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CIRCULAR TO PROFESSIONAL INSTITUTES

LAND BETTERMENT CHARGE ARISING FROM PLANNING APPLICATIONS AND/OR INVOLVING LIFTING OF RESTRICTIVE COVENANTS

Who Should Know:

Building owners, developers, architects and engineers

Effective Date:

With effect from 1 August 2022

Existing Procedure involving Differential Premium, Development Charge and Temporary Development Levy

1. Currently, if a planning application results in an increase in land value, landowners may need to pay Differential Premium (DP) to the Singapore Land Authority (SLA) and/or Development Charge (DC) or a Temporary Development Levy¹ (TDL) to the Urban Redevelopment Authority (URA) as follows:
 - a) Where the State title specifies the use and the maximum allowable intensity of the land, the landowner is required to apply to the SLA for the payment of DP.
 - b) Where the State title does not specify the use and/or maximum allowable intensity of land, the landowner is required to pay DC or TDL to URA. If the land has a residual unexpired tenure of 99 years or less, the landowner may apply to SLA to pay DP in lieu of paying DC or TDL to URA.
 - c) Where private freehold land is involved, the landowner is required to pay DC or TDL to URA.

¹ TDL is computed based on the DC payable, pro-rated by a discounting factor that varies according to the term of the Temporary Permission up to 10 years. Please refer to Appendix 3 for the table of discounting factors.

New Land Betterment Charge

Consolidation of DP, DC and TDL

2. With effect from 1 August 2022, a new Land Betterment Charge (LBC) will replace DP, DC and TDL. LBC will be charged and collected by a single agency, SLA, pursuant to the Land Betterment Charge Act 2021. Landowners seeking to develop their sites need not make a separate application to SLA for the payment of LBC once a planning application or plan lodgment for an authorised development has been submitted to URA.² If the proposed development results in an increase in land value, SLA will follow up directly with the taxable person by issuing a Liability Order (LO) stating the LBC payable. Payment must be made to SLA within 1 month from the date of the LO. This will apply to all planning permissions, plan lodgment and variation of restrictive covenants granted on or after 1 August 2022.

Computation of LBC

3. The principles for computing LBC follow the previous DP and DC systems. LBC will be computed based on the difference between the value of the post-chargeable valuation and pre-chargeable valuation. Post-chargeable valuation is the value derived from the variation of the relevant restrictive covenant, or the proposed use(s) and intensity in URA's planning permission or plan lodgement. Pre-chargeable valuation is the value derived from the restrictive covenants in the State title or the last authorised/approved development. The historical Master Plans 1958/1980/2003 will continue to be taken into account in the determination of pre-chargeable valuation, where applicable. See [Appendix 1](#) for more details on pre-chargeable valuation.
4. To facilitate early payment of LBC and issuance of planning approval, LBC will be computed based on the use(s) and intensity (i.e. gross floor area) as proposed by the Applicant/Qualified Person (QP) in the 1st re-submission to the Provisional Permission (PP) to URA. If the approved use and/or intensity in the Written Permission (WP) deviates from what was declared in the 1st re-submission, such that there is further increase in land value, a Revised Liability Order (RLO) will be issued requiring the payment of additional LBC, after WP has been granted. Payment of the additional LBC must be made within 1 month from the date of the RLO.
5. Similar to the current rates of charging for DP, DC and TDL, the initial LBC rate is generally set at 70% of the increase in land value arising from the grant of consent for development proposals, and 100% on an exceptional basis³.
6. The material date of determination for LBC will be pegged to the date of grant of PP or the start date of the validity of the second and subsequent PP extensions, whichever is later. For development proposals that are granted WP without a PP and authorised developments under plan lodgment, the material date of determination for LBC will be the respective WP/authorisation dates. For the variation of restrictive covenants where

² For the variation of restrictive covenants, landowners will need to continue applying directly to SLA, similar to the DP regime.

³ Subject to periodic review as necessary.

no planning application is required, the material date of determination for LBC will be the date consent for variation is given.

