



Monetary Authority
of Singapore

PRESS RELEASE

MEASURES TO COOL THE PROPERTY MARKET

1. The Government announced today a package of measures to cool the private residential and HDB resale markets. With effect from 16 December 2021, Additional Buyer's Stamp Duty (ABSD) rates will be raised, and the Total Debt Servicing Ratio (TDSR) threshold will be tightened. The Government will also tighten the LTV limit for loans from HDB from 90% to 85%. In addition, the Government will increase public and private housing supply to cater to demand.

2. The Government has been closely monitoring the property market for several quarters. The private residential and HDB resale markets have been buoyant, despite the economic impact of COVID-19. Private housing prices have risen by about 9% since 1Q2020. HDB resale flat prices are also recovering sharply after a six-year decline,¹ rising about 15% since 1Q 2020. Even though House Price-to-Income ratios remain below their historical averages, there is clear upward momentum. Amid the low interest rate environment, transaction volumes in the private housing market and HDB resale market have also been high despite the COVID-19 situation.

3. If left unchecked, prices could run ahead of economic fundamentals, and raise the risk of a destabilising correction later on. Borrowers would also be vulnerable to a possible rise in interest rates in the coming years.

¹ The HDB Resale Price Index declined by 9.9% over 5 years between 2014-2018 and remained flat in 2019.

4. The Government has therefore decided to implement a set of measures to cool the private and public housing markets, to promote continued housing affordability. The private residential measures are calibrated to dampen broad-based demand, especially from those purchasing property for investment rather than owner-occupation. Measures to tighten financing conditions for both public and private housing will encourage greater financial prudence. The Government will also be ramping up the supply for both private and public housing.

Measures Applicable to All Residential Property

Raising Additional Buyer's Stamp Duty (ABSD) Rates

5. The current ABSD rates for Singapore Citizens (SCs) and Singapore Permanent Residents (SPRs) purchasing their first residential property will remain at 0% and 5% respectively.

6. The Government will raise the ABSD rates as follows:

- a. Raise ABSD rate to 17% for SCs purchasing their 2nd residential property;
- b. Raise ABSD rate to 25% for SCs purchasing their 3rd and subsequent residential property, and SPRs purchasing their 2nd residential property;
- c. Raise ABSD rate to 30% for SPRs purchasing their 3rd and subsequent residential property and foreigners purchasing any residential property;
- d. Raise ABSD rate to 35% for entities purchasing any residential property; and
- e. Raise ABSD rate to 35% for developers purchasing any residential property. This 35% may be remitted under the Stamp Duties (Non-licensed Housing Developers) (Remission for ABSD) Rules and the Stamp Duties (Housing Developers) (Remission of ABSD) Rules, subject to conditions. In addition to this 35% ABSD rate, the non-remittable component remains unchanged at 5%.

7. Table 1 summarises the adjustments to the ABSD rates.

Table 1: Adjustments to ABSD Rates for Residential Property

Additional Buyer's Stamp Duty		Rates from 6 July 2018 to 15 December 2021	Rates on or after 16 December 2021
Singapore Citizens	First residential property	0%	0% <i>(No change)</i>
	Second residential property	12%	17% <i>(Revised)</i>
	Third and subsequent residential property	15%	25% <i>(Revised)</i>
Permanent Residents	First residential property	5%	5% <i>(No change)</i>
	Second residential property	15%	25% <i>(Revised)</i>
	Third and subsequent residential property	15%	30% <i>(Revised)</i>
Foreigners	Any residential property	20%	30% <i>(Revised)</i>
Entities	Any residential property	25% ² (Plus additional 5% for Housing Developers ³ (non-remittable) ⁴)	35% ² <i>(Revised)</i> (Plus additional 5% for Housing Developers ³ (non-remittable) ⁴)

² As entities, Housing Developers will also be subject to the ABSD rate for entities. Housing Developers may apply for remission of this ABSD, subject to conditions.

³ Housing Developers refer to entities in the business of housing development (i.e. construction and sale of housing units) with respect to the subject property acquired.

⁴ This 5% ABSD for Housing Developers is in addition to the ABSD for all entities. This 5% will not be remitted, and is to be paid upfront upon purchase of residential property.

8. For purchases made jointly by two or more parties of different profiles, the highest applicable ABSD rate will apply.

9. Married couples with at least one SC spouse, who jointly purchase a second residential property, can continue to apply for a refund of ABSD, subject to conditions. These conditions include selling their first residential property within 6 months after (a) the date of purchase of the second residential property if this is a completed property, or (b) the issue date of the Temporary Occupation Permit (TOP) or Certificate of Statutory Completion (CSC) of the second residential property, whichever is earlier, if the second property is not completed at the time of purchase.

10. The ABSD currently does not affect those buying an HDB flat or EC unit from property developers with an upfront remission, if any of the joint acquirers/purchasers is a SC. There will be no change to this.

11. The revised ABSD rates will apply to cases where the Option to Purchase (OTP) is granted on or after 16 December 2021. There will be a transitional provision where ABSD rates before 16 December 2021 will apply for cases that meet all of the following conditions:

- a. The OTP is granted by sellers to potential buyers on or before 15 December 2021;
- b. This OTP is exercised on or before 5 January 2022, or within the OTP validity period, whichever is earlier; and
- c. This OTP has not been varied on or after 16 December 2021.

12. Correspondingly, the Additional Conveyance Duties for buyers of equity interest property-holding entities⁵ will be raised from up to 34% to up to 44% (increase by 10%-points).

⁵ A property-holding entity is an entity which has at least 50% (i.e. asset ratio) of its total tangible assets comprising prescribed immovable properties in Singapore. Refer to IRAS' website for details on prescribed immovable properties.

