

Circular No : URA/PB/2003/45-DCD
Our Ref : DC 602/11-13
Date : 10 Dec 2003

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CIRCULAR TO PROFESSIONAL INSTITUTES

TEMPORARY DEVELOPMENT LEVY

- 1 In response to the feedback from the ERC and business community, the Planning Act has been amended to enable the Temporary Development Levy (TDL) scheme to be introduced. With immediate effect, URA is introducing the TDL scheme to provide greater flexibility to businesses. The TDL is a time based levy pegged to the period of permission and would help to reduce the start-up cost for businesses which would otherwise have to pay the full Development Charge (DC) for any proposals involving enhancement of land value beyond the Development Baseline.
- 2 Currently, URA allows conforming uses (i.e. uses which are consistent with the intention of the Master Plan) without potential amenities problems on permanent permission. If such an approval involves an enhancement in land value beyond the Development Baseline, full DC is payable. With the introduction of the new TDL, applicants would have a choice to opt for either:
 - a) a permanent permission and pay full DC; or
 - b) a temporary permission (from 1 to 10 years) and pay TDL.

Scope of Application

- 3 The TDL will apply to temporary permissions granted for change of use and additions & alterations proposals related to business use only. The TDL will not apply to residential and other non-business uses.
- 4 However, as the TDL is meant for temporary change of use and A & A proposals, it will not apply to the erection of new buildings and extension of permanent structures which are generally not supported on temporary basis due to the permanent nature of the works involved.

Computation

- 5 The amount of TDL payable is discounted from the full DC based on the duration of the permission (from 1 – 10 years). The details of the computation are shown in [Appendix 1](#).

Procedure

- 6 Applicants would submit a change of use or additions and alterations application to URA as per current practice. If the proposal can be supported both on permanent and temporary permission and if the Development Ceiling exceeds the Development Baseline, URA will convey in the Provision Permission the requirement to pay DC or TDL. Applicant can choose either a permanent permission and pay the full DC, or a temporary permission and pay the TDL. He would then indicate his choice in the resubmission. If he opts for a temporary permission, he should specify the duration of the permission (from 1 – 10 years) required.
- 7 For cases involving TDL, a *Temporary Development Levy Order* stating the amount of levy will be issued. Payment has to be made within 30 days from the date of the TDL Order. If the applicant chooses to pay DC, an *Interim Development Charge Order* stating the amount of full DC will be issued. For certain cases, there could be a Final Order (please refer to URA Circular No: [URA/PB/98/05-DCD](#) dated 25 Apr 98 on the 2-staged DC Order).
- 8 However, if the proposal can only be supported on permanent basis, the usual Interim Development Charge Order will be issued.

Subsequent Conversion of TP to Permanent Permission

- 9 For conforming uses, if the applicant chooses a temporary permission initially, the applicant may convert it to a permanent permission when the temporary permission lapses. For such cases, URA will allow a one-time crediting of the TDL to offset against the DC payment if the conversion is for the same use and at the same location as the earlier approval on temporary permission. The credit will be based on the amount of the last TDL paid and will disregard any TDL paid prior to that (see computation in [Appendix 3](#)).

Non-Conforming Uses and Conforming Uses with Amenities Concerns

- 10 Certain non-conforming uses (ie. uses that are not in line with the land use intentions under the Master Plan), but can be supported on planning ground, can be allowed on temporary permission. Similarly, conforming uses with amenities concerns (e.g. pubs and nightclubs in mixed-use developments) are also allowed on temporary permission.
- 11 Prior to the introduction of TDL, these uses are not required to pay any levy even when there is an enhancement in land value beyond the Development Baseline. As the operators and owners of these uses also benefit from the higher value use from URA's approval, part of the increase in value should be taxed and re-directed back for public use through the levy of TDL.

- 12 However, to give ample notice for this group of operators/ owners, the Government has decided that the TDL will only apply to this group of uses for both new applications and renewal cases received from 1 January 2008. However, this exemption would not apply to proposals involving additional floor area (e.g. outdoor refreshment area).
- 13 I would appreciate it if you could convey the contents of this circular to the relevant members of your organisation. If you or your members have any queries concerning this circular, please do not hesitate to call our DCD Customer Service Hotline at Tel: 6223 4811 or e-mail us at URA_CSO@ura.gov.sg. We would be pleased to answer queries on this, and any other development control matters. For your information, the past circulars to the professional institutes are available from our website <http://www.ura.gov.sg>.
- 14 Thank you.

FOO CHEE SEE
DIRECTOR (DEVELOPMENT CONTROL)
for CHIEF EXECUTIVE OFFICER
URBAN REDEVELOPMENT AUTHORITY

Temporary Development Levy Computation

The Formula:-

$$\text{(Development Ceiling - Development Baseline) x Time Factor}$$

Where:

- 1) **Development ceiling** is the value of the development proposed for a site for which the government is prepared to allow. The Development Ceiling is computed using the following formula:

$$\begin{array}{l} \text{Proposed total} \\ \text{gross floor} \\ \text{area} \end{array} \quad \times \quad \begin{array}{l} \text{Development Charge rate in the appropriate} \\ \text{use group under the appropriate sector in} \\ \text{which the development is located i.e. DC} \\ \text{Rates Table.} \end{array}$$

Development Charge rate is the rate in the appropriate use group under the appropriate sector that the development is located.

- 2) **The development baseline** is presently defined in the Planning Act as the highest of the following values:
 - i. The use and intensity as prescribed for the site in the 1958 Master Plan; or
 - ii. The use and intensity as prescribed for the site in the 1980 Master Plan; or
 - iii. The use and intensity of the authorised development on the land, for which Development Charge was paid, exempted, remitted and not required to be paid.

