

Corporate Real Estate

# Regulations for Property Owners on Passing on Tax Rebates to Tenants

## Introduction

In response to the commercial difficulties caused by the COVID-19 pandemic, the Resilience Budget was announced on 26 Mar 2020, under which qualifying properties would be granted property tax rebates for the period of 1 Jan 2020 to 31 Dec 2020. While the owners of such properties would receive the rebate, owners are expected to pass on the benefit of the rebate to their tenants, if any.

On 13 May 2020, the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020 ("**Regulations**") came into operation. The Regulations provide further details on how owners are to pass on the rebate, including:

- (a) The formulae for determining the prescribed amount of benefit that must be passed on to the tenant;
- (b) The prescribed manner and time for passing on the benefit; and
- (c) The information to be provided to the tenant.

The property owner's obligation to pass on the benefit of the rebate arises under Part 6 of the COVID-19 (Temporary Measures) Act, which commenced on 22 April 2020. This was discussed in our earlier Client Update on [Measures and Relief against COVID-19 and their Impact on Property Owners and Tenants](#).

In this Update, we highlight the key points of the Regulations that property owners should take note of.

## Applicable Tenants

The obligation to pass on the benefit of the rebate tenants doesn't apply to all tenants; it only applies to prescribed lessees and licensee of the property owner. The Regulations clarify that:

- (a) A prescribed lessee is a specified lessee of the whole or part of the property at any time between 3 April 2020 and 31 December 2020 (both dates inclusive).
- (b) A prescribed licensee is a specified licensee of the whole or part of the property where any part of the initial period of the licence agreement falls between 3 April 2020 and 31 December 2020 (both dates inclusive). The same licence agreement must be for an initial period of at least 12 months (not including any period of extension or renewal that may be provided under the licence) and for a purpose other than accommodation at the property or part of the property.

Corporate Real Estate

## Prescribed Amount of Benefit

A property owner is expected to pass on the benefit of the property tax rebate to their tenants. The Regulations thus provide a fairly detailed guide as to the prescribed amount of the benefit that should be passed on to a tenant. This includes the formulae for the calculation of the prescribed amount as well as helpful illustrations.

The Regulations provide corresponding formulae (where relevant) for the following scenarios:

- (a) Where the whole property is leased or licensed to a single tenant;
- (b) Where part of the property is leased or licensed to a single tenant, or where different parts of the property are leased or licensed to two or more tenants;
- (c) The distribution of the benefit for leases or licenses that ended on or after 1 January 2020 but before 3 April 2020 to eligible tenants; and
- (d) Where the Comptroller subsequently notifies the owner of an increase in rebate amount as a result of a change in circumstances that occurred in the year 2020.

These formulae also take into account how the prescribed benefit should be calculated if there is a change in circumstances resulting in a change in the rebate amount for the property.

The full set of formulae are available in the Regulations [here](#).

## Prescribed Manner and Time

The Regulations provide that the property owner must pass on the benefit of the rebate to the tenant using any of the following methods or a combination thereof:

- (a) Monetary payment, whether in a single payment or by instalments; or
- (b) Off-sets against or reduction of any rent or licence fee payable on or after 3 April 2020.

The Regulations also provide the timeline for the passing of the benefit from the property owner to the tenant. In general, for the part of the benefit relating to the months of January 2020 to June 2020, the benefit must be passed to the tenant by 31 July 2020. However, if the notice from the Comptroller for the rebate amount is only served on the owner on or after 1 June 2020, then the benefit must be passed to the tenant within 60 days after the day of service of the notice.

Similarly, for the part of the benefit relating to the months of July 2020 to December 2020, the benefit must be passed to the tenant by 31 December 2020. However, if the notice from the Comptroller for the rebate amount is only served on the owner on or after 1 November 2020, then the benefit must be passed to the tenant within 60 days after the day of service of the notice .

# Client Update: Singapore

## 2020 MAY

---

Corporate Real Estate

### Information to be Provided

The Regulations require the owner of the property to provide the tenants with the following information by the time it passes or begins to pass the benefit of the rebate to the tenant:

- (a) The amount of benefit it is passing to the tenant;
- (b) The method of passing such benefit;
- (c) The time or various times which the benefit will be passed; and
- (d) Under which part of the Regulations the benefit will be passed.

