>Permanent Residents:</u></p> <ul style="list-style-type: none"> Buying 1st residential property Buying 2nd and subsequent residential property 	<p>5%</p> <p>10%</p>	<p>5%</p> <p>15%</p>
<p><u>Foreigners:</u></p> <ul style="list-style-type: none"> Buying any residential property 	<p>15%</p>	<p>20%</p>
<p><u>Entities buying any residential property:</u></p>	<p>15%</p>	<p>25% (remittable, subject to conditions)*</p> <p>+ 5% for developers (non-remittable)**</p>

* As entities, developers will also be subject to the ABSD rate of 25% for entities. Developers may apply for remission of this 25% ABSD, subject to conditions (including completing and selling all units within the prescribed periods of 3 years or 5 years for non-licensed and licensed developers respectively).

**Details are provided under the Stamp Duties (Non-licensed Housing Developers) (Remission of ABSD) Rules and the Stamp Duties (Housing Developers) (Remission of ABSD) Rules. Developers refer to entities which engage in the business of construction and sale of housing units. This new 5% ABSD for developers is in addition to the 25% ABSD for all entities. This 5% ABSD will not be remitted, and is to be paid upfront upon purchase of residential property.

Source: Ministry of Finance, Ministry of National Development and Monetary Authority of Singapore