7. LBC will be computed by:
 - a) the Table of Rates method, which is based on LBC rates by use groups in each geographical sectors,⁴ similar to the DC Table of Rates in the previous Planning (Development Charges) Rules; or
 - b) the Valuation method, in which the Chief Valuer of the Inland Revenue Authority of Singapore (IRAS) will ascertain the amount of LBC through a valuation of the increase in land value arising from the chargeable consent.
8. The Valuation method will apply in specific circumstances where the Table of Rates are inapplicable, such as where there is no suitable or comparable use group for assessment. Taxable persons may also elect to use the Valuation method in lieu of the Table of Rates method, by using a prescribed form.⁵ Please note that such an election is irreversible.
9. If the land has a residual unexpired tenure of 99 years or less, the amount of LBC payable will be adjusted based on the current Leasehold Table, which expresses the value of the residual unexpired tenure as a percentage of freehold value. A copy of the Leasehold Table is at [Appendix 2](#). If a temporary permission is issued, the amount of LBC payable will be adjusted based on the table in [Appendix 3](#).

The Baseline Database

10. As a new service to landowners, the baseline information (i.e. use and intensity to determine pre-chargeable valuation) for all land parcels will also be progressively made available on SLA's Integrated Land Service (INLIS) website from 1 August 2022. This will provide greater transparency and certainty to landowners, who can self-check and estimate the amount of LBC payable upfront. It will also be simpler for landowners as they no longer have to do multiple checks with SLA and URA on such information.

Associated costs

11. A fee of \$1,100 will be collected for updating the database, and this will be payable together with the LBC upon issuance of the LO.

Further information

12. The new procedure for planning applications involving the payment of LBC is outlined in [Appendix 4](#) of this circular. Examples of how LBC will be computed under the revised procedure are in [Appendices 5 to 7](#). Frequently asked questions are in [Appendix 8](#).

⁴ The table of rates/use group/geographical sectors are reviewed every 6 months (March & September) in consultation with IRAS.

⁵ Election must be made within one week after the relevant point in time (i.e. the material date of determination as described in paragraph 6).

13. We would appreciate it if you could convey the contents of this circular to the relevant members of your respective organisations. If you or your members have any queries concerning this circular, please do not hesitate to contact the following:

- a) SLA - Feedback Form:
<https://www.sla.gov.sg/contact-us>
Website:
<https://www.sla.gov.sg/properties/land-sales-and-lease-management/lease-management>
- b) URA - Feedback Form:
https://www.ura.gov.sg/feedbackWeb/contactus_feedback.jsp

Thank you.

KEVIN TEOH
DIRECTOR
for COMMISSIONER OF LANDS
SINGAPORE LAND AUTHORITY

YAK PEK CHING
SENIOR DIRECTOR (DEVELOPMENT CONTROL)
for CHIEF EXECUTIVE OFFICER
URBAN REDEVELOPMENT AUTHORITY

PROCESS FOR DETERMINING THE INTENSITY AND USE GROUP FOR PRE-CHARGEABLE VALUE

Landowners are encouraged to make use of the Baseline Database (as explained in Para 10 of the circular) to determine the use and GFA to compute the pre-chargeable value.

<p><i>Step 1: Determine if State title contains use and intensity (Gross Floor Area) restrictions</i></p> <p>If Yes: The GFA and Use Group within the use restrictions in the last issued State Title are used for pre-chargeable valuation computation.</p> <p>If No: Proceed to step 2.</p>
<p><i>Step 2: Determine historical baseline (HB) where applicable¹</i></p> <p>The HB is the Master Plan 1958, 1980 (whichever is higher), capped at Master Plan 2003 using 2003 Table of Rates².</p>
<p><i>Step 3: Compare HB Value with Last Approved Value³</i></p> <p>The GFA and Use Group deriving the higher value using the Fixed Rate⁴ is used for determining the pre-chargeable value.</p>

Notes:

- 1 HB is not applicable where development charge or LBC had been paid previously and where stated as such in the LBC (Concessionary Relief) Order.
- 2 [2003 Table of Rates](#)
- 3
 - a. For pre 1989 non-residential developments without approvals showing updated GFA, the HB forms the pre-chargeable value.
 - b. For pre 1989 non-landed residential developments (e.g. flats/condominiums), the prechargeable value is determined based on the approved density (in persons per hectare) converted to GFA, capped by the permissible intensity in prevailing Master Plan 2019 with an additional 10% for bonus schemes for sites zoned Residential with GPR, Residential with 1 storey commercial and Residential/Institution.
 - c. LBC is not leviable for enhancements to single unit of dwelling house within its own plot of land. In the event the housing plot is intensified to have 2 or more units, LBC may be leviable and the HB will form the pre-chargeable value.
- 4 [Fixed Rates](#)