If the tenant requests, the owner of the property must also inform the tenant of the rebate amount for the property in relation to any part of the year and, where the lease or license of begins after 3 April 2020, whether the owner has passed the benefit or part thereof to an earlier tenant.

If an owner fails to provide the information required under the Regulations to the tenant, they may be liable on conviction to a fine not exceeding S\$1,000.

### Exemptions

Where an owner of property has passed the benefit for the property or entered into a contract to pass the benefit of the property to such lessee or licensee before 3 April 2020, the owner will be exempt to the extent of the total amount of the benefit that was passed on provided that:

- (a) The passing on of the benefit was not subject to any conditions; and
- (b) The benefit was passed on by monetary payments, off-sets or reductions of rent or licence fee, or a combination of the above methods.

### Concluding Words

Property owners should ascertain the applicable provisions of the Regulations which apply to them and the corresponding formulae for calculation of benefit to be passed to the tenants. Owners should also ensure that they comply with the necessary payment obligations and timelines, or they may face potential repercussions.

If an owner fails to pass on the benefit of the property rebate as required, they may be liable on conviction to fine not exceeding S\$5,000.

Visit our [COVID-19 Resource Centre](#) for views from our lawyers across the region on common issues and legal implications brought about by COVID-19. For specific inquiries, please reach out to your relationship partner or send an email to our [COVID-19 Legal Team](#).

Corporate Real Estate

## Contacts



**Elsa Chai**  
Head, Corporate Real  
Estate

T +65 6232 0512

[elsa.chai@rajahtann.com](mailto:elsa.chai@rajahtann.com)



**Norman Ho**  
Senior Partner, Corporate  
Real Estate

T +65 6232 0514

[norman.ho@rajahtann.com](mailto:norman.ho@rajahtann.com)



**Gazalle Mok**  
Partner, Corporate Real  
Estate

T +65 6232 0951

[gazalle.mok@rajahtann.com](mailto:gazalle.mok@rajahtann.com)

---

Please feel free to also contact Knowledge and Risk Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com)

## Our Regional Contacts

### RAJAH & TANN | *Singapore*

**Rajah & Tann Singapore LLP**

T +65 6535 3600  
sg.rajahtannasia.com

### R&T SOK & HENG | *Cambodia*

**R&T Sok & Heng Law Office**

T +855 23 963 112 / 113  
F +855 23 963 116  
kh.rajahtannasia.com

### RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP  
Shanghai Representative Office**

T +86 21 6120 8818  
F +86 21 6120 8820  
cn.rajahtannasia.com

### ASSEGAF HAMZAH & PARTNERS | *Indonesia*

**Assegaf Hamzah & Partners**

**Jakarta Office**

T +62 21 2555 7800  
F +62 21 2555 7899

**Surabaya Office**

T +62 31 5116 4550  
F +62 31 5116 4560  
www.ahp.co.id

### RAJAH & TANN | *Lao PDR*

**Rajah & Tann (Laos) Co., Ltd.**

T +856 21 454 239  
F +856 21 285 261  
la.rajahtannasia.com

### CHRISTOPHER & LEE ONG | *Malaysia*

**Christopher & Lee Ong**

T +60 3 2273 1919  
F +60 3 2273 8310  
www.christopherleeong.com

### RAJAH & TANN | *Myanmar*

**Rajah & Tann Myanmar Company Limited**

T +95 1 9345 343 / +95 1 9345 346  
F +95 1 9345 348  
mm.rajahtannasia.com

### GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

**Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)**

T +632 8894 0377 to 79 / +632 8894 4931 to 32  
F +632 8552 1977 to 78  
www.cagatlaw.com

