

How Does ABSD Affect You?

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SINGAPORE COMMERCIAL SPACE
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Let us first understand what ABSD is. When you buy a residential property in Singapore, you need to pay the Buyer's Stamp Duty (BSD). You may be subject to an additional tax depending on certain criteria like your residency status or the number of properties that you already own. The additional tax that you need to pay on top of the BSD is known as ABSD or Additional Buyer's Stamp Duty.

ABSD is not levied on Commercial Property. If, however, you buy industrial property, you may be subject to SSD or Seller's Stamp Duty.

How do we calculate ABSD?

The ABSD is computed based on the selling price of your property or valuation, whichever is higher. To exemplify, if the selling price of your property is \$1.1 million, but the valuation is \$1 million, the ABSD will be computed on the selling price since it is higher.

Let us assume that you have to pay 12% ABSD. The amount that you will end up paying will be \$ 1.1 million x 12%= \$132,000.

The ABSD amount that you need to pay may vary depending on:

- Your citizenship or residency status in Singapore
- The number of properties you own
- Whether you are an individual or an entity

THERE ARE TWO TYPES OF STAMP DUTY IN SINGAPORE.

1. BUYER STAMP DUTY
2. ADDITIONAL BUYER STAMP DUTY (ABSD)

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Singapore citizens

If you are a Singapore citizen, you do not need to pay any ABSD on the first property that you buy. When buying a second property, you would need to pay 12% ABSD and 15% on the third or any subsequent property that you purchase.

POINTERS TO TAKE NOTE:

HOWEVER, **IT IS NOT THE SAME CASE** FOR THE DIFFERENT BUYERS PURCHASING THEIR SUBSEQUENT **RESIDENTIAL PROPERTY** ONWARDS.

SINGAPOREAN CITIZENS

	BUYER STAMP DUTY	ADDITIONAL BUYER STAMP DUTY	TOTAL
BUYING 2ND RESIDENTIAL PROPERTY	3%	12%	15%
BUYING 3RD & SUBSEQUENT RESIDENTIAL PROPERTY	3%	15%	18%

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Singapore Permanent Residents

If you are a Singaporean Permanent Resident, you pay 5% on your first property. For the second property or any subsequent property thereafter, you end up paying 15% ABSD.

POINTERS TO TAKE NOTE:

HOWEVER, IT IS NOT THE SAME CASE FOR THE DIFFERENT BUYERS PURCHASING THEIR SUBSEQUENT **RESIDENTIAL PROPERTY** ONWARDS.

SINGAPOREAN PERMANENT RESIDENTS

	BUYER STAMP DUTY	ADDITIONAL BUYER STAMP DUTY	TOTAL
BUYING 2ND & SUBSEQUENT RESIDENTIAL PROPERTY	3%	15%	18%



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Foreigners

If you are a foreigner, you pay 20% flat ABSD. It does not matter how many properties you own in Singapore.

POINTERS TO TAKE NOTE:

HOWEVER, IT IS NOT THE SAME CASE FOR THE DIFFERENT BUYERS PURCHASING THEIR SUBSEQUENT **RESIDENTIAL PROPERTY** ONWARDS.

FOREIGNERS

	BUYER STAMP DUTY	ADDITIONAL BUYER STAMP DUTY	TOTAL
BUYING ANY RESIDENTIAL PROPERTY	3%	20%	23%



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Entities

The ABSD levied on entities is 25%, regardless of the number of properties they own.

POINTERS TO TAKE NOTE:

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FOREIGNERS

	BUYER STAMP DUTY	ADDITIONAL BUYER STAMP DUTY	TOTAL
BUYING ANY RESIDENTIAL PROPERTY	3%	20%	23%



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Can you get your ABSD amount back?

Yes, you can apply for ABSD remission under the following conditions:

- **You are a married couple living in Singapore, and**
- **One of you is a Singapore citizen**

If you are buying a second house in Singapore, you will need to pay ABSD within 14 days of the sale. You can apply for getting your ABSD amount back provided you sell your first house within six months of buying the second. However, you must not have bought any new properties within these six months.

