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8 March 2017

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Dear Sir / Madam

Revisions to Early Turnover Scheme (ETS)

I refer to the announcement by the Minister for the Environment and Water Resources during the Committee of Supply debates on 8 March 2017, and the press release of 8 March 2017 (see **Attachment**) jointly issued by the National Environment Agency (NEA) and the LTA on the revisions to the ETS.

ETS for Category C Euro II and III diesel vehicles

The ETS for Category C Euro II and III diesel vehicles registered between 1 January 2001 and 30 September 2006 (“existing vehicles”) will be enhanced. The enhanced scheme will run from 1 August 2017 to 31 July 2019. Below is a summary of the revisions:

Current (For existing vehicle deregistered from 1 August 2015 to 31 July 2017) ¹			Enhanced (For existing vehicle deregistered from 1 August 2017 to 31 July 2019) ²		
MLW ³ of Existing Vehicle	Bonus COE ⁴ Replacement Vehicle		MLW ³ of Existing Vehicle	Bonus COE ⁴ Replacement Vehicle	
	Euro V or equivalent	Euro VI or equivalent		Euro V or equivalent	Euro VI or equivalent
≤ 3,500kg	10%	13%	≤ 3,500kg	N.A.	35%
> 3,500kg	90%	100%	> 3,500kg	N.A.	100%

The eligibility criteria and discounted PQP⁵ computation method remain the same.

¹ As the Scheme ends on 31 July 2017, the last day to deregister will therefore be 31 July 2017 and its replacement vehicle must be registered by 30 August 2017.

² As the Scheme ends on 31 July 2019, the last day to deregister will therefore be 31 July 2019 and its replacement vehicle must be registered by 30 August 2019.

³ MLW stands for Maximum Laden Weight

⁴ Bonus COE is based on the existing vehicle’s remaining 20-year lifespan at deregistration.

⁵ PQP stands for Prevailing Quota Premium

ETS for Category C Pre-Euro and Euro 1 diesel vehicles

The ETS for Pre-Euro and Euro I Category C diesel vehicles (i.e. registered before 1 January 2001) will end on 31 July 2017. That is, the vehicle must be deregistered on or before 31 July 2017, and must meet all the eligibility criteria to be eligible for the scheme.

Please use the e-Service at www.onemotoring.com.sg (go to *LTA e-Services > Online Enquiries > Calculator – Category C Early Turnover Scheme*) to find out the discounted PQP payable for a replacement vehicle. Visit www.onemotoring.com.sg for more details on the ETS.

Please bring the contents of this circular to the attention of your members and staff accordingly. Please call our Customer Service hotline on 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



JOINT MEDIA RELEASE

Early Turnover Scheme for Category C Euro 2/3 Diesel Vehicles to be Enhanced from 1 August 2017

Replacement vehicles will be required to meet Euro 6 emission standards

Singapore, 8 March 2017 – As announced at the Ministry of the Environment and Water Resources (MEWR)'s Committee of Supply Debate 2017, NEA will enhance the Early Turnover Scheme (ETS) for commercial vehicles. The enhanced scheme will run from 1 August 2017 to 31 July 2019 and will provide incentives for the owners of Category C diesel vehicles with Euro 2 or Euro 3 emission standards to turnover to Euro 6 (or equivalent) vehicles. The move, which aims to encourage vehicle owners to replace their older and more pollutive diesel vehicles with newer and cleaner models, is in line with the Government's efforts to improve Singapore's ambient air quality by reducing vehicular emissions (see **Annex A** for Singapore's Air Quality Targets).

Category C diesel goods vehicles are major local sources of particulate matter (PM) and nitrogen oxides (NO_x) pollution in Singapore.⁶ Euro 2/3 Cat C diesel vehicles account for about 30 per cent of the Cat C diesel vehicle population but almost half of the PM and NO_x emissions. Replacing a Euro 2/3 Category C diesel vehicle with a Euro 6 diesel model reduces tailpipe emissions of PM and NO_x by more than 90 per cent and more than 60 per cent respectively. Any turnover to a non-diesel vehicle will reduce PM and NO_x emissions to an even greater degree.

3 The ETS was first introduced in 2013 for Pre-Euro/Euro 1 Category C diesel vehicles, and extended in 2015 to Euro 2/3 Category C diesel vehicles, with an additional incentive for turnover to Euro 6 (or equivalent) models. About 27,000 Pre-Euro/Euro 1/2/3 vehicles have since been replaced early under the scheme⁷.

⁶ Long-term exposure to PM is associated with decreased lung function, development of chronic bronchitis, stroke and premature death. In addition to increasing the risk of respiratory infection and impairment of lung functions in asthmatics, NO_x is also a precursor to ozone; excessive ozone can also impair respiratory functions. Singapore currently does not meet our 2020 air quality targets for PM₁₀, PM_{2.5} and ozone.

⁷ As at 31 December 2016.

