

FACT SHEET FOR PROPOSED MEASURES TO SAFEGUARD CONVEYANCING MONEY

Scope of measures

1. Under the proposed regime, the measures will affect conveyancing money in all conveyancing transactions, which is defined as the:
 - a. sale, purchase or assignment of any land;
 - b. grant of a lease, licence or tenancy in respect of land, or
 - c. grant of a mortgage of or charge on land, or the redemption or discharge thereof.

2. Conveyancing money in a conveyancing transaction includes:
 - a. option deposits;
 - b. balance of sales proceeds;
 - c. goods and services tax due;
 - d. stamp duties such as that payable on a Sale and Purchase Agreement, and
 - e. Central Provident Fund money.

3. Conveyancing money does not include:
 - a. money intended for a lawyer's fees; and
 - b. money for any disbursements in connection with the transaction.

These sums can be paid into a lawyer's normal client account.

Float provision

4. To ensure that lawyers have access to a sum of client money to cater to last-minute adjustments in the amounts payable on legal completion of a conveyancing transaction, lawyers will be permitted to request from their clients and to hold in their client account, a sum of up to \$5,000. Any unused amounts will have to be refunded to the client. Buyers and sellers have the discretion to decide if they wish to provide this float. For collective sales, the float is capped at a sum of \$2,000 per unit (subject to a total cap of \$200,000 for the collective sale), and is taken out of the option deposit.

IRAS stamp duty workflow

5. Currently, stamp duties payable are deducted by GIRO out of lawyers' client account.

6. With the new measures, stamp duties would need to be paid from lawyers' Conveyancing Accounts or by clients directly to IRAS. Upon e-stamping of documents, lawyers would obtain a payment voucher which would accompany any payment originating from the Conveyancing Account.

Buyers to note

Option Fees

7. The option fee is usually paid directly to the seller and is unaffected by the measures.

Option Deposits

8. Buyers should make payment to either the seller's lawyer's Conveyancing Account or to the Singapore Academy of Law. This will be stated in the option form.

a. If the seller's law firm's Conveyancing Account, make payment to "***Name of law firm-CVY***"

b. If SAL, make payment to "**Singapore Academy of Law**"

Stamp Duties

9. The buyer's lawyer will e-stamp the necessary document online with IRAS on the buyer's behalf and obtain a Payment Voucher. Buyers can then either:

a. Make payment directly to IRAS (pay to "**Commissioner of Stamp Duties**") together with Payment Voucher; or

b. Deposit the money for stamp duties in their lawyer's Conveyancing Account, or with SAL which will then make out a cheque/Cashier's Order to IRAS on the lawyer's instructions. The lawyer can then submit the payment on the buyer's behalf.

i. If to law firm's Conveyancing Account, make payment to "***Name of law firm-CVY***"

ii. If to SAL, make payment to "**Singapore Academy of Law**"

Balance of Sales Proceeds

10. Buyers should indicate to their lawyer their preference to pay directly to the payees as requested by the seller, or place the balance of sales proceeds either in their lawyer's Conveyancing Account or with SAL.

a. If the buyer's law firm's Conveyancing Account, make payment to "***Name of law firm - CVY***"

b. If SAL, make payment to "**Singapore Academy of Law**"

11. Note: Lawyers may ask for money to hold as a float, which is a separate sum of up to \$5,000 for each property, or \$2,000 for en-bloc properties to meet last-minute adjustments in payment amounts to different payees. It is not mandatory for buyers to provide this sum. If the buyer agrees, this sum can be paid to the other bank accounts of the law firm such as the normal client account.

What buyers should not do

12. Buyers should not omit the “-CVY” when issuing a cheque to a law firm for conveyancing money.

Sellers to note

Option Fees

13. The option fee is usually paid directly to the seller and is unaffected by the measures.

Option Deposits

14. The seller should indicate to his property salesperson or lawyer his preference to place the option deposit either in the lawyer’s Conveyancing Account or with SAL. This should then be indicated in the option form so that the buyer knows to whom to pay the option deposit.