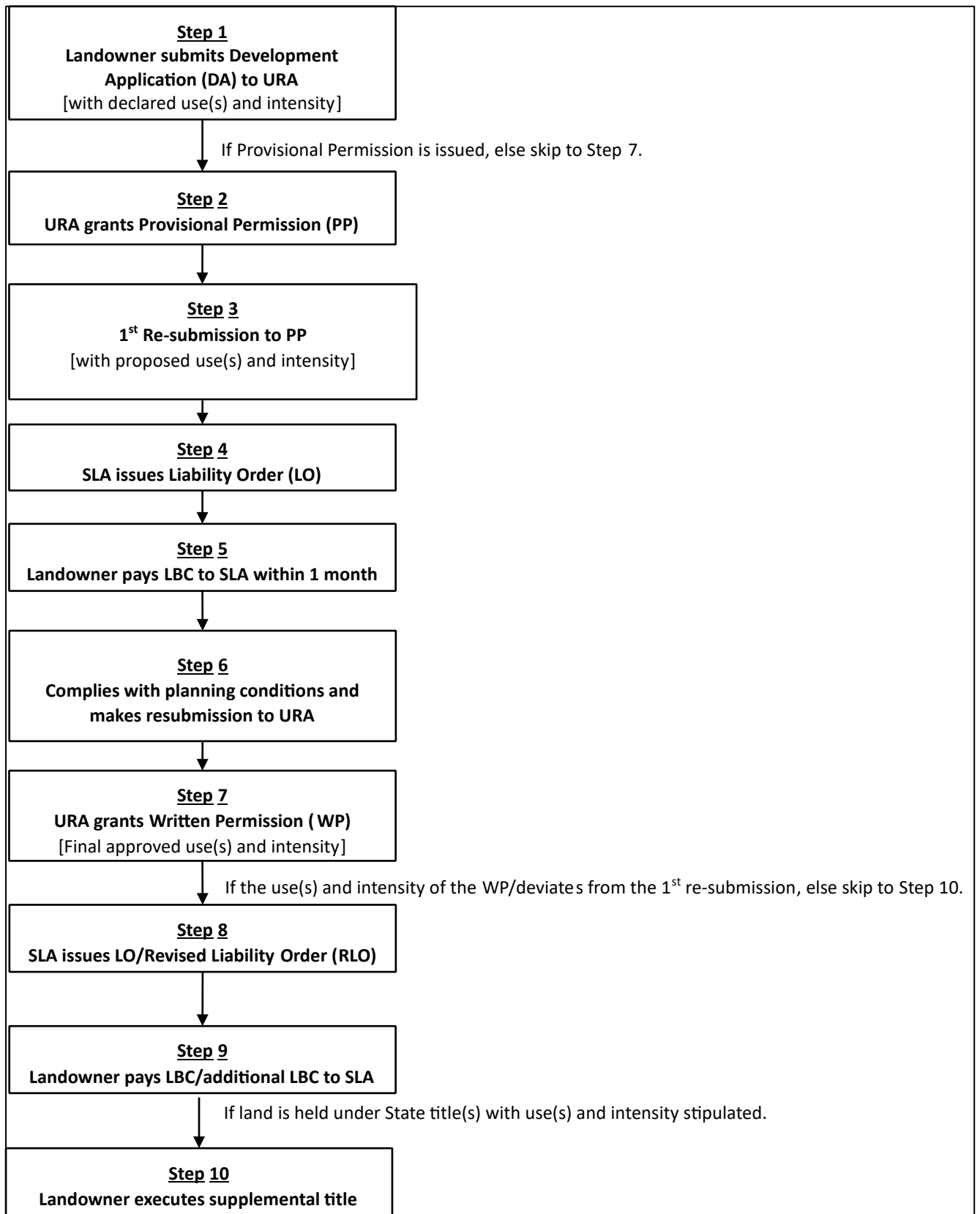
TABLE SHOWING LEASEHOLD VALUES AS PERCENTAGE OF FREEHOLD VALUE

Term of Years	Percentage (%) of Freehold Value	Term of Years	Percentage (%) of Freehold Value	Term of Years	Percentage (%) of Freehold Value
1	3.8	34	63.7	67	84.2
2	7.5	35	64.6	68	84.5
3	10.9	36	65.4	69	85.4
4	14.1	37	66.2	70	86.0
5	17.1	38	67.0	71	86.5
6	19.9	39	67.7	72	87.0
7	22.7	40	68.5	73	87.5
8	25.2	41	69.2	74	88.0
9	27.7	42	69.8	75	88.5
10	30.0	43	70.5	76	89.0
11	32.2	44	71.2	77	89.5
12	34.3	45	71.8	78	90.0
13	36.3	46	72.4	79	90.5
14	38.2	47	73.0	80	91.0
15	40.0	48	73.6	81	91.4
16	41.8	49	74.1	82	91.8
17	43.4	50	74.7	83	92.2
18	45.0	51	75.2	84	92.6
19	46.6	52	75.7	85	92.9
20	48.0	53	76.2	86	93.3
21	49.5	54	76.7	87	93.6
22	50.8	55	77.3	88	94.0
23	52.1	56	77.9	89	94.3
24	53.4	57	78.5	90	94.6
25	54.6	58	79.0	91	94.8
26	55.8	59	79.5	92	95.0
27	56.9	60	80.0	93	95.2
28	58.0	61	80.6	94	95.4
29	59.0	62	81.2	95	95.6
30	60.0	63	81.8	96	95.7
31	61.0	64	82.4	97	95.8
32	61.9	65	83.0	98	95.9
33	62.8	66	83.6	99	96.0

**TABLE SHOWING DISCOUNTING FACTOR
FOR TEMPORARY PERMISSIONS**

Period of validity of temporary permission	Percentage (%)
One month	0.3
2 months	0.6
3 months	1.0
4 months	1.3
5 months	1.6
6 month	1.9
7 months	2.3
8 months	2.5
9 months	2.9
10 months	3.2
11 months	3.5
One year	3.8
2 years	7.5
3 years	10.9