Tightening of Total Debt Servicing Ratio Threshold (TDSR)

13. The TDSR threshold⁶ will be tightened by 5%-points from 60% to 55%. The revised TDSR threshold will apply to loans for the purchase of properties where the OTP is granted on or after 16 December 2021, and for mortgage equity withdrawal loan applications made on or after 16 December 2021. Borrowers with existing property loans granted before 16 December 2021 will not be affected by the revised TDSR threshold when refinancing their loans.⁷

⁶ TDSR is applicable to both residential and non-residential property loans granted by financial institutions to individuals, sole proprietors and vehicles with no substantive genuine commercial business, set up for the purchase of properties held by individuals.

⁷ TDSR is currently waived for borrowers who refinance their owner-occupied housing loans. For borrowers refinancing their existing investment property loans, MAS has provided for a temporary TDSR waiver for borrowers affected by COVID-19. Otherwise, the previous 60% TDSR will apply.

Measure Specific to Public Housing

Tightening of Loan-to-Value (LTV) Limit

14. The LTV limit for HDB housing loans will be tightened by 5%-points from 90% to 85%. The revised LTV limit does not apply to loans granted by financial institutions, for which the LTV limit remains at 75%.

15. The LTV limit of 85% will apply to new flat applications for sales exercises launched after 16 December 2021, and complete resale applications⁸ which are received by HDB from 16 December 2021 onwards.

⁸ A complete application is one where HDB has received both sellers' and buyers' portions of the resale application.

Increasing housing supply

16. The Government will also increase the supply of both public and private housing to meet housing demand. Details will be provided tomorrow.

17. The measures undertaken in this cooling package will help promote a stable and sustainable property market. The Government remains vigilant to the risk of a sustained increase in prices relative to income trends.

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FREQUENTLY ASKED QUESTIONS

Additional Buyers' Stamp Duty (ABSD)

- 1. What transitional arrangements are in place for buyers purchasing residential property around the date of implementation of the increase in ABSD?**

There will be a transitional provision where ABSD rates before 16 December 2021 will apply for cases that meet all of the following conditions:

- a. The option to purchase (OTP) is granted by sellers to potential buyers on or before 15 December 2021;
- b. This OTP is exercised on or before 5 January 2022, or within the OTP validity period, whichever is earlier; and
- c. This OTP has not been varied on or after 16 December 2021.

Buyers should adhere strictly to the conditions in order to enjoy the transitional provision.

Total Debt Servicing Ratio (TDSR)

- 2. Which loans will the revised TDSR threshold apply to?**

The revised 55% TDSR threshold will apply to new housing loans for the purchase of properties where the OTP is granted on or after 16 December 2021. Where there is no OTP, the 55% TDSR threshold will apply where the date of the sale and purchase agreement is signed on or after 16 December 2021.

The 55% TDSR threshold will also be applicable to homeowners who apply for new mortgage equity withdrawal loans (MWL) on or after 16 December 2021, unless the loan-to-value (LTV) ratio of the MWL does not exceed 50%.

The TDSR is applicable to individuals, sole proprietors and vehicles set up for the purchase of properties that take out property loans from financial institutions (FIs) in respect of residential and non-residential properties. Other SMEs and corporates are not subject to the TDSR when applying for property loans, as they are generally subject to a different set of credit assessment criteria that considers the nature and financials of their business.

- 3. What arrangements are in place for borrowers taking loans around the date of implementation of the tightening in TDSR threshold?**

The previous 60% TDSR threshold will apply to borrowers who have been issued with an OTP dated on or before 15 December 2021, or who have signed a sale and purchase agreement on or before 15 December 2021, where there is no OTP. Borrowers can avail themselves to this provision regardless of

whether they have exercised the OTP at the point of applying for a property loan.

Borrowers should provide the OTP or sales and purchase agreement to financial institutions when applying for a property loan to avail themselves of the previous 60% TDSR threshold.

4. For homeowners who had taken loans based on the previous 60% TDSR threshold, and are now unable to meet the new threshold, would they be prevented from refinancing their loans?

Homeowners with existing owner-occupied property loans will not be affected by the 55% TDSR threshold, as the TDSR does not apply to refinancing of owner-occupied housing loans. For borrowers who are refinancing their existing investment property loans, MAS has provided for a temporary TDSR waiver for borrowers affected by COVID-19. Otherwise, the previous 60% TDSR threshold will apply.

LTV limit for HDB housing loan

5. Does the announced LTV limit for HDB flats apply to housing loans granted by the financial institutions regulated by MAS?

No, it does not. The announced LTV limit applies only to housing loans granted by HDB for the purchase of HDB flats. The LTV limit for those taking housing loans from financial institutions remains at 75%.

6. When does the announced LTV limit for HDB loans take effect?

The announced LTV limit will apply to those who are buying a new flat in the HDB's sales exercises launched from 16 Dec 2021 onwards. It will also apply to resale flat buyers, specifically for complete resale applications which are received by HDB from 16 Dec 2021.

Those who are buying new flats in the Nov 2021 Build-To-Order and Sale of Balance Flats exercises, as well as the earlier sales exercises, and those who are buying resale flats for which the complete resale application¹ was received by the HDB before 16 Dec 2021, will be subject to the previous 90% LTV limit.

7. With a lower LTV limit, does it mean I have to pay a higher amount of downpayment when signing the Agreement for Lease for my new flat purchase?

There is no change to the amount of downpayment that is required when signing the Agreement for Lease for flats purchased directly from HDB, which remains at 10%.²

¹ A resale application is considered complete after both the sellers and buyers have submitted their respective portions of the resale application.

² There will also be no change to the amount of downpayment required when signing the Agreement for Lease for those eligible for the staggered or deferred downpayment scheme which remain at 5% and 0% respectively.