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20 February 2017

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All Motor Vehicle Dealers / Importers	Your ref	LTA/VR&L/V43.013.000	
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Dear Sir/Madam

Measures to Assist Owners of Diesel and Diesel-Hybrid Vehicles

- **Reduction in special tax for diesel and diesel-hybrid cars and taxis**
- **Road tax rebate for diesel and diesel-hybrid commercial vehicles**
- **Additional cash rebates for diesel and diesel-hybrid buses ferrying school children**

I refer to the announcement by the Minister for Finance, Mr Heng Swee Keat, in the Budget Statement 2017 and our press release on 20 February 2017. A volume-based duty on automotive diesel, industrial diesel and the diesel component of biodiesel will be introduced to encourage users to reduce diesel consumption. To offset the impact of the diesel duty for the large majority of vehicles, there will be measures to assist owners of diesel and diesel-hybrid vehicles.

Reduction in Special Tax

2. With effect from 20 February 2017, the Government will permanently reduce the annual special tax for diesel and diesel-hybrid cars and taxis by \$100 and \$850 respectively. Please refer to the attached press release for more details.

Road Tax Rebate for Diesel and Diesel-Hybrid Buses and Goods Vehicles

3. From 1 August 2017, the Government will grant a 3-year road tax rebate of 100% for the first year, 75% for the second year, and 25% for the third year for diesel and diesel-hybrid buses and goods vehicles (including goods cum passenger vehicles). These road tax rebates will not apply to public bus services operating under LTA's contracts. Separate arrangements will be made with these bus operators under the provisions of the contracts. Please refer to the attached press release for more details.

Additional Cash Rebates for Diesel and Diesel-Hybrid School Buses and Private Hire/Excursion Buses used for Ferrying School Children

4. With effect from 1 August 2017, diesel and diesel-hybrid school buses will receive an additional cash rebate for 3 years on top of the road tax rebate. The cash rebate of \$1,400 for the first year, \$700 for the second year and \$350 for the third year will be given in 2 pay-outs each year on 1 August and 1 February.

5. Eligible owners of diesel and diesel-hybrid private hire/excursion buses that ferry school children can apply to LTA, with relevant supporting documents, for the cash grant of up to \$1,500 for the first year, \$800 for the second year and \$450 for the third year.
6. Please refer to the attached press release for more details on the additional cash rebates.

Excess Road Tax Paid During Transition Period

7. The LTA is currently enhancing our system to reflect the revised special tax and road tax rates for the affected diesel and diesel-hybrid vehicles. We will provide you with more details when the new rates are implemented in our system.
8. Prior to the implementation of the new rates in our system, some vehicle owners would have paid for road tax beyond their respective policy commencement date (i.e 20 February 2017 for diesel and diesel-hybrid cars and taxis, and 1 August 2017 for eligible diesel and diesel-hybrid buses and goods vehicles) based on current rates. Any excess amount paid during this transition period will be automatically used to offset the road tax payable at the next renewal. If the vehicle is permanently transferred before the next road tax renewal, any excess amount paid will be used to offset the transfer fee payable and any remaining excess amount paid will be transferred along with the vehicle to the new registered owner.
9. Please bring the contents of this circular to the attention of your members and relevant staff accordingly. For enquiries, please contact our Customer Service hotline at 1800-CALL LTA (1800-2255 582). Thank you.

Yours faithfully



Ng Lay Choo (Ms)
Deputy Director
VRL Service Operations Division
Vehicle Services Group

Distribution List

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Date of Issue: 20 February 2017

Reduction in Special Tax and Other Offset Measures for Owners of Diesel Vehicles

*Measures will more than offset diesel duty incurred in the first year
for large majority of vehicles*

As announced by Minister for Finance Heng Swee Keat in the Budget Statement 2017, a volume-based duty on automotive diesel, industrial diesel and the diesel component of biodiesel will be introduced starting 20 February 2017 to encourage users to reduce diesel consumption.

2 To mitigate the impact of the diesel duty, the annual Special Tax levied on diesel cars and taxis will be reduced permanently. Road tax rebates will be provided over the next three years for diesel buses and goods vehicles, with additional cash rebates for owners of diesel school buses and eligible private hire or excursion buses used to ferry school children. For the large majority of vehicles, these measures will more than offset the diesel duty incurred in the first year of the duty.

