

# Terms & Conditions

## in A Lease Agreement



A lease agreement is prepared by the landlord or an appointed real estate agent. There is no fixed residential lease agreement, but as a guide, you can expect to find the following terms in the contract:

### Length of Term of Lease

The most common lease term is two years. Most landlords do not accept a lease term of less than a year.

### Option to Renew

It is common to have an option to renew for a further period of one year at the expiry of the first term in your lease agreement. The landlord normally requires two months' notice of your intention to exercise your option. Rental terms will be reviewed at either the prevailing market level or at an agreed rental between both the tenant and the landlord.

### Diplomatic Clause

In a two-year lease, this clause allows you to prematurely terminate the lease if your employment in Singapore ceases or if you are disallowed entry into Singapore for some reasons, or if you are transferred to another country. The diplomatic clause applies only after 12 months of stay and usually, you are required to give the landlord an additional two to three months' notice.

### Payment of Deposit

It is normal for a landlord to request for up to three months gross rental as a security deposit. Provided the lease conditions have been satisfied, this amount will be refunded, without interest, when the lease term ends.

### Gross Rent

When you agree to lease the premises at a certain rent, the rent quoted to you is normally the gross rent, i.e. inclusive of maintenance charges. In your lease agreement, the gross rent is usually broken up into rent for premises; hiring charges for any fixtures and furniture and service or maintenance charge.

### Repairs and Maintenance

You are responsible for maintaining the premise in good order and/or carrying out minor repairs. If the premises are air-conditioned, you are required to take up a service contract with an air-conditioning maintenance contractor at your expense.

### Legal Fees

Any legal fees incurred during the drawing up of a lease agreement are usually borne by you, the tenant. However, in many cases, your landlord may have his own standard lease agreement and legal fees will therefore not be necessary.

### Property Tax

This tax is levied annually on all properties in Singapore. It is payable by the landlord. However, some landlords do request tenants to pay for any increment in the property tax levied during the tenancy period.

### Stamp Duty

It is a statutory requirement that stamp duty is paid on a lease agreement. This amount is payable by the tenant and the amount varies according to the annual rental and the length of the lease.

### Goods & Services Tax (GST)

The Goods & Services (GST) Act was passed on October 1993 and came into effect on 1 April 1994. With effect from 1st January 2004, GST will be adjusted to 5%. Although the sale and lease of residential properties are exempted from the 5% tax, the lease of any furniture, furnishings, fittings, appliances or effects are categorized under non-exempt supplies. Landlords who are GST-registered are therefore likely to pass on the 5% tax liability to their tenants.

### Agent Commission

Tenants do not incur any Agent Commission for cases where the gross monthly rental is more than \$3,000.00. However, for cases where the gross monthly rental is \$3,000.00 or less OR if lease is one year or less, then the Tenant shall pay the agent a finder's fee based on the followings:-

- (a) One (1) month's gross rental for Twelve (12) months' lease or more; and
- (b) One half (1/2) of a month's gross rental for less than Twelve (12) months' lease.

This Commission shall become payable upon execution of the Tenancy Agreement by the Tenant.