ABSTRACT

This study examines the assessment ratios across the property types in Singapore with specific reference to the incidence theory, on whether horizontal and vertical equities can be achieved under the current property tax system. Freehold residential properties, factories, offices, retails, hotels and land in Singapore are looked into. The results reveal that although vertical equities are achieved across the different property types, vertical inequities are found among the different residential property types. The detached houses are under-assessed relative to semi-detached houses, terrace houses and condominiums. Horizontal equities are studied among the properties of the types in different geographical locations, namely, northern, central, eastern and western parts of Singapore. Horizontal equities are only achieved among the hotels, retail properties and the terrace houses. Hence, the property tax system is still lacking in equity although both vertical and horizontal equity have been achieved by some of properties studied. The study on assessment ratio also gives an indication of the rate of returns on the properties. The findings show that hotels have the highest rental potential followed by retail, office, factory and residential properties. As for the four residential property types, condominiums have the highest rental potential compared to the detached, semi-detached and terrace houses. The assessment ratios are also established for the same property types in different locations to give an indication on the earning capacity of the property types at different localities.