



# **SUBLETTING YOUR PREMISES**

# Content

1	What is subletting? -----	3
2	Who is allowed to sublet? -----	3
3	How do I apply for subletting? -----	4
4	What are the subletting fees and how do I pay them? -	5
5	How do I renew my subletting term after expiry? -----	7
6	How do I terminate my subletting term prematurely? --	7

# JTC's Subletting Policy

## I. What is Subletting?

Subletting happens when a lessee/tenant rents out part of its property to another tenant, also known as a subtenant.

The lessee/tenant must first seek JTC's consent before subletting its property. Subletting without JTC's prior consent is a breach of the lease/tenancy agreement and may result in termination of your lease/tenancy.

Only the following are permitted and not considered as subletting:

- (a) **Service providers** (restricted to logistics, food storage or data centre services only) who have entered into formal agreements with customers where the use of space on-site by the customer supports the lessee's business.
- (b) **Resident subcontractors** located in the property to support the lessee's operations exclusively, i.e. the use of premises is solely to support the lessee's business.

JTC reserves the right to verify that all service and engagement agreements are legitimate.

## II. Who is allowed to sublet and how much subletting can you apply for?

### Subletting by lessees

JTC lessees should fully utilise 100% of their Gross Floor Area (GFA) for their own business operations.

### ***Subletting to non-related businesses***

In the event when excess space is available for short periods (e.g. during lull business periods), lessees may sublet up to **30% of the overall Gross Floor Area (GFA) to non-related businesses**.<sup>1</sup> As it is meant for short periods, the maximum subletting period for such subletting is three years.

Lessees who wish to sublet their space need to obtain prior consent from JTC.

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<sup>1</sup> This includes space used for secondary workers dormitory.

### ***Subletting to related businesses***

Subletting of a lessee's space to a Related Business is not restricted to the 30% GFA cap. A "Related Business" is defined as the following:

- (i) The lessee owns more than 50% of the Related Business' shareholding; or
- (ii) The Related Business owns more than 50% of the lessee's shareholding.

A Related Business should have business synergies through co-location with the lessee. Lessees who wish to sublet to a Related Business also need to obtain prior consent from JTC.

For subletting to a Related Business, the subletting term can be granted up to the current lease expiry date.

If a Related Business ceases to be related to the lessee during a sublet term which JTC had previously granted its consent to, the lessee needs to submit a fresh sublet application to JTC. The application will be treated as a new sublet application under "*Subletting to non-related businesses*" as set out above.

### **Subletting by tenants**

Tenants are not allowed to sublet to non-related businesses but subletting to related businesses is allowed. Likewise, the maximum subletting term is in accordance with your current tenancy. Tenants who wish to sublet to related businesses need to obtain prior consent from JTC.

## **III. How do I apply for subletting?**

Subletting to related and/or non-related businesses without JTC's prior consent is considered a breach of the tenancy/lease agreement **and may result in higher sublet fees or the termination of your tenancy/lease.**

You are required to apply through JTC's Customer Service Portal (CSP) if you want to sublet a space, including subletting to related businesses.

For subletting to be allowed, the following criteria have to be fulfilled:

- You have not breached your lease agreement and no legal action has been taken against you.
- You do not have any rental arrears.
- The subtenant's usage complies with our lease or tenancy agreement, usage guidelines and other Government Agencies' rules and regulations (e.g. URA's 60:40 industrial space usage regulation).<sup>2</sup>
- You are subletting for industrial use. For example, any office usage cannot be stand-alone and must support the main manufacturing operations within the sublet space.
- You are not subletting open land.

When applying, please submit the following:

- A floor plan indicating the area you intend to sublet, or if any alterations have been made to the floor plan. Sketching on existing building plans to indicate area intended for subletting is acceptable.
- The subtenant's latest business profile from Accounting and Corporate Regulatory Authority (ACRA), for subletting to related businesses.
- The subtenant's Land Use Proposal Form from Land Transport Authority (LTA), if usage includes warehousing.
- Singapore Civil Defence Force (SCDF)'s approval for storage of petroleum and flammable materials by the subtenant if the usage involves such material and exceeds allowable quantities.
- The subtenant's National Authority Chemical Weapons Convention (NACWC) form if the usage involves chemicals on Jurong Island sites.

We will inform you of the outcome of your application through the Customer Service Portal (CSP), SMS or email within 7 working days of your full submission. Cases that require further assessment may need additional processing time.

## **IV. What are subletting fees and how do I pay them?**

A sublet fee (subject to GST at the prevailing rate) is applicable for subletting to unrelated businesses. This fee is payable by the lessee.

### **1. Calculation of Sublet Fee**

JTC charges a concessionary fee for timely and accurate sublet applications.