ABSD remission under the COVID19 (Temporary Measures) Act

If you are a married Singaporean couple, you can get an extension of one-year under this Act. You, thus, get more time to sell your old property when you buy a new one.

You can qualify for the ABSD extension, if you have bought your second property on or after 1st June 2020.

ABSD exemptions

You are exempted from ABSD under the following conditions:

- **You have already signed an agreement to sell your current residential property before you sign the OTP (Option to Purchase) your new one**
- **You are downgrading from private property to a resale flat. However, you must sell your private property within six months of buying the resale flat.**
- **You are buying property outside of Singapore**

What is the purpose of the ABSD?

- **ABSD was introduced in December 2011 as a measure to discourage foreigners from buying multiple properties in Singapore. Its purpose was to keep residential housing affordable for Singaporean citizens.**
- **The ABSD acts as a lid on increasing property prices. The Singaporean Govt. increases the ABSD when residential property prices get out of hand, which slows down the price increase. It prevents the formation of housing bubbles which can be devastating for the country's economy.**
- **The ABSD is steeper for foreigners to keep a majority of the properties in Singapore with Singaporeans.**
- **The ABSD is also particularly high for property developers to keep a check on land purchases.**

Where can I pay the ABSD?

You can pay the ABSD amount online through the e-Stamping Portal. You may also pay it via cheque, NETS, or a cashier's order.

Alternatively, you can also pay at the SingPost Service Bureaus or the IRAS Surf Centre e-Terminals. SingPost Service Bureaus are located in Novena, Chinatown, Shenton Way, and Raffles Place in Central Business District (CBD).

You can also use your CPF to pay the ABSD amount. There is a provision to get reimbursement from your CPF account.

Not paying the ABSD amount within the stipulated time can attract penalties.



I have only one house in Singapore. How does ABSD affect me?

The ABSD is making housing affordable for you by keeping property prices in check. Moving to a new house can create a financial crunch by reducing cash flow. However, when the circumstances in your life change, like getting married, it may become imperative to move into a new home.

Let's suppose that you live in a shoebox unit. For a single person, such a small house is sufficient. Now, you decide to get married and start a family. Living in such a small house can become pretty inconvenient. You would then need to think about moving into a bigger house.

If you buy a bigger apartment without selling your old unit, you will need to pay 12% ABSD. You would need to pay the ABSD within 14 days of buying the new house.

Of course, you can get your money back. However, for that, you would need to sell your old house within six months of buying the new house.

What happens if your buyer backs out at the last moment? Your sale is disrupted, and your ABSD amount will be forfeited.

Also, when buying a second property, you must have sufficient cash to pay the ABSD amount in the first place. A new house will, anyway, drain out your pocket. To top that, the additional expense of the ABSD will add to your financial worries.

So, if you indeed plan to buy a second house, make sure that you sell your old one first. Yes, it may be inconvenient, but it will save you a lot of trouble.

Loan to Value: Rules

REVISED LTV LIMITS ON HOUSING LOANS GRANTED BY FINANCIAL INSTITUTIONS

INDIVIDUAL BORROWERS

	LTV LIMIT	MINIMUM CASH DOWN PAYMENT
1ST HOUSING LOAN	75% OR 55% IF THE LOAN TENURE IS >30 YEARS OR EXTENDS AGE PAST 65	5% OR 10% IF THE LOAN TENURE IS > 30 YEARS OR EXTENDS AGE PAST 65
2ND HOUSING LOAN	45% OR 25% IF THE LOAN TENURE IS >30 YEARS OR EXTENDS PAST AGE 65	25%
3RD HOUSING LOAN	35% OR 15% IF THE LOAN TENURE IS > 30 YEARS OR EXTENDS PAST AGE 65	25%



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