### RAJAH & TANN | *Thailand*

**R&T Asia (Thailand) Limited**

T +66 2 656 1991  
F +66 2 656 0833  
th.rajahtannasia.com

### RAJAH & TANN LCT LAWYERS | *Vietnam*

**Rajah & Tann LCT Lawyers**

**Ho Chi Minh City Office**

T +84 28 3821 2382 / +84 28 3821 2673  
F +84 28 3520 8206

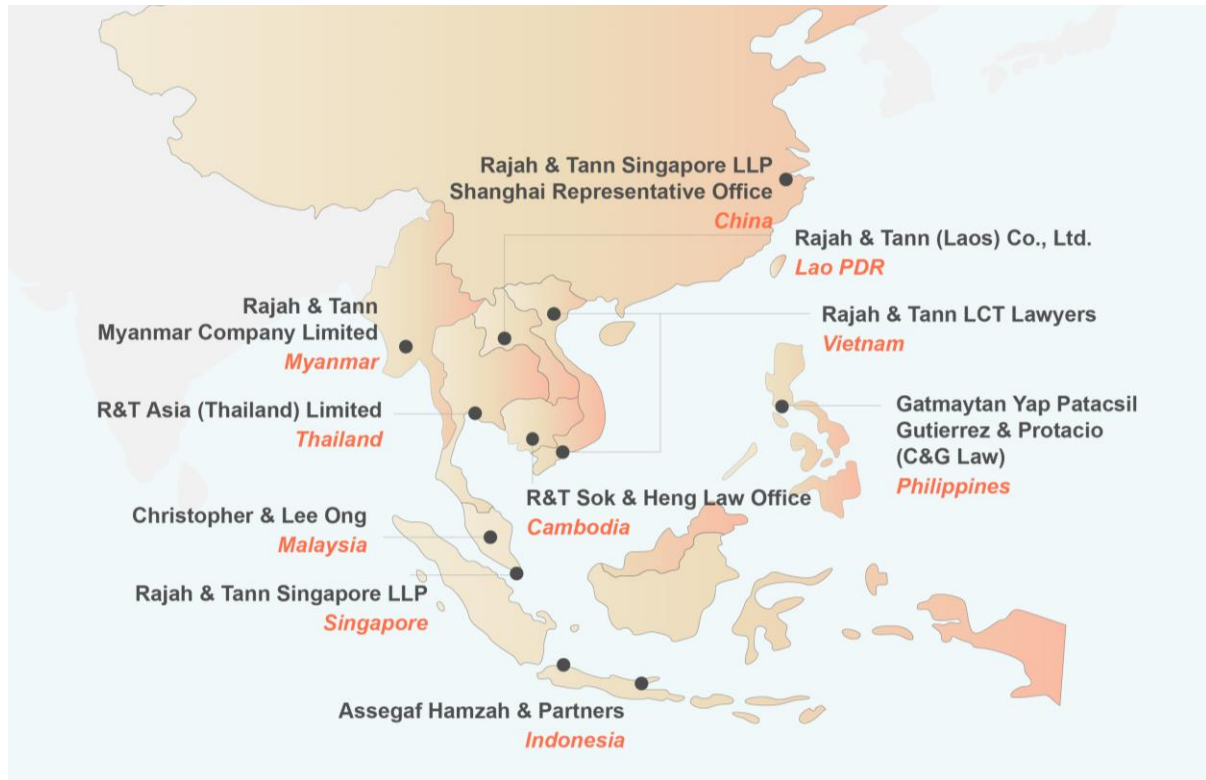
**Hanoi Office**

T +84 24 3267 6127  
F +84 24 3267 6128  
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in South-East Asia. Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This Update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this Update.

## Our Regional Presence



Rajah & Tann Singapore LLP is one of the largest full-service law firms in Singapore, providing high quality advice to an impressive list of clients. We place strong emphasis on promptness, accessibility and reliability in dealing with clients. At the same time, the firm strives towards a practical yet creative approach in dealing with business and commercial problems. As the Singapore member firm of the Lex Mundi Network, we are able to offer access to excellent legal expertise in more than 100 countries.

Rajah & Tann Singapore LLP is part of Rajah & Tann Asia, a network of local law firms in Singapore, Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Rajah & Tann Singapore LLP and subject to copyright protection under the laws of Singapore and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann Singapore LLP.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Rajah & Tann Singapore LLP or email Knowledge & Risk Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com).