

10 Sin Ming Drive Singapore 575701
Tel: 1800 – CALL LTA (1800 – 2255 582) Fax: (65) 65535329

20 February 2017

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All Electronic Service Agents
All Motor Vehicle Dealers

VRL/06/2017
Our ref LTA/VR&L/V43.054.000
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Dear Sir / Madam

Tiered Additional Registration Fee (ARF) Structure for Motorcycles, Contributions of Category D Certificates of Entitlement (COE) to Category E and Revised COE Bidding Schedule

I refer to the announcement by the Minister for Finance Heng Swee Keat in the Budget Statement 2017 and our press releases on 20 February 2017 on the introduction of tiered ARF for motorcycles and cessation of Category D COEs contribution to Category E (see **Annexes A-1 and A-2 respectively**).

Tiered ARF structure

The tiered ARF structure will apply to motorcycles, including imported used motorcycles and vintage (normal) motorcycles, registered with COEs successfully obtained from the second bidding exercise in February 2017 onwards. For classic motorcycles¹ and COE-exempted motorcycles, the tiered ARF structure will apply if they are registered on or after 21 February 2017.

The new tiered ARF rate will NOT apply to:

- a. Existing motorcycles;
- b. Motorcycles, including imported used motorcycles and vintage (normal) motorcycles, registered with COEs obtained before the second bidding exercise in February 2017;
- c. Classic motorcycles and COE-exempted motorcycles registered before 21 February 2017; and
- d. Revised vintage motorcycles².

¹ Classic motorcycles do not bid for COEs but pay 10% of the Prevailing Quota Premium of Category D.

² All vehicles (i.e. cars or motorcycles) under the Revised Vintage Vehicle Scheme pay 10% of OMV for ARF.

Cessation of use of Category E TCOE (from May 2017 bidding exercise onwards) for motorcycle registration

Starting from the first bidding exercise in May 2017, Category D will no longer contribute COEs to Category E. Hence, Category E COEs obtained from the first bidding exercise in May 2017 onwards can no longer be used to register motorcycles.

Revised COE bidding schedule

The second COE bidding exercise in February 2017 will be conducted from Wednesday, 22 February 2017, to Friday, 24 February 2017. The bidding exercises from March to May 2017 will also be adjusted as follows:

Bidding Exercise	Exercise Start Date	Exercise End Date
2 nd Exercise, February 2017	22 February 2017	24 February 2017
1 st Exercise, March 2017	13 March 2017	15 March 2017
2 nd Exercise, March 2017	27 March 2017	29 March 2017
1 st Exercise, April 2017	10 April 2017	12 April 2017
2 nd Exercise, April 2017	24 April 2017	26 April 2017
1 st Exercise, May 2017	8 May 2017	11 May 2017 ⁺
2 nd Exercise, May 2017	22 May 2017	24 May 2017

⁺ 10 May (Wednesday) is a public holiday. The exercise will close on 11 May (Thursday) instead.

There will be no change from the June bidding exercises onwards. The revised schedule for COE bidding exercises in 2017 is at **Annex B**.

Please bring the contents of this circular to the attention of your members, staff and customers. Call our Customer Service hotline at 1800-CALL LTA (1800-2255 582) if you have any questions. Thank you.

Yours faithfully



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

News Release

No.1 Hampshire Road Singapore 219428
Tel: 1800-CALL LTA (1800-2255 582) Fax: (65) 6396 1595

Date of Issue: 20 February 2017

Additional Registration Fee for Motorcycles to be Tiered to Improve Progressivity of Vehicle Tax System

As announced by Minister for Finance Heng Swee Keat in the Budget Statement 2017, the existing flat Additional Registration Fee (ARF) rate of 15 per cent for motorcycles will be replaced with a tiered structure. This will improve the progressivity of the vehicle tax system, following the tiering of the ARF for cars, taxis and goods-cum-passenger vehicles in 2013.

2. The new ARF tax rates for motorcycles will continue to be based on the Open Market Value (OMV). The ARF rate for motorcycles with OMV below \$5,000 will remain at 15%. Based on historical patterns, more than half of new motorcycle registrations will fall into this tier. The top ARF rate for motorcycles will be set at the same rate as the lowest ARF rate for cars, i.e. 100% of the OMV, given that motorcycles in the top ARF tier have OMVs comparable to small cars.

New tiered ARF rates for motorcycles

Motorcycle OMV	ARF Rate
First \$5,000 of the OMV	15% of OMV
Next \$5,000 of the OMV (i.e. \$5,001 to \$10,000)	50% of Incremental OMV
Remaining OMV Above \$10,000	100% of Incremental OMV

3. The new ARF rates will apply to all motorcycles registered with COEs obtained from the second bidding exercise in February 2017 onwards. The new rates will also apply to imported used motorcycles and motorcycles registered under the Vintage (Normal) Vehicle Scheme³. For owners of motorcycles that do not need to bid for a COE, such as motorcycles registered under the Classic Vehicle Scheme⁴, the new ARF rates will apply upon

³ Owners of well-preserved, heritage-rich motorcycles manufactured prior to 1940 are allowed to register them under the Vintage (Normal) Vehicle Scheme. Owners will need to obtain a Category D COE to register a motorcycle under this scheme.

