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New tool to help property developers estimate land betterment charges

Having upfront certainty on project costs is critical for business decisions: Minister

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Property developers will get a better sense of how much tax they will be charged for proposed projects, using a new tool that immediately estimates land betterment charges (LBCs).

Having this upfront certainty on project costs is critical for business decisions, said Law Minister Edwin Tong on Feb 27, when he announced these changes at the Real Estate Developers' Association of Singapore's (REDAS) Spring Festival lunch.

LBC is a tax levied when planning permission is granted for development, or when land value increases due to improved use.

It is also a key revenue source that allows the Government to invest in infrastructure that enables development, Mr Tong said.

Collections from other taxes were nearly 68 per cent above the estimate at $3.98 billion, due to higher-than-expected LBC collections, Prime Minister Lawrence Wong said in his Budget speech on Feb 12.

The new tool, launched on Feb 27 by the Singapore Land Authority (SLA), will be part of its OneMap portal. It will compute the estimated LBC from key inputs, and allow developers to test scenarios using different development options.

Previously, developers had to do the calculations for the charges on their own.

The authorities have also sped up the valuation process for LBC cases that require spot valuations, following developers' feedback.

SLA recently brought forward the start of the valuation process for such cases to the provisional permission stage, which could shave up to six months off the previous process, Mr Tong said.

The LBC regime was introduced in August 2022. It replaced the development charge and differential premium systems, which were administered by the Urban Redevelopment Authority and SLA, respectively.

This meant that landowners and developers no longer had to apply to different agencies for the payment of these charges, Mr Tong noted.

Other improvements include enhancing the framework to provide greater transparency and certainty for solar operators.

With effect from Sept 1, 2025, solar deployments are classified as utilities under use group D in the LBC use groups table. This allows solar developers to calculate their LBC liability using the table of rates, instead of relying on a spot valuation.

This year, SLA will also launch the pilot digital conveyancing portal (DCP), which aims to transform the current paper-based conveyancing process into a paperless digital system for all property transactions in Singapore.

Such a system would reduce the administrative burden for the real estate industry, boost productivity and allow for better coordination between lawyers, banks, real estate professionals and government agencies, Mr Tong said.

The Electronic Conveyancing and Other Matters Act was passed on Oct 15, 2025. The amendments will facilitate the implementation of the DCP, starting with the pilot for the grant and exercise of the option to purchase for private residential resale transactions.

Mr Tong also said the Government has stepped up efforts in recent years to use state properties to support unique developments that add character and vibrancy, such as New Bahru, which was formerly Nan Chiau High School, and The Foundry, which used to house the Elections Department. These are run by the tenants at the state properties.

"We understand the need to provide industry with new opportunities to partner with the Government in harnessing the value of our state properties," he said.

Earlier in February, SLA launched a concept and price tender for a cluster of pre-World War II heritage bungalows in Adam Park for serviced apartment use on a 30-year leasehold tenure.

"This is a rare opportunity for real estate developers to test new living concepts in a unique and historically significant setting," Mr Tong said, adding that SLA is also exploring longer tenures for state properties.

On a REDAS initiative to build a skilled real estate workforce, Mr Tong said it is encouraging that more than 40 organisations are interested.

REDAS president Tan Swee Yiow said that as part of this initiative, more than 50 internships have been offered to Year 1 and Year 2 business students at the National University of Singapore.

These internships – in areas such as asset management, capital markets, fintech, and research and valuation – will give them the early exposure they need to see the full breadth of career possibilities in real estate, Mr Tan said.

He added: "Fewer are choosing real estate today. If this trend continues, we risk (having) a smaller pool of trained professionals in the years ahead."

Beyond internships, Mr Tan said industry partners are also interested in offering management traineeships and coming on board as mentors.

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Speaking at REDAS' Spring Festival lunch on Feb 27, Law Minister Edwin Tong said land betterment charges are a key revenue source that allows the Government to invest in infrastructure that enables development. PHOTO: MINISTRY OF LAW

Average land betterment charge rates raised across most real estate sectors

The Government has raised average land betterment charge (LBC) rates across most real estate sectors in its latest half-yearly update, with only the rates for the hotel/hospital/nursing home use group left unchanged.

Announced on Feb 27, the latest rates are for the six months starting on March 1. LBC rates were increased for residential, commercial, industrial and place of worship/civic and community institution uses.

Developers pay an LBC for the right to enhance the use of some sites or to build bigger projects on them. The rates are stated according to use groups across 118 geographical sectors here.

LBC rates for non-landed residential use have been raised by 4.1 per cent on average. The rates in 114 sectors have been raised by around 3 per cent to 23 per cent. There are no changes in the other four sectors.

For landed residential use, LBC rates have risen by 4 per cent on average. Rates have been raised for 93 sectors by around 3 per cent to 10 per cent, with no changes in the other 25 sectors.

LBC rates for industrial use have been raised by 3.2 per cent on average. All 118 sectors saw increases ranging from around 2 per cent to 9 per cent.

LBC rates for commercial use have gone up by 0.5 per cent on average. Twenty of the 118 geographical sectors will see increases of around 3 per cent to 4 per cent, with no change for the remaining 98 sectors.

For the place of worship/civic and community institution use group, LBC rates have increased by 3 per cent on average across all 118 sectors.

LBC rates are announced twice a year, on March 1 and Sept 1, following a review by the Singapore Land Authority in consultation with the taxman's chief valuer.

The LBC rates are based on the chief valuer's assessment of land values and take into consideration recent land sales.

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