Stamp Duties

15. If the seller is required to pay seller’s stamp duties, the seller’s lawyer will e-stamp the necessary document online with IRAS on the seller’s behalf. The seller can thereafter either:

- a. Make payment directly to IRAS (pay to “**Commissioner of Stamp Duties**”) together with Payment Voucher; or
- b. Deposit the money in the lawyer’s Conveyancing Account, or with SAL which will then make out a cheque/Cashier’s Order to IRAS on the lawyer’s instructions. The lawyer can then submit the payment on the seller’s behalf.
 - i. If to law firm’s Conveyancing Account, make payment to “**Name of law firm - CVY**”
 - ii. If to SAL, make payment to “**Singapore Academy of Law**”

16. Note: Lawyers may ask for money to hold as a float, which is a separate sum of up to \$5,000 for each property, or \$2,000 for en-bloc properties to meet last minute adjustments in payment amounts to different payees. It is not mandatory for sellers to provide this sum. If the seller agrees, this sum can be paid to the lawyer’s other bank accounts such as the normal client account.

What sellers should not do

17. Sellers should not authorise anyone to receive the sale proceeds on their behalf unless they trust that person with their money.

Categories of payees

18. Payments from Conveyancing Accounts and the Singapore Academy of Law Conveyancing Money Service can be made to three different categories of payees. Depending on the category of payee, counter-signing for withdrawal of conveyancing money may be required.

Category A – Fixed list; no counter-signing required

19. The list of Category A payees is a prescribed list. Payment to these payees does not require counter-signing.

- Commissioner of Stamp Duties
- Commissioner of Lands
- Comptroller of Income Tax
- Jurong Town Corporation
- CVY/CVY(CPF) A/C of new legal entity formed from existing law practice
- CVY/CVY(CPF) A/C of new law practice taking over conduct of file from existing law practice
- CVY/CVY(CPF) A/C of same law practice

Category B – Fixed list; counter-signing to check correctness of payee

20. The list of Category B payees is a prescribed list. Payment to these payees requires counter-signing. Counter-signers must check the identity of the payee.

- Seller or seller's receiver
- Buyer
- Mortgagee
- CPF Board
- HDB
- Town Council
- MCST
- Comptroller of Property Tax
- Comptroller of Goods and Services Tax
- Commissioner of Estate Duties
- Official Assignee or trustee, Official Receiver or liquidator

Category C – Counter-signing to check correctness of payee and amount to pay

21. Category C payees refer to payees not covered under Category A and Category B. Payment to these payees requires counter-signing. Counter-signers must be satisfied as to the identity of payees and amounts to be paid.

Pilot trials

First pilot trial

22. The first pilot trial was conducted from April to August 2010, and simulated the measures that would require lawyers to counter-sign on payment requests. Forty-seven law firms participated, together with three banks and SAL. More than 230 cases were tested.

Second pilot trial

23. The second pilot trial took place from November 2010 to February 2011. It involved 111 law firms and three banks as well as SAL. The main purpose of the second pilot trial was to test the ePI service developed by SLA. It also allowed law firms to try out the new

conveyancing workflow more comprehensively. In addition, the second pilot trial featured an expanded scope for SAL’s conveyancing money service, whereby in addition to holding option deposits, SAL could also hold other types of conveyancing money. The second pilot trial also included the participation of HDB, in addition to CPF. More than 450 cases were tested during the second pilot trial.

24. To educate lawyers on the changes, MinLaw and the Law Society will be conducting a series of briefings from May until the measures are implemented. MinLaw has also provided an online user-guide covering the detailed workflow.

Workflow options	Before	After
Option Deposit	<ul style="list-style-type: none"> • Seller’s lawyer holds 4% / 9% option deposit in client account, as stakeholder 	<ul style="list-style-type: none"> • Seller’s lawyer holds 4% / 9% option deposit in CVY account, as stakeholder OR • SAL holds 4% / 9% option deposit on behalf of both buyer/seller, as stakeholder
Balance Of Sales Proceeds	<ul style="list-style-type: none"> • Buyer makes payment directly to seller • Buyer’s lawyer holds balance of sales proceeds in client account 	<ul style="list-style-type: none"> • Buyer makes payment directly to seller OR • Buyer’s lawyer holds balance of sales proceeds in CVY account OR • SAL holds balance of sales proceeds on behalf of buyer
CPF Money	<ul style="list-style-type: none"> • CPF panel lawyer holds CPF money in client account 	<ul style="list-style-type: none"> • CPF panel lawyer holds CPF money in CVY (CPF) account
Escrow Arrangements	<ul style="list-style-type: none"> • Permitted 	