



DATE: 10 NOVEMBER 2010

TITLE: PROPERTY COOLING MEASURES EXPLAINED



Debate over the government's recent cooling measures continues to rage.

Here we pick out the four main areas of concern and ask the Chris Koh, director of Dennis Wee Group – one of Singapore's biggest realtors – to give his professional opinion on how they will affect property buyers and sellers.

Koh was also a speaker at the recent iProperty.com Expo at Marina Bay Sands.

1. The Seller Stamp Duty

The Seller Stamp Duty is a government-imposed tax on persons selling their property within a set period. If you bought a property after 20 February 2010 (but before 30 August 2010), you will have to pay the Seller Stamp Duty on it if you sell it within a year. If you bought a property after 30 August, you will have to pay a Seller Stamp Duty if you sell the property within three years of purchasing it.

How much?

The Seller Stamp Duty is 3% of the value of the property minus S\$5,400. If you sell in the first year, you pay the full amount, if you sell in the second year, the Stamp Duty is two-thirds the amount, and if you sell it in the third year the the Stamp Duty is one-third the amount.

Example:

If you sell your property at a million dollars, the stamp duty would be S\$24,600 (S\$30,000 minus S\$5,400), which is what you would pay if you sold in the first year. In the second year you would pay S\$16,400, and in the third year you would pay S\$8,200. Remember, if you bought a property in January of this year, you are not affected and can sell it without any penalty.

2. Housing Loan Limit

On 20 February, financing was brought down from 90% to 80%, so if you sought a housing loan the bank would only loan you 80% of the property's value. On 30 August, the government further tightened the financing by ruling that if you have an outstanding loan at this time and you wish to purchase another property by taking a loan, the banks will only now loan you 70% instead of 80%. The move is seen as an attempt to encourage financial prudence and not to take on loans beyond their means.



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3. Cash Portion Increased

From 30 August, if you have an outstanding loan on a property, don't wish to sell that property, and choose to buy a second residential property, the cash portion of the payment has been increased from 5% to 10%.

4. No Dual Ownership of Private and HDB Properties

If you buy a private property, and are eligible to buy a HDB, you will be forced to dispose of your private property within six months.

If you bought your HDB before 30 August, you will not be forced to dispose of the HDB because you bought your HDB before the measures were implemented. Of course, if you took advantage of any governmental grants or loans when purchasing your HDB you will have to hold it for five years before you can private property – in order to discourage people from owning a government-subsidised flat and private property at the same time.

- CNA/ir

Source: Yahoo News

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