Reduction of Special Tax for Diesel Cars and Taxis

3 Currently, an annual Special Tax is levied on diesel cars and taxis. With the introduction of the volumetric diesel duty, the annual Special Tax for diesel cars and taxis will be permanently reduced by \$100 and \$850 respectively with effect from 20 February 2017. Taxi companies are strongly encouraged to pass on fully the cost savings from the Special Tax reduction to their taxi drivers.

4 As time is needed to effect the necessary system changes to implement the Special Tax reduction, vehicle owners will continue to receive their road tax payment notice (including the Special Tax payable) based on the existing rates until end-June 2017.

5 For owners paying the Special Tax based on the existing rates until end-June 2017, as well as those who have already paid the Special Tax for the period beyond 20 February 2017, the excess Special Tax paid will be used to automatically offset the amount payable at the next road tax renewal. If the vehicle is transferred to another owner before its next road tax renewal, any excess Special Tax paid will be offset against the transfer fee payable, and any remaining excess Special Tax paid will accrue to the new registered owner.

Road Tax Rebates for Diesel Buses and Goods Vehicles

6 Owners of diesel buses and goods vehicles (except omni-buses under LTA's contracts for public bus services) will be granted road tax rebates for a three-year period from 1 August 2017 to 31 July 2020. A 100 per cent road tax rebate will be granted in the first year, followed by 75 per cent in the second year and 25 per cent in the third year. The revised tax rates are shown at **Annex A**.

7 These road tax rebates will not apply to public bus services operating under LTA's contracts. Separate arrangements will be made with these bus operators under the provisions of the contracts.

8 Diesel buses and goods vehicles will need to meet all the existing requirements for road tax renewal in order to receive the road tax rebates. These include having valid motor insurance and passing vehicle inspections, where applicable.

9 For diesel bus and goods vehicle owners who have paid the road tax for the period beyond 1 August 2017, the excess road tax paid will be used to automatically offset against the amount payable at the next renewal. If the vehicle is transferred before its next road tax renewal, the excess road tax paid will be offset against the transfer fee payable, and any remaining excess road tax paid will accrue to the new registered owner.

Additional Cash Rebates for Diesel Buses Ferrying School Children

10 Diesel school buses, and eligible diesel private hire or excursion buses used to ferry school children will receive the additional cash rebates shown at **Annex B** during the qualifying period from 1 August 2017 to 31 July 2020.

11 Diesel school buses which are registered with LTA will automatically receive the additional cash rebates on 1 August and 1 February during the qualifying period from 1 August 2017 to 31 July 2020.

12 Eligible diesel private hire or excursion buses can continue to apply to LTA to enjoy a further 50 per cent rebate off the new road tax rates shown at **Annex A**¹. They are not required to apply separately for the additional cash rebates, as these will be processed automatically with their application to LTA for the 50 per cent rebate, and will be pro-rated based on the total number of eligible months.

¹ The application form for the 50 per cent rebate can be found on LTA's website at:
<https://www.lta.gov.sg/content/ltaweb/en/public-transport/buses/private-bus/types-of-private-buses.html>

Annex A

Road Tax for Diesel Buses and Goods Vehicles from 1 August 2017 to 31 July 2020

Table 1: New Road Tax Rates for Diesel and Diesel Hybrid (e.g. Diesel-Electric) Buses (from 1 August 2017 to 31 July 2020)

Type of Buses	Maximum Laden Weight (metric tonne)	6-Monthly Road Tax Payable for Diesel and Diesel Hybrid Buses		
		From 1 August 2017 to 31 July 2018	From 1 August 2018 to 31 July 2019	From 1 August 2019 to 31 July 2020
		After 100% road tax rebate	After 75% road tax rebate	After 25% road tax rebate
30 seats or less	$mlw \leq 3.5$	\$0	\$80	\$240
	$3.5 < mlw \leq 7$	\$0	\$82	\$246
	$7 < mlw \leq 11$	\$0	\$91	\$272
	$11 < mlw \leq 16$	\$0	\$123	\$367
	$16 < mlw \leq 20$ (3 axles)	\$0	\$139	\$415
	$16 < mlw \leq 20$ (2 axles)	\$0	\$213	\$638
	$20 < mlw \leq 26$ (3 axles)	\$0	\$192	\$574
31 seats or more	$3.5 < mlw \leq 7$	\$0	\$109	\$326
	$7 < mlw \leq 11$	\$0	\$117	\$351
	$11 < mlw \leq 16$	\$0	\$149	\$447
	$16 < mlw \leq 20$ (3 axles)	\$0	\$139	\$415
	$16 < mlw \leq 20$ (2 axles)	\$0	\$213	\$638
	$20 < mlw \leq 26$ (3 axles)	\$0	\$192	\$574