⁴ Owners of motorcycles which are at least 35 years old from its original registration date are allowed to register them under the Classic Vehicle Scheme. Owners will need to pay 10% of the relevant Prevailing Quota Premium to register a motorcycle under this scheme. Vehicles registered under this scheme are only allowed on the roads for up to 45 days a year.

registration of the motorcycle on or after 21 February 2017. Please refer to the **Annex** for examples of computation of the tiered ARF payable.

Revised COE Bidding Schedule for March, April and May 2017

4. To provide the public and the industry with more time to adjust to these changes, the second COE bidding exercise in February will be deferred by two days, and the first COE bidding exercise in March 2017 will be deferred by one week. The schedule for the following bidding exercises in March, April and May 2017 will also be adjusted, as shown in the table below:

Bidding Exercise	Exercise Start Date	Exercise End Date
2 nd Exercise, February 2017	22 February 2017	24 February 2017
1 st Exercise, March 2017	13 March 2017	15 March 2017
2 nd Exercise, March 2017	27 March 2017	29 March 2017
1 st Exercise, April 2017	10 April 2017	12 April 2017
2 nd Exercise, April 2017	24 April 2017	26 April 2017
1 st Exercise, May 2017	8 May 2017	11 May 2017*
2 nd Exercise, May 2017	22 May 2017	24 May 2017

* 10 May (Wednesday) is a public holiday. The exercise will close on 11 May (Thursday) instead.

5. There will be no change to the COE bidding schedule from June 2017 onwards.

Annex: Examples of Tiered ARF Computation

Examples of Tiered Additional Registration Fee (ARF) Computation

Example A:

The ARF payable for a motorcycle with an OMV of \$5,000 is computed as follows:

Vehicle OMV (\$5,000)	ARF Rate	ARF Payable
First \$5,000	15% of OMV	15% x \$5,000 = \$750
Next \$5,000	50% of Incremental OMV	-
Above \$10,000	100% of Incremental OMV	-

Total ARF payable is **\$750**.

Example B:

The ARF payable for a motorcycle with an OMV of \$8,000 is computed as follows:

Vehicle OMV (\$8,000)	ARF Rate	ARF Payable
First \$5,000	15% of OMV	15% x \$5,000 = \$750
Next \$5,000	50% of Incremental OMV	50% x \$3,000 = \$1,500
Above \$10,000	100% of Incremental OMV	-

Total ARF payable is \$750 + \$1,500 = **\$2,250**.

Example C:

The ARF payable for a motorcycle with an OMV of \$18,000 is computed as follows:

Vehicle OMV (\$18,000)	ARF Rate	ARF Payable
First \$5,000	15% of OMV	15% x \$5,000 = \$750
Next \$5,000	50% of Incremental OMV	50% x \$5,000 = \$2,500
Above \$10,000	100% of Incremental OMV	100% x \$8,000 = \$8,000

Total ARF payable is \$750 + \$2,500 + \$8,000 = **\$11,250**.

News Release



No.1 Hampshire Road Singapore 219428
Tel: 1800-CALL LTA (1800-2255 582) Fax: (65) 6396 1595

Date of Issue: 20 February 2017

Category D Contribution to Category E Quota to Cease from May 2017

With effect from the first Certificate of Entitlement (COE) bidding exercise in May 2017⁵, Category D (Motorcycles) will no longer contribute COEs to Category E (Open Category). This will stabilise the motorcycle population.

2. Category E provides flexibility within the COE system to cater to changing demand for different vehicle types. However, in practice, very few motorcycles have been registered using Category E COEs. Category E premiums are substantially higher than Category D premiums and motorcycle buyers would thus typically not bid for them.⁶ In the last decade, less than 0.1 per cent of Category E COEs have been used to register motorcycles. As a result, the motorcycle population has been gradually declining over time.

3. In view of this, LTA has decided to cease the contribution of COEs from Category D to Category E. As Category D will no longer contribute to Category E, Category E COEs can no longer be used to register motorcycles.

4. While Category E has been used mainly to register Category B cars in recent years, it has also been used in the past to register Category A and C vehicles, when demand for these vehicles, and consequently their COE premiums, rose. Thus, we will retain the current contribution of 10 per cent from Categories A, B and C towards the quota for Category E.

5. LTA had considered other options to stabilise the motorcycle population. Currently, motorcycle buyers pay one-third of the Category E premium to register a motorcycle. One option is to reduce this one-third rate to, say, one-eighth, so that based on recent Category E premiums, motorcycle buyers would pay about \$6,000 to use a Category E COE to register a motorcycle, which is about the recent premium of a Category D COE. However, this might once again not be the appropriate discount rate in future should Category D and Category E premiums diverge further. Another option is to reduce the Category D rate of contribution to Category E to below the current 10%. However, this would only serve to slow down the rate of decline of the motorcycle population. On balance, LTA assessed that ceasing Category D's contribution to Category E would be the most appropriate measure for now to stabilise the motorcycle population.