4 years	14.1
5 years	17.1
6 years	19.9
7 years	22.7
8 years	25.2
9 years	27.7
10 years	30.0

**GENERAL PROCEDURE FOR DEVELOPMENT APPLICATIONS INVOLVING
PAYMENT OF LAND BETTERMENT CHARGE (LBC)**



EXAMPLE 1**COMPUTATION OF LAND BETTERMENT CHARGE FOR INCREASE IN INTENSITY**

Tenure : 99-year lease commencing from 1 Dec 1985
(unexpired term of lease remaining 62 years 5 months 30 days as at 1 Aug 2022)

Pre-chargeable Use & Intensity : Commercial Use (Use Group A) – 3,000 m²

Proposed Use & Intensity : Use Group A – 3,500m²

COMPUTATION

Prevailing Table of Rates : Mar 2022

Sector : 9

Residual Tenure : 62 years⁶ (rounded up to the nearest year)

Leasehold value as percentage of freehold value : 81.2%

Pre-chargeable Value

Use Group : Group A

DC Rate : \$11,900 /-

Base GFA : 3,000m²

Base Amount : \$28,988,400 (3,000 m² x \$11,900 x 81.2%)

Post-chargeable Value

Use Group : Group A

DC Rate : \$11,900 /-

Base GFA : 3,500m²

Proposed Amount : \$33,819,800 (3,500 m² x \$11,900 x 81.2%)

Land Betterment Charge : \$4,831,400 (Post-chargeable – Pre-chargeable Valuation)

⁶ The residual tenure shall be rounded down to the nearest year if the fraction of a year is less than 0.5, i.e. 6 months. The residual tenure shall be rounded up to the nearest year if the fraction of a year is equal or more than 0.5, i.e. 6 months.

