
METHODS TO SAVE ON ABSD AND OWN MULTIPLE PROPERTIES

Current Additional Buyer Stamp Duty (ABSD) Rates

	Rates on or before 5 July 2018	Rates on or after 6 July 2018
SCs buying first residential property	0%	0% (No change)
SCs buying second residential property	7%	12% (Revised)
SCs buying third and subsequent residential property	10%	15% (Revised)
SPRs buying first residential property	5%	5% (No change)
SPRs buying second and subsequent residential property	10%	15% (Revised)
Foreigners buying any residential property	15%	20% (Revised)
Entities buying any residential property	15%	25% (Revised)#
		Plus additional 5% for developers^ (New, non-remittable)*

The Additional Buyers Stamp Duty (ABSD) is a big obstacle facing property investors. Even if you can afford to pay it, the hefty stamp duty gobbles up a huge chunk of your eventual returns.

But is there a “loophole“ or a way around it?

Here are some legal ways to save on ABSD and get started on owning your second or subsequent property:

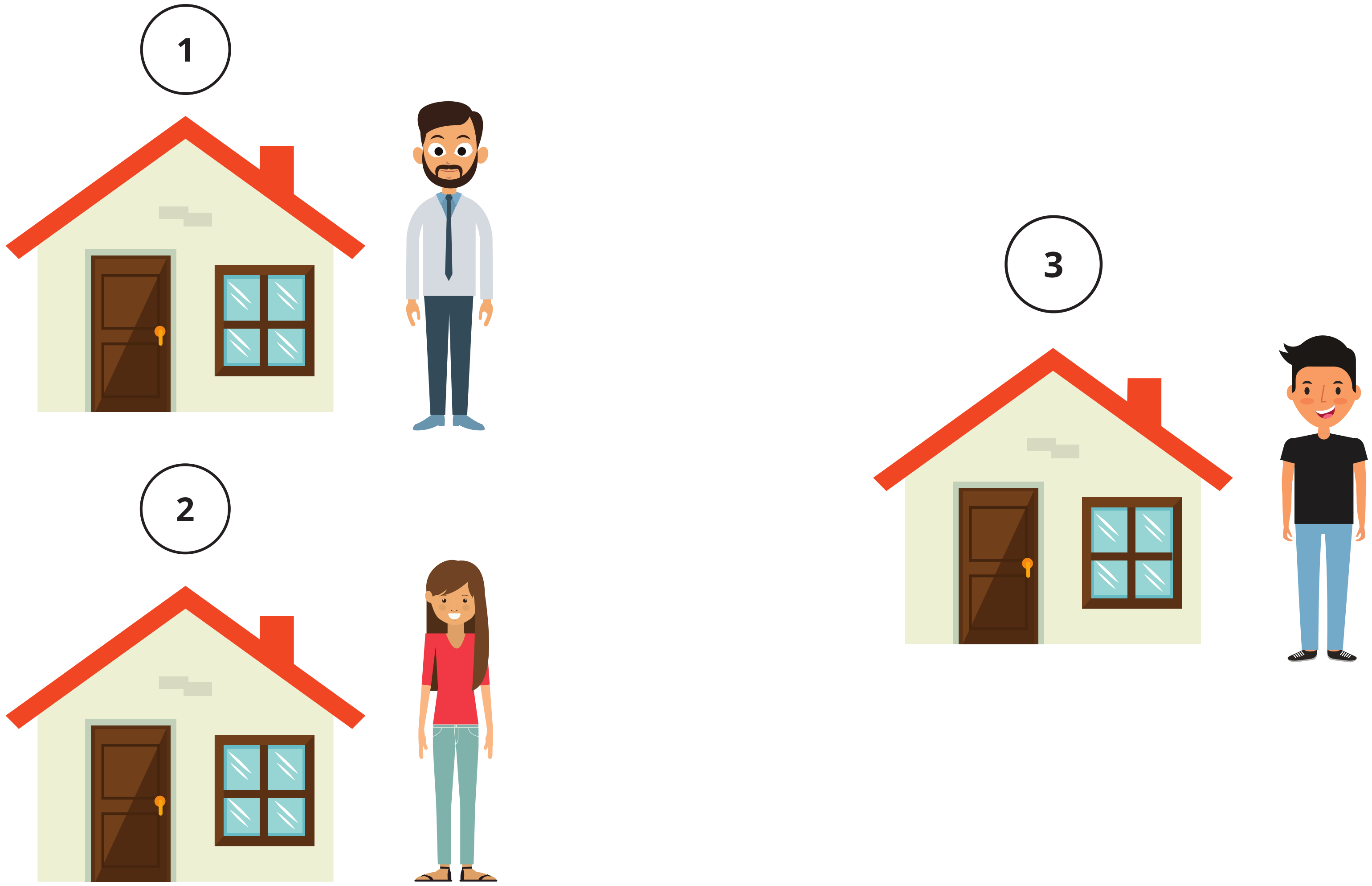
1. Buy under 1 owner so spouse can buy another under their own name

This is the most straightforward way to have two properties in the family.

When purchasing your first home, such as a flat or condominium, just make sure that you or your spouse is not listed as the co-owner. In the case of a HDB flat, just list them as an occupier.