The value of each item is derived using the appropriate Development Charge rates multiplied by the gross floor area prescribed in the each of the above items.

Please note that with effect from 1 Jan 2008, the development baseline will be revised to delete (i) and (ii) from the Development Baseline Definition.”

- 3) **Time factor** is the applicable percentage set out in the Schedule corresponding to the period of the temporary permission as prescribed in the Planning (Temporary Development Levy) Rules. (See [Appendix 2](#))

Example 1:

Proposed change of use of part of the factory production area to secondary showroom in a factory development at Kaki Bukit Ave

Site area = 5790 sqm

1958/80 Master Plan zoning : General Industry

Approved: Industrial GFA = 14,475 sqm

Proposed: Showroom GFA = 305 sqm ; Industrial GFA = 14,170 sqm

Total GFA = 14,475 sqm

Sector 101 (1 Sep 03)

Commercial DC rate = \$1200

Industrial DC rate = \$425

Development baseline = Industry @ GPR 2.5

Development Charge:

=(Development Ceiling - Development Baseline)

=(14,170 x \$425 + 305 x \$1200) - (5790 x 2.5 x \$425)

=\$6,388,250 - \$6,151,875

=\$236,375

Temporary Development Levy:

Temporary Permission

1 Year	= \$236,375 x 3.8%	= \$ 8,982.25
2 Year	= \$236,375 x 7.5%	= \$17,728.12
3 Year	= \$236,375 x 10.9%	= \$25,764.87
4 Year	= \$236,375 x 14.1%	= \$33,328.87
5 Year	= \$236,375 x 17.1%	= \$40,420.12
6 Year	= \$236,375 x 19.9%	= \$47,038.62
7 Year	= \$236,375 x 22.7%	= \$53,657.12
8 Year	= \$236,375 x 25.2%	= \$59,566.50
9 Year	= \$236,375 x 27.7%	= \$65,475.87
10 Year	= \$236,375 x 30.0%	= \$71,912.50

[Note: The above percentage used to discount Development Charge to determine Temporary Development Levy is based on the schedule corresponding to the period of the temporary permission as prescribed in the Planning (Temporary Development Levy) Rules 2003]

Example 2:

Proposed Addition of an Outdoor Refreshment Area (ORA) in a commercial development at Orchard Road

Site area = 2,420 sqm

1958/80 Master Plan zoning : Main Shopping at GPR 4.2 with equivalent GFA of 10,164 sqm

Approved Commercial GFA= 13,902 sqm

Proposed additional commercial GFA =30 sqm

Development Ceiling = Approved + proposed =13,932 sqm

Sector 41 (1 Sep 03)

Commercial DC rate = \$2,800

Development baseline = Approved Commercial GFA = 13,902sqm

Development Charge:

=(Development Ceiling - Development Baseline)

=(13,932 x \$2,800) - (13,902 x \$2,800)

=\$39,009,600 - \$38,925,600

=\$84,000

Temporary Levy:

Temporary Permission

1 Year	= \$84,000 x 3.80%	= \$3,192
2 Year	= \$84,000 x 7.50%	= \$6,300
3 Year	= \$84,000 x 10.9%	= \$9,156
4 Year	= \$84,000 x 14.1%	= \$11,844
5 Year	= \$84,000 x 17.1%	= \$14,364
6 Year	= \$84,000 x 19.9%	= \$16,716
7 Year	= \$84,000 x 22.7%	= \$19,068
8 Year	= \$84,000 x 25.2%	= \$21,168
9 Year	= \$84,000 x 27.7%	= \$23,268
10 Year	= \$84,000 x 30.0%	= \$25,200

[Note: The above percentage used to discount Development Charge to determine Temporary Development Levy is based on the schedule corresponding to the period of the temporary permission as prescribed in the Planning (Temporary Development Levy) Rules 2003]

THE SCHEDULE

**PERCENTAGE FOR DETERMINATION OF TEMPORARY DEVELOPMENT
LEVY**

Validity period of temporary permission (in year)	Percentage (%)
Up to 1 year	3.8
Up to 2 years	7.5
Up to 3 years	10.9
Up to 4 years	14.1
Up to 5 years	17.1
Up to 6 years	19.9
Up to 7 years	22.7
Up to 8 years	25.2
Up to 9 years	27.7
Up to 10 years	30.0

Illustration on Option to top up to full Development Charge

Example : (Using Example 1 in [Appendix 1](#) above)

1. Assumptions:
 - a. Applicant opted for 1 year TP to expire on 31 Dec 04 and paid 1 year temporary development levy at \$8,982.25
 - b. Applicant wants to top up to full Development Charge upon expire of TP.
2. Computation:

Formula:

Development Charge - Last Temporary Levy paid
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Sector 101 (1 Sep 04)
Commercial DC rate = \$1400 (assumed)
Industrial DC rate = \$500 (assumed)
Development baseline = Industry @ GPR 2.5

(i) Development Charge:

= (Development Ceiling - Development Baseline)
= (14,170 x \$500 + 305 x \$1400) - (5790 x 2.5 x \$500)
= \$7,512,000 - \$ 7,237,500
= \$274,500

(ii) Last Temporary Levy paid:

1 Year TP = \$8,982.25

(iii) Balanced Development Charge amount to top up :

= Development Charge - Last Temporary Levy paid
= \$274,500 - \$8,982.25
= \$265,517.75