EXAMPLE 2**COMPUTATION OF LAND BETTERMENT CHARGE FOR CHANGE OF USE**

Tenure : 99-year lease commencing from 1 Feb 1988
(unexpired term of lease remaining 64 years 7 months 31 days
as at 1 Aug 2022)

Pre-chargeable Use & Intensity : Industrial use (Use Group D) – 1,000 m²

Proposed Use & Intensity : Use Group A – 1,000 m²

COMPUTATION

Prevailing Table of Rates : Mar 2022

Sector : 113

Residual Tenure : 65 years⁷ (rounded down to the nearest year)

Leasehold value as
percentage of : 83.0%
freehold value

Pre-chargeable Value

Use Group : Group D

DC Rate : \$910/-

Base GFA : 1,000 m²

Base Amount : \$755,300 (1,000 m² x \$910 x 83.0%)

Post-chargeable Value

Proposed Use Group : Group A

DC Rate : \$9,450 /-

Proposed GFA : 1,000 m²

Proposed Amount : \$7,843,500 (1,000 m² x \$9,450 x 83.0%)

Land Betterment Charge: \$7,088,200 (Post-chargeable – Pre-chargeable
Valuation)

⁷ The residual tenure shall be rounded down to the nearest year if the fraction of a year is less than 0.5, i.e. 6 months. The residual tenure shall be rounded up to the nearest year if the fraction of a year is equal or more than 0.5, i.e. 6 months.

EXAMPLE 3

COMPUTATION OF LAND BETTERMENT CHARGE FOR PARTIAL CHANGE OF USE (TEMPORARY) FOR LEASEHOLD AND FREEHOLD LANDS

Proposed temporary change of use of 2nd storey unit at existing shopflat development from residential to office

Tenure	:	Leasehold
Residual Tenure	:	62 years
Area of subject unit	:	200 m ²
Approved use	:	Residential use (Use Group B2)
Proposed use	:	Commercial use (Use Group A)
Duration of permission	:	3 years
Discounting factor	:	10.9% (based on Appendix 3)

COMPUTATION

Prevailing Table of Rates	:	Mar 2022
Sector	:	21

Pre-chargeable Value

Approved Use Group :	Group B2	
DC Rate	:	\$10,500/-
Affected GFA	:	200 m ²
Base Amount	:	\$2,100,000 (200 m ² x \$10,500)

Post-chargeable Value

Proposed Use Group :	Group A	
DC Rate	:	\$12,250/-
Affected GFA	:	200 m ²
Proposed Amount	:	\$2,450,000 (200 m ² x \$12,250)

Land Betterment Charge:	\$38,150	(Post-chargeable Valuation – Prechargeable Valuation) x discounting factor
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FREQUENTLY ASKED QUESTIONS (FAQ)**Q1 How will landowners/taxable persons benefit from this change?**

A1 Under the LBC regime, landowners/taxable persons will only need to liaise with a single agency, SLA, on matters pertaining to the computation and payment of LBC. Development parameters declared to URA will be automatically conveyed backend to SLA for the computation of LBC. If LBC is payable, SLA will follow up directly with landowners/taxable persons on the payment of LBC by issuing a LO.

The treatment of leasehold properties will also be standardized under the LBC regime. The LBC payable for all State leases with a residual tenure of 99 years or less will be automatically adjusted by a leasehold factor to account for the remaining tenure of leasehold land.

Q2 Will developers be required to go through additional steps to obtain Written Permission from URA under the new LBC regime?

A2 No, agencies have worked out a streamlined workflow for processing development applications and issuing Liability Orders for the payment of LBC such that there should be no increase to the time taken by developers to obtain Written Permission.

Q3 Under what circumstances is LBC payable?

A3 LBC is a tax on the increase in land value resulting from a chargeable consent. Broadly, a chargeable consent may be given where: (a) URA grants planning permission and/or conservation permission for a development proposal; (b) URA accepts a lodgment of plans; and/or (c) SLA varies a restrictive covenant in a State title.

Q4 How much LBC is payable?