2. Decoupling a current property to free up one name for a 2nd property

3. Buying under an adult child's name

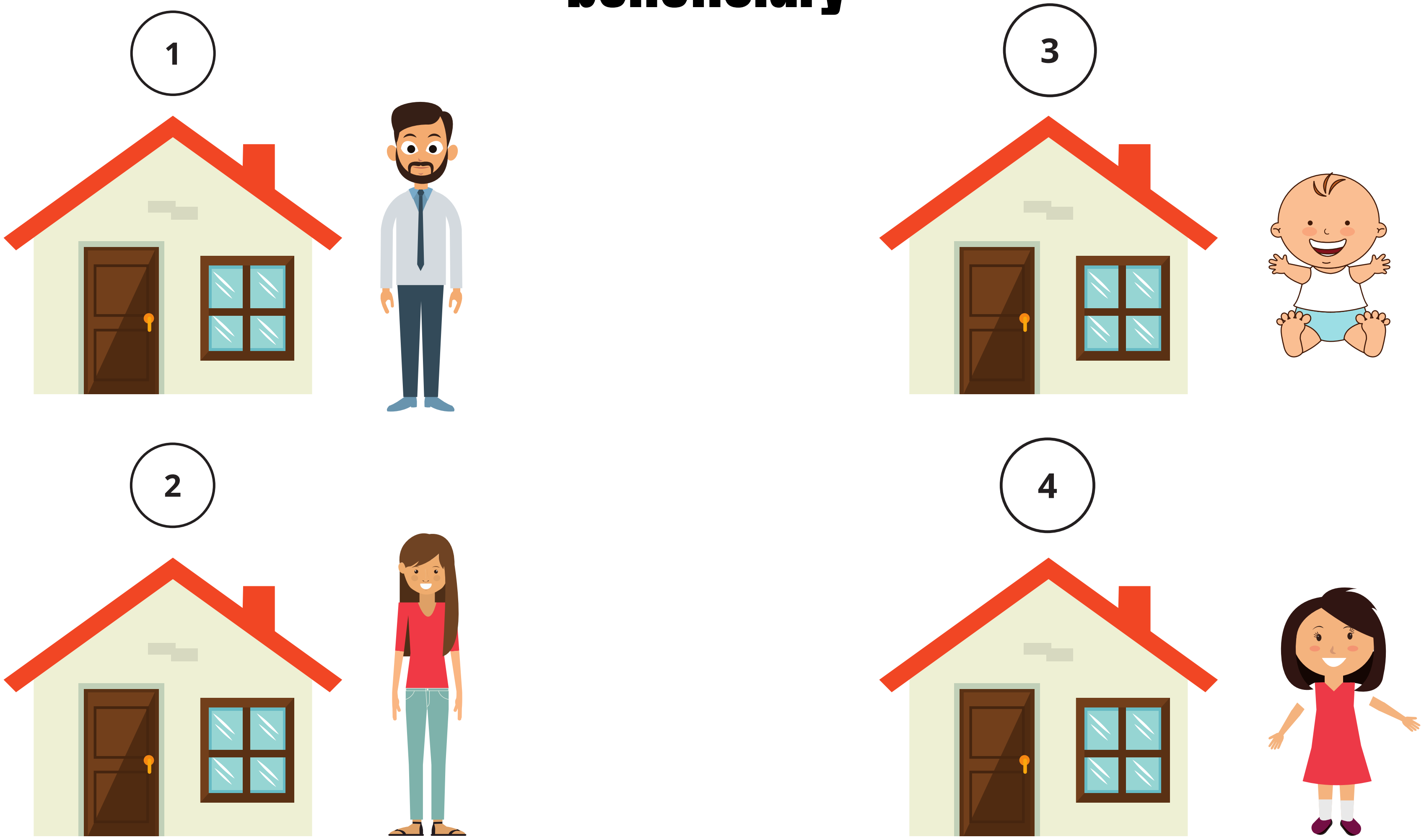


This is when your child (More than 21 years of age) purchases a private property under their name; but you provide the cash to make the down payment.

As a first-time home buyer, a Singaporean would not have to pay the ABSD.

While it sounds easy, this method can result in complications down the road such as affecting children's BTO/EC eligibility, loan qualification and legal ownership rights.

4. Buying Under A Property Trust with your child as a beneficiary

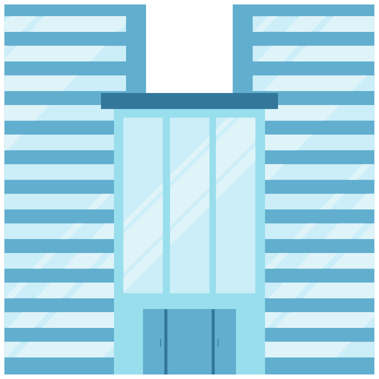


This is a method for the cash rich as it requires sufficient cash to purchase the property without a loan or CPF usage.

With this method, you can set up a property trust for your child **below 21 years old**, and buy a property under it with you as the Trustee.

Legally speaking, the property you buy in this way is not “yours”, it belongs to the beneficiary (your child).

5. Commercial/Industrial/International Properties



Commercial, industrial and international real estate is a whole different ball game from residential properties in Singapore and requires alot more research and understanding.

Segments such as shophouses, retail fronts, F&B outlets, offices and industrial B1/B2 sites all carry different risks and returns which aren't suitable for everyone. *They may be subjected to GST (If the seller is GST registered) but there's no ABSD payable on them.*

International properties are usually lower in prices but requires more thorough research and understanding of local laws, finance and taxation and a good local representative to manage the property in your absence.