As stated above, subletting without JTC's prior consent is a breach of the lease/tenancy agreement and may result in the termination of your lease/tenancy. Sublet applications which are submitted after the commencement of the subletting,

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<sup>2</sup> With effect from 10 February 2023, URA has temporarily revised the allowable quantum for ancillary uses from 40% to 49% to accommodate temporary workers' dormitory use. This will apply to all applications for new temporary workers' dormitories or to increase the number of workers in existing dormitories, including those within specified areas. URA's 60:40 industrial use quantum will remain for all other applications relating to non-dorm uses.

may or may not be approved by JTC. In the event JTC grants consent for such late application, a higher sublet fee will be imposed.

**Table 1: Comparing Sublet Fees**

Sublet Type	Fee for timely applications	Fee for late applications / false declarations* (Effective from 15 April 2024)
Sublet to Unrelated Entities <sup>3</sup> (within 30% GFA cap)	Fee per month: $\{30\% \times (\text{JTC's land rental rate per annum}) \times (\text{Sublet area} / \text{Total GFA}) \times (\text{Land area})\} / 12$	Fee per month: $\{100\% \times (\text{JTC's land rental rate per annum}) \times (\text{Sublet area} / \text{Total GFA}) \times (\text{Land area})\} / 12$
Sublet to Related Entities / Anchor Subletting / White GFA Subletting	No fee payable	A flat late submission fee payable: \$1,100

*Note: All the above fees are subject to GST at the prevailing rate*

*\*For any waivers or unauthorised subletting (late applications / false declarations), including unauthorised subletting for secondary workers' dormitory use, JTC reserves the right to back-collect up to 100% of the assessed sublet rent under our prevailing policy<sup>4</sup>.*

**Example: Lessee who is on land rental or upfront premium scheme**

JTC's land rental rate	\$22.20 psm pa
Sublet area	600 sqm
Total GFA of lessee's premises	7,000 sqm
Land area of lessee's site	5,000 sqm

**Fee for timely application**

Monthly sublet fee =  $\{30\% \times \text{JTC's land rental rate per annum}^5 \times (\text{Sublet area} \div \text{Total GFA}) \times \text{Land area}\} \div 12$

**Monthly sublet fee payment**

=  $[30\% \times \$22.20 \times (600 \div 7000) \times 5000] \div 12$   
 = \$237.86 (rounded off to two decimal places) + prevailing GST amount

<sup>3</sup> For certain allocations like land in one-north where land rates are pegged to domestic market rates, sublet fees for timely applications for subletting within quantum is waived. However, for late applications / false declarations, a higher sublet fee (based on a flat late sublet fee of \$1,100 + prevailing GST) will apply. For avoidance of doubt, 'Sublet to Unrelated Businesses' includes subletting for secondary workers' dormitory use.

<sup>4</sup> The sublet rent shall be based on what JTC assessed as reasonable, and as a proxy, JTC can take the sublet rent based on a multiplier factor of the posted land rent (i.e. 10 times).

<sup>6</sup> This refers to the JTC prevailing posted land rent rate.

Fee for late application/false declaration

Monthly sublet fee =  $\{100\% \times \text{JTC's land rental rate per annum}^6 \times (\text{Sublet area} \div \text{Total GFA}) \times \text{Land area}\} \div 12$

**Monthly sublet fee payment**

=  $[100\% \times \$22.20 \times (600 \div 7000) \times 5000] \div 12$

= \$792.86 (rounded off to two decimal places) + prevailing GST amount

## **2. Payment**

The sublet fee payable for the subletting term will be reflected in our sublet consent letter. The fee is payable through GIRO.

Non-GIRO customers can make a separate payment via other electronic modes. Please pay the sublet fee by the deadline stated, barring which late payment interest (at a rate determined by JTC) will be charged on the outstanding amount. Interest rate is subject to review from time to time.

## **V. How do I renew my subletting term after expiry?**

If you wish to renew your subletting arrangement, please submit your application up to 6 months before your current subletting term expires. You can submit your subletting renewal application through JTC's CSP.

We will inform you of the outcome of your application through CSP, SMS or email within 7 working days of your full submission. Cases that require further assessment may need additional processing time.

## **VI. How do I terminate my subletting term prematurely?**

Please log in to JTC's CSP to terminate your subletting.

Do note:

- Indicate your desired effective termination date. Your subtenant must vacate your premises by the effective termination date, failing which it will be considered subletting without JTC's consent, and a higher subletting fee will be incurred.
- JTC will use the date the termination application was received or your desired effective termination date, whichever later, as the effective termination date. You will be billed up to the month of the effective termination date.

***Example***

A lessee's monthly sublet fee is \$237.86 per month (before prevailing GST rate) on 1 June 2022. Notice was given to prematurely terminate the subletting on 10 June 2022. The full sublet fee of \$237.86 per month (before prevailing GST rate) will be payable for the month of June 2022. No partial refund will be made.