

Covid-19 (Temporary Measures) Act 2020 – Obligation on landlord to transfer benefits of property tax rebates onto their tenants

Background

A new law that obliges commercial property owners to unconditionally pass on their property tax rebate in full to their tenants, came into force on 22 April 2020. Under Part 6 of Covid-19 (Temporary Measures) Act 2020¹ (“the Act”), property owners who fail to do so “without reasonable excuse” will be guilty of an offence and face fines up to \$5000.

Property rebates in light of COVID-19²

To mitigate the adverse economic impact caused by the Covid-19 pandemic, owners of non-residential properties are granted the property tax rebate for the period of 1 January 2020 to 31 December 2020. Commercial properties badly affected by COVID-19 such as hotels, serviced apartments, tourist attractions, shops and restaurants, will receive a 100% rebate. Other non-residential properties such as offices and industrial properties will receive a 30% rebate on their property tax payable.

Obligation to transfer tax rebate benefits

Under the Act, owners of non-residential property, who benefit from any reduction in property tax given to a leased or licensed property in response to the COVID-19 pandemic, are obliged to:

- Pass the benefit on to a prescribed lessee or prescribed licensee in the amount or to the extent, in the manner, and in or by the time prescribed; and
- The owner must keep records evidencing that he/ she has passed on the benefit for a period of three years after the end of the period to which a prescribed remission relates.

It is important to note that the owner must not subject the passing of the benefit to any condition, including any change to any term or condition of the lease or licence agreement with the tenant; any such condition which the owner purport to impose is void.

Method of passing the benefit

The manner in which the benefit must be passed may be through a single method, or a combination of methods including but not limited to the following:

- (a) A payment of money, whether as a lump sum or by way of instalments;
- (b) An off-set against or a reduction of the whole or any part of any rent or licence fee payable by the tenant to the owner.

¹ <https://sso.agc.gov.sg/Acts-Supp/14-2020/Published/20200407?DocDate=20200407#pr29->

² <https://www.iras.gov.sg/irashome/News-and-Events/Singapore-Budget/Resilience-Budget-and-Solidarity-Budget---Support-Measures-for-Taxpayers/>

Disputes in relation to the transfer of benefit

In the event that there are any disputes in relation to the transfer of benefit, the owner or tenant may apply for the dispute to be heard and determined by a Valuation Review Panel (“the Panel”) comprising 1 or 3 persons, as may be determined and appointed by the Chairman of the Valuation Review Board.

The Panel shall have the power to enforce the attendance of witnesses, compel production of documents and award costs and expenses of and incidental to any proceedings before the Panel.

If the owner or tenant is dissatisfied with the determination or any further direction of the Panel, he/she may within 21 days after the date of the determination, make an appeal to the High Court.

Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.



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This article is intended to discuss the obligation on landlord to transfer benefits of property tax rebates onto their tenants and it is not intended to be comprehensive nor should it be construed as legal advice. This article is updated as of 24 April 2020.

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