Property Tax of Singapore

Property tax is a tax on the annual rental value of land, buildings and tenements. It is in effect a tax on property income, and on landlords. The Property Tax Ordinance, 1960, defines the annual value on a gross basis without deduction of expenses of repair, insurance and maintenance, but permits the Chief Assessor to adopt an alternative method, if necessary, i.e. five per cent on the estimated capital value. The tax is payable half-yearly in advance, and without demand, in the months of January and July.

Historical Development and Present State

Until about a decade ago, Singapore could be distinctly divided into urban Singapore (which was concentrated in the central south of Singapore Island), and rural Singapore. After World War II, the tax on land and on buildings was administered by two local authorities: (a) Municipality (until 1951) or City Council (1951-60) and (b) Rural Board (until 1958) or District Council (1958-60). The People's Action Party won in the 1959 state legislature elections. Singapore gained self-government from Britain. The system of local government came to an end, and Singapore was evolved into a political entity.

The Property Tax Ordinance, 1960 inherited the earlier experience of a local government tax with respect to the rate structure, valuation basis and administration.

The standard rate is 36 per cent, but the Minister can issue Orders to make adjustments below this rate. The first Ministerial Order of 1961 provided for a rate-structure according to geographical location, i.e. a rate of 36 per cent (within the perimeter of 5 miles from the Town Centre) and of 27 per cent and 18 per cent (for more distant and less populous areas). The standard 36 per cent rate was obtained by aggregating the then (1960) general purpose rate of 22 per cent, water rate of 8 per cent, education rate of 4 per cent and improvement rate of 2 per cent. In the past, the municipality was empowered to levy such rates for water supply, education and city improvement purposes. The idea was that the areas furthest from the city enjoyed the least benefits and so should be rated lowest. The Ministerial Order, 1963, provided a special rate of $6 per annum for owner-occupied dwelling houses mainly constructed of wood and attap.

The Property Tax Order, 1967 provided for the following concessions to encourage urban renewal and city development:

1. a refund of the tax for a period of six months from the date of approval of an approved development project in a designated area;

2. a refund of the tax for a further period of one month in respect of each storey of the approved project (for example, a 10-storey building on comple-

1. See Property Tax Act (edition of 1970), Chapter 144, Section 2 (b) and (c). Some properties such as hotels and carparks cannot be assessed according to rentals, and the tax is based on 5 per cent of the estimated capital value.

2. See Austin Morais, "Property Taxation in Post-War Singapore", an Academic Exercise presented to the University of Singapore, 1968/69, Chapters 2 and 3.

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tion will receive a waiver of 16 months of property tax); and
(3) thereafter, the tax will be reduced to 12 per centum for twenty years.

In 1970, a Ministerial order provided for a 23 per cent rate for all Housing and Develop-
ment Board flats purchased under the Home Ownership Scheme. The concession was
given to encourage home-ownership in order to enhance political and social stability.
The Property Tax (Sentosa Development) Order 1973 provided for concessions in ac-
cordance with the Order, 1967 for the development of Sentosa Island as a tourist centre.
The rates on urban and rural properties in 1960 are given below:

**TABLE 1**

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<th>RATES ON URBAN AND RURAL PROPERTIES, 1960</th>
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<td>General Purpose</td>
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At present, there are twelve different rates, according to geographical locations and
specifications. The important rates are as follows: 3

1. in the less developed area – 18 per centum for buildings and 12 per centum for vacant land. 4
2. in the more developed area – 27 per centum for buildings and 18 per centum for vacant land.
3. in the developed area – 36 per centum for both buildings and land.
4. 23 per centum for all HDB owner-occupied flats.
5. $6 per annum for owner-occupies attap houses.
6. 12 per centum for approved development projects.

4. The 12 per centum for vacant land and 12 per centum for approved development projects are conceptually counted as two rates.