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Guide to Lease an Office Premises in Singapore

1. Lease Duration

In general, the duration of a lease agreement in Singapore is between 2 to 3 years with an option to renew at the end of the lease term.

2. Rent

The monthly rental fee includes base rent and service charges calculated per square feet of floor area and 7% of GST (Goods and Service Tax) if the landlord is GST-registered. In overall, Singapore office base rent rates and service charges averaging from S\$4.50/sqft to S\$10.00/sqft and S\$0.70/sqft – S\$1.20/sqft respectively depending on the locations and buildings. Service charges is charged for the general management services provided by the landlord such as building maintenance, security, cleaning, and maintenance of central air-conditioning of the building.

3. Deposits and stamp duty payable

A refundable security deposit equivalent to three months gross rent is common practice and payable by the tenant in two phases; i) One month's gross rent upon the exchange of Intent to lease by the tenant and the Letter of offer by the landlord, ii) Two months' gross rent upon the signing of the lease agreement, occupation of premises or commencement of lease term, whichever comes first.

The security deposit is refundable without interest upon the termination/expiration of the tenancy agreement subject to terms and conditions stipulated in the tenancy agreement. On certain circumstances, a separate refundable renovation deposit is required by the landlord or building management when the tenant to carry out any renovations in the office space. The renovation deposit will be used to covers any damages caused to common areas of the building during the renovation period.

The local law requires stamp duty (which is usually payable by the tenant) to be payable on a tenancy agreement for a lease of any immovable property. Stamp duty is payable within 14 days after the signing of Tenancy Agreement if it is signed in Singapore or within 30 days after receiving the signed Tenancy Agreement in Singapore if the agreement is signed overseas. Stamp duty is computed at 0.4% of the total rental value for the entire lease period.

4. Office Renovation work

An office in Singapore usually comes with standard fittings like cemented floor, fire sprinkler and protection systems, central air-conditioning distribution ducts and basic lighting and window fittings.

The tenant can customize the office, if required, but can only do so in accordance with the terms and conditions stipulated by the landlord with regards to all fitting-out works at the premises. The tenant can also negotiate a rent-free period (2 – 12 weeks depending on the size of the premise) with the landlord during the renovation period.

At the end of lease term, if any renovation works have been carried out previously, the tenant is responsible for the reinstatement of the office premises back to its original state.

5. Utility and maintenance

All general electricity (exclude electricity consumed by centralized air conditioning during office hours) and telecommunication bills are to be paid by the tenant to the relevant service providers. The electricity consumed by centralized air conditioning is included in the computation of services charges mentioned in Note 2.

Beside electricity and telecommunication bills, season parking fee is also one of the major costs to consider especially for those tenant that drive to work. For building inside Central Business District (CBD), season parking is chargeable at S\$170 – S\$300 per month (S\$100 to S\$180 for building outside CBD).

6. Sub-Lease

Generally, sub-let of full or part of the office space is prohibited in accordance to the Tenancy Agreement unless written consent is given by the landlord.

7. Leasing Process

Below is the summary of outlines of an entire leasing process.

(1) Sourcing for office premises and submission of Letter of Intent

Once you have identified the office space that suits your needs, you can then instruct your property agent to submit a Letter of Intent to the landlord's representative. The Letter of Intent is a letter to express your willingness to rent the said premise to the landlord.

7. *Leasing Process-Cont'd*

(2) Negotiation - Letter of Offer

Upon receiving a Letter of Intent, the landlord will normally perform a background check on you or your company as part of their due diligence process. If you or your company satisfied their requirements, the landlord will send you a Letter of Offer which outlining the rent rate, deposit required and lease term along with a sample copy of Tenancy Agreement for your consideration.

If you agreed with the offer, you need to return a signed copy of Letter of Offer along with the deposit required to the landlord to secure the premises.

(3) Moving In

Upon receiving your signed Letter of Offer and deposit required, the landlord will hand you the Tenancy Agreement for your signature.

You are required to pay stamp duty to Inland Revenue Authority of Singapore (IRAS) once you have signed the Tenancy Agreement as stated in Note 2.

After the tenancy agreement has been duly signed, stamped, and the necessary security deposit paid, you are free to move in and take possession of the premise.

Kaizen suggests you to consult with professional advisors before the proposals coming into effect. Kaizen Singapore office is able to provide clients with advisories with regards to leasing a commercial property, please consult our professional accountants for details.



If you wish to obtain more information or assistance, please visit our official website at www.kaizencpa.com or contact us through the following means:

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