6. LTA will nevertheless continue to study how the Category E mechanism can be improved to allow the COE system to cater to changing demand for different vehicle types

⁵ The quota for the COE bidding period from May 2017 to July 2017 will be announced in April 2017.

⁶ Motorcycle buyers would pay one-third the Category E premium to register their motorcycles.

in a more equitable manner across all COE Categories and under all COE price scenarios. One potential approach being considered is differential bidding. Under this approach, Category E bidders bid on the basis of the additional premium they are willing to pay on top of a reference price, instead of on the basis of the full premium of a Category E COE as is the case currently. An example of the reference price could be the Prevailing Quota Premium (PQP) for the Category in which they wish to register a vehicle.⁷ LTA will share more details in due course to solicit public and industry feedback for further assessment.

⁷ We are studying both the options of this additional premium being bid in absolute dollar amount, and of it being bid in percentage terms (i.e. if the lowest winning bid is x%, then the buyer of a Category D motorcycle using a Category E COE would pay (100+x)% of the Category D PQP).

Vehicle Quota System
Revised Schedule of COE Open Bidding Exercise
From January 2017 to December 2017

Month	Exercise Start Date / Time	Exercise End Date / Time
January 2017 (1)	3 Jan 2017 (Tues), 12 noon	5 Jan 2017 (Thurs), 4pm*
January 2017 (2)	16 Jan 2017 (Mon), 12 noon	18 Jan 2017 (Wed), 4pm
February 2017 (1)	6 Feb 2017 (Mon), 12 noon	8 Feb 2017 (Wed), 4pm
<i>February 2017 (2)</i>	<i>22 Feb 2017 (Wed), 12 noon</i>	<i>24 Feb 2017 (Fri), 4pm</i>
<i>March 2017 (1)</i>	<i>13 Mar 2017 (Mon), 12 noon</i>	<i>15 Mar 2017 (Wed), 4pm</i>
<i>March 2017 (2)</i>	<i>27 Mar 2017 (Mon), 12 noon</i>	<i>29 Mar 2017 (Wed), 4pm</i>
<i>April 2017 (1)</i>	<i>10 Apr 2017 (Mon), 12 noon</i>	<i>12 Apr 2017 (Wed), 4pm</i>
<i>April 2017 (2)</i>	<i>24 Apr 2017 (Mon), 12 noon</i>	<i>26 Apr 2017 (Wed), 4pm</i>
<i>May 2017 (1)</i>	<i>8 May 2017 (Mon), 12 noon</i>	<i>11 May 2017 (Thurs), 4pm**</i>
<i>May 2017 (2)</i>	<i>22 May 2017 (Mon), 12 noon</i>	<i>24 May 2017 (Wed), 4pm</i>
June 2017 (1)	5 Jun 2017 (Mon), 12 noon	7 Jun 2017 (Wed), 4pm
June 2017 (2)	19 Jun 2017 (Mon), 12 noon	21 Jun 2017 (Wed), 4pm
July 2017 (1)	3 Jul 2017 (Mon), 12 noon	5 Jul 2017 (Wed), 4pm
July 2017 (2)	17 Jul 2017 (Mon), 12 noon	19 Jul 2017 (Wed), 4pm
August 2017 (1)	7 Aug 2017 (Mon), 12 noon	10 Aug 2017 (Thurs), 4pm***
August 2017 (2)	21 Aug 2017 (Mon), 12 noon	23 Aug 2017 (Wed), 4pm
September 2017 (1)	4 Sep 2017 (Mon), 12 noon	6 Sep 2017 (Wed), 4pm
September 2017 (2)	18 Sep 2017 (Mon), 12 noon	20 Sep 2017 (Wed), 4pm
October 2017 (1)	2 Oct 2017 (Mon), 12 noon	4 Oct 2017 (Wed), 4pm
October 2017 (2)	16 Oct 2017 (Mon), 12 noon	19 Oct 2017 (Thurs), 4pm****
November 2017 (1)	6 Nov 2017 (Mon), 12 noon	8 Nov 2017 (Wed), 4pm
November 2017 (2)	20 Nov 2017 (Mon), 12 noon	22 Nov 2017 (Wed), 4pm
December 2017 (1)	4 Dec 2017 (Mon), 12 noon	6 Dec 2017 (Wed), 4pm
December 2017 (2)	18 Dec 2017 (Mon), 12 noon	20 Dec 2017 (Wed), 4pm

* Monday is a public holiday in lieu of the following public holiday which falls on a Sunday:
 New Year's Day, 1 January 2017

** Wednesday is a public holiday – Vesak Day, 10 May 2017

*** Wednesday is a public holiday – National Day, 9 August 2017

**** Wednesday is a public holiday – Deepavali, 18 October 2017