Table 2: New Road Tax Rates for Diesel and Diesel Hybrid (e.g. Diesel-Electric) Goods Vehicles (from 1 August 2017 to 31 July 2020)

Type of Goods Vehicles	Maximum Laden Weight (metric tonne)	6-Monthly Road Tax Payable for Diesel and Diesel-Hybrid Goods Vehicles		
		From 1 August 2017 to 31 July 2018 After 100% road tax rebate	From 1 August 2018 to 31 July 2019 After 75% road tax rebate	From 1 August 2019 to 31 July 2020 After 25% road tax rebate
Light Goods Vehicles ²	$mlw \leq 3.5$	\$0	\$54	\$160
Heavy Goods Vehicles ²	$3.5 < mlw \leq 7$	\$0	\$82	\$246
	$7 < mlw \leq 11$	\$0	\$91	\$272
	$11 < mlw \leq 16$	\$0	\$123	\$367
Very Heavy Goods Vehicles (excluding Prime Movers)	$16 < mlw \leq 20$ (2 axles)	\$0	\$213	\$638
	$16 < mlw \leq 20$ (3 axles)	\$0	\$139	\$415
	$20 < mlw \leq 26$	\$0	\$192	\$574
	$26 < mlw \leq 32$	\$0	\$192	\$574
	$32 < mlw \leq 40$ (4 axles)	\$0	\$298	\$893
	$32 < mlw \leq 40$ (≥ 5 axles)	\$0	\$213	\$638
	$40 < mlw \leq 55$	\$0	\$319	\$957
	$mlw > 55$	\$0	\$372	\$1,116
Very Heavy Goods Vehicles (Prime Movers)	$mlw \leq 20$	\$0	\$139	\$415
	$20 < mlw \leq 26$	\$0	\$192	\$574
	$26 < mlw \leq 32$	\$0	\$192	\$574
	$32 < mlw \leq 40$	\$0	\$213	\$638
	$40 < mlw \leq 55$	\$0	\$319	\$957
	$mlw > 55$	\$0	\$372	\$1,116

² Excluding Goods-cum-Passenger Vehicles

Table 3: New Road Tax Rates for Diesel and Diesel Hybrid (e.g. Diesel-Electric) Goods-cum-Passenger Vehicles (from 1 August 2017 to 31 July 2020)

Type of Goods Vehicles	Maximum Laden Weight (metric tonne)	6-Monthly Road Tax Payable for Diesel and Diesel-Hybrid Goods-cum-Passenger Vehicles		
		From 1 August 2017 to 31 July 2018 After 100% road tax rebate	From 1 August 2018 to 31 July 2019 After 75% road tax rebate	From 1 August 2019 to 31 July 2020 After 25% road tax rebate
Goods-cum-Passenger Vehicles	mlw \leq 3.5	\$0	\$93	\$279
	mlw $>$ 3.5	\$0	\$122	\$366

Additional Cash Rebates for Diesel Buses Ferrying School Children

Table 4: Additional Cash Rebates for Diesel and Diesel Hybrid (e.g. Diesel-Electric) School Buses and Eligible Private Hire/Excursion Buses Used for Ferrying School Children

Bus Type	Annual Cash Rebates for 3 Years, from 1 August 2017 to 31 July 2020		
	First year	Second year	Third year
School Buses	\$1,400 (payable in 2 tranches of \$700 each on 1 August 2017 and 1 February 2018)	\$700 (payable in 2 tranches of \$350 each on 1 August 2018 and 1 February 2019)	\$350 (payable in 2 tranches of \$175 each on 1 August 2019 and 1 February 2020)
Private Hire Buses	Up to \$1,500*	Up to \$800*	Up to \$450*
Excursion Buses			

* Eligible diesel private hire or excursion buses can continue to apply to LTA to enjoy a further 50 per cent rebate off the new road tax rates shown at Annex A. They are not required to apply separately for the additional cash rebates, as these will be processed automatically with their application to LTA for the 50 per cent rebate, and will be pro-rated based on the total number of eligible months.