

Singapore – Reform of stamp duty for sale of shares

The [Stamp Duties \(Agreements for Sale of Equity Interest\) \(Remission\) Rules 2018](#) (the “**2018 Rules**”) came into effect on 11 April 2018. The 2018 Rules seek to ameliorate the effect of an earlier amendment made to the impose duty on contracts for the sale of stocks and shares.

1. The 2017 reform

The [Stamp Duties \(Amendment\) Act 2017](#), which took effect on 11 March 2017, made two key changes to the stamp duty regime:

- the ‘dutable point’ for transactions relating to the transfer of stock and shares shifted from execution of the share transfer form to the point of execution of the contract or agreement to sell share;

This shift forward had an impact on M&A transactions with deferred closing as payment of stamp duty was triggered by the signing and not by the closing of the transaction.

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- it introduced the Additional Conveyance Duty (“**ACD**”), a new stamp duty to be levied on acquisitions and disposals of equity interests in residential Property-Holding Entities (PHEs).

This reform raised 3 main concerns:

- the shifting forward of the dutiable point to the point of agreement for sale of stocks and shares;
- the imposition of duties on transfers of scripless shares; and
- the lack of an express remission mechanism for cases of aborted agreements of transfer shares.

2. The 2018 Rules

With the 2018 Rules, the Ministry for Finance essentially reverted to the position before the 2017 Reform.

Since 11 April 2018:

- Rule 2 of the 2018 Rules provides for the remission of stamp duties on agreements for the sale of stock or shares which are not subject to ACD, shifting back the dutiable point to the **execution of the share transfer form**;
- Rule 3 of the 2018 Rules removes duty on the transfer of scripless shares by allowing for remission of duty on agreements for the sale of such shares. Since no share transfer form will be executed in such cases, no duty will be payable on the transfer of such shares (earlier position); and

- Rule 4 of the 2018 Rules provides for the **remission of duty on aborted agreements**: if duty is paid on an aborted agreement, there is an express mechanism under which the duty can be refunded.

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