Executive summary

The Stamp Duties Act was amended in the last quarter of 2018 and gives legislative effect to various categories of changes. These include the levying of stamp duty on electronic instruments that effect a transaction relating to immovable properties and shares, providing stamp duty relief for an instrument that attracts additional conveyance duty on conversion of a firm to a limited liability partnership, and the recovery of interest from taxpayers who fail to comply with the conditions in respect of upfront stamp duty reduction or remission that had been granted to them.

This alert provides a summary of the key changes.
Stamp duty on electronic instruments

The Stamp Duties Act (SDA) has been amended to apply to an electronic record that wholly or partly effects a transaction, or evidences a matter, that is the same as a transaction or matter effected or evidenced by an instrument chargeable with duty. This is applicable to electronic instruments executed on or after 4 October 2018.

An “electronic instrument” includes an electronic record that effects, or a combination of an electronic record and a physical document that together effect, the same transaction. The terms “electronic” and “electronic record” have the meanings given by section 2(1) of the Electronic Transactions Act. An example of “electronic record” is anything sent by email, SMS or any Internet-based messaging service.

The Amendment Act also provides for the circumstances in which, and the place and time at which, an electronic instrument is treated as executed or signed for the purposes of the SDA. An electronic instrument that is an electronic record is treated as executed or signed when an electronic signature is applied to it.

The time when and the place where the signing party does an act that results in the application of the electronic signature to the electronic record are treated as the time and place of the execution or signing of the electronic instrument.

In relation to the above, rules¹ have also been introduced to treat an entry made by electronic means that effects the transfer of Singapore-listed securities through the scripless trading system operated by The Central Depository Pte Ltd as an exempt record.

Relief from stamp duty

The legislation has been amended to grant stamp duty relief for an instrument chargeable with additional conveyance duty under section 23 of the SDA on conveyance of equity interests in property-holdings entities, if the instrument is for the conversion of a firm to a limited liability partnership.

In addition, the legislation has also been amended to allow for relief from seller’s stamp duty chargeable on sale of residential and mixed-residential property that is acquired on or after 11 March 2017 for an instrument that is executed for or in connection with certain purposes, such as reconstruction, amalgamation, or transfer of assets between associated entities.

Recovery of interest from taxpayers who fail to comply with conditions

Taxpayers who fail to comply with the conditions in respect of upfront stamp duty reduction or remission that had been granted to them under section 74 of the SDA will be liable to pay interest in addition to the stamp duty earlier reduced or remitted. This is meant to compensate the Government for the opportunity cost of the duties it would have received, had the reduction or remission not been granted.

¹ Stamp Duties (Exempt Record) Rules 2018
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