A4 The principles for computing LBC remain unchanged from the previous DP and DC systems. LBC will be computed by either the Table of Rates method or the Valuation method, where applicable. You may estimate the LBC payable by ascertaining the increase in land value, as a difference between the proposed use(s) and intensity and the pre-chargeable value, which takes into account the last authorised development of the land or any restrictive covenant expressed in a State title for the land. The use and intensity to determine development pre-chargeable value will be made progressively available for purchase via INLIS (<https://app1.sla.gov.sg/inlis>) from 1 August 2022.

Q5 Who is liable to pay LBC?

A5 Under the LBC regime, every person who is an owner of the land when a chargeable consent is given is liable to pay LBC. However, another party other than the owner of the land (e.g. prospective purchaser or tenant operator) can assume liability to pay the LBC if a valid assumption of liability notice is given to SLA, or if liability to pay LBC has been deferred and the deferred liability is transferred to that other party with SLA's approval.

Q6 I have submitted a development application to URA prior to 1 August 2022 but have not obtained PP; am I liable to pay LBC or DP/DC/TDL?

A6 If the chargeable consent (e.g. planning permission, conservation permission) is granted on or after 1 August 2022 such that there is an increase in land value, LBC will be payable.

Q7 I have obtained PP prior to 1 August 2022 but have yet to apply to SLA for the payment of DP; can I opt to pay LBC under the new workflow?

A7 You will automatically be charged LBC after you resubmit for PP based on the updated workflow in [Appendix 4](#).

Q8 What happens if I have applied to SLA for the payment of DP prior to 1 August 2022, but I have not received the DP offer?

A8 Where applicable, DP offers will be issued for applications that are outstanding as of 31 July 2022.

Q9 How will outstanding DC cases be transitioned to the new LBC regime?

A9 If the submission is with URA and is in order for issuance of the DC/TDL order by 31 Jul 2022, URA will issue the DC/TDL orders. All outstanding DC/TDL orders pending payment as of 1 August 2022 will be treated as liability orders under the LBC Act. During the transition period, URA will collect payment for the outstanding DC/TDL orders on SLA's behalf to facilitate the release of planning permission. If the submission with URA is not in order for issuance of DC/TDL orders by 31 Jul 2022, the applicant will be informed to pay LBC to SLA.

Q10 How will outstanding DP cases be transitioned to the new LBC regime?

A10 All outstanding DP offers will continue to be valid until they lapse. Applicants can also opt to pay LBC under the new regime by submitting a fresh application after 1 August 2022.

However, any processing fee paid shall be non-refundable. In addition, the grant of WP may be delayed until LBC is paid, and it will take additional cost and time to resubmit your development application to URA, where applicable.

Q11 I have previously paid DP for a proposal. Can I request for a refund and apply to pay LBC in lieu of DP?

A11 No, the DP cannot be refunded.

Q12 I have paid DP previously and wish to apply for an amendment proposal now. Can I choose to pay DP and be exempted from paying LBC?

A12 No, all new development applications submitted on or after 1 August 2022 that result in increase in land value will require payment of LBC to SLA.

Q13 Will SLA continue to issue supplemental leases?

A13 Yes, supplemental leases will continue to be issued for lands held under State Titles with use and intensity restrictions stipulated, in line with the State Lands Rules.

Q14 Will DP/DC/TDL continue to be collected after 31 July 2022?

A14 No, except for outstanding DP offers and DC/TDL orders, which will continue to be valid till they lapse.

Q15 Are GST and stamp duty payable under the new LBC regime?

A15 LBC will not be subject to GST or stamp duty.

Q16 Are there any changes to the DC deferment or exemption criteria or procedures?

A16 No. Existing deferments of DC will be treated as deferments under the LBC Act. Any subsequent proposals which qualify for deferment will be administered by SLA under the new LBC regime.

Q17 How is LBC computed for change of use of a single unit?

A17 LBC is computed based on the floor area of the unit multiplied by the difference in value of the proposed use of the unit and that of its permanent approved use – please refer to Example 3 in [Appendix 7](#).

Q18 How is LBC computed for temporary permissions granted to leasehold sites?

A18 LBC is computed by taking the difference between the post-chargeable value and the pre-chargeable value and multiplying it by the corresponding discount factor – please refer to Appendix 3 for the table showing the discount factor for temporary permissions and Example 3 in [Appendix 7](#).