Revised Incentives for Category C Euro 2/3 Diesel Vehicles under the Enhanced ETS

4 With effect from 1 August 2017, eligible Category C Light Goods Vehicles, i.e. those with Maximum Laden Weight (MLW) of less than or equal to 3,500kg, will be given a higher bonus Certificate of Entitlement (COE) period of 35 per cent of the vehicle's remaining 20-year lifespan, up from 13 per cent currently. Eligible Heavy Goods Vehicles, i.e. those with MLW of more than 3,500kg, will continue to receive a bonus COE period of 100 per cent of the remainder of their 20-year lifespan. As Euro 6 emission standards for diesel vehicles will be mandated from 1 January 2018, replacement vehicles must comply with Euro 6 emission standards in order to be eligible for incentives (refer to **Annex B** for the eligibility criteria). As announced previously, the ETS for Pre-Euro/Euro 1 Category C diesel vehicles will expire on 31 Jul 2017 and the scheme will no longer be applicable for owners of Pre-Euro/Euro 1 Category C diesel vehicles after that.

5 The bonus COE period will be applied as a discount to the Prevailing Quota Premium (PQP) payable for the replacement vehicle's COE. Eligible vehicle owners can also transfer the remaining COE validity period from their de-registered vehicle to the replacement vehicle. Similar to the current scheme, the discounted PQP payable for the replacement vehicle is subject to a minimum of 10 per cent of the PQP. (Refer to **Annexes C and D** for a summary and sample calculations of the benefits under the enhanced ETS.)

6 In summary, the bonus COE incentives for the replacement of Euro 2/3 vehicles are as follows:

Maximum Laden Weight of Existing Vehicles	Proportion of Remainder of Vehicle's 20-year Lifespan ⁸		
	Euro Standard (or Equivalent) of Replacement Vehicle Registered	Current Scheme for Euro 2/3 Category C Diesel Vehicles (for existing vehicles deregistered between 1 August 2015 and 31 July 2017)	Revised Scheme for Euro 2/3 Category C Diesel Vehicles (for existing vehicles deregistered between 1 August 2017 and 31 July 2019)
Less than or equal to 3,500kg	Euro 5	10%	Not Applicable
More than 3,500kg	Euro 5	90%	Not Applicable
Less than or equal to 3,500kg	Euro 6	13%	35%
More than 3,500kg	Euro 6	100%	100%

“Calculator – Early Turnover Scheme” e-Service

7 Euro 2/3 Category C diesel vehicle owners can make use of the e-Service “Calculator – Early Turnover Scheme” available at the ONE.MOTORING portal (www.onemotoring.com.sg) to find out more about the benefits of the ETS.⁹

⁸ Category C vehicles have a statutory lifespan of 20 years. The bonus COE incentive will be based on the remaining statutory lifespan of the vehicle at the point of deregistration.

⁹ LTA is currently enhancing the calculator to reflect the revised incentives from 1 August 2017.

8 Vehicle owners and motor dealers may contact LTA at 1800-CALL LTA (2255-582) or NEA at 1800-CALL NEA (2255-632) for enquiries on the ETS.

– End –

About National Environment Agency:

Formed on 1 July 2002, the National Environment Agency (NEA) is the leading public organisation responsible for improving and sustaining a clean and green environment in Singapore. The NEA develops and spearheads environmental initiatives and programmes through its partnership with the People, Public and Private sectors. It is committed to motivating every individual to take up environmental ownership and to care for the environment as a way of life.

By protecting Singapore's resources from pollution, maintaining a high level of public health and providing timely meteorological information, the NEA endeavours to ensure sustainable development and a quality living environment for present and future generations.

About Land Transport Authority:

The Land Transport Authority (LTA) is a statutory board under the Ministry of Transport of Singapore. LTA plans the long-term transport needs of and spearheads land transport developments for our city-state. While serving commuters by providing an integrated and user-friendly transport system, LTA addresses wider issues such as sustainable development, economic growth, and community life. We also work with leading companies to develop innovative transport solutions, and make Singapore's transport system greener, cleaner, and more people-centred.

Singapore's Air Quality Targets

Pollutant	Singapore Targets by 2020	Long Term Targets
Sulphur Dioxide (SO₂)	24-hour mean: 50µg/m ³ (WHO Interim Target) Annual mean: 15 µg/m ³ (Sustainable Singapore Blueprint target)	24-hour mean: 20µg/m ³ (WHO Final)
Particulate Matter (PM_{2.5})	Annual mean: 12µg/m ³ (Sustainable Singapore Blueprint target) ¹⁰ 24-hour mean: 37.5µg/m ³ (WHO Interim Target)	Annual mean: 10µg/m ³ 24-hour mean: 25µg/m ³ (WHO Final)
Particulate Matter (PM₁₀)		Annual mean: 20 µg/m ³ 24-hour mean: 50 µg/m ³ (WHO Final)
Ozone		8-hour mean: 100µg/m ³ (WHO Final)
Nitrogen Dioxide (NO₂)		Annual mean: 40µg/m ³ 1-hour mean: 200µg/m ³ (WHO Final)
Carbon Monoxide (CO)		8-hour mean: 10mg/m ³ 1-hour mean: 30mg/m ³ (WHO Final)

¹⁰ Sustainable Singapore Blueprint annual target for PM2.5 of 12µg/m³ will be retained and aligned with WHO Interim Target of 37.5 µg/m³ for 24-hour mean.

Eligibility Criteria and Details for the Enhanced Early Turnover Scheme

1 To be eligible for the scheme, the following criteria must be met:

(I) The existing vehicle must be:

- A Category C vehicle and not COE-exempted;
- Propelled by diesel, diesel-Compressed Natural Gas (CNG) or diesel-electric;
- Under the permanent ownership of the registered owner;
- Registration and deregistration dates are within the following period:

Registration Date	On or after 1 January 2001 to 30 September 2006 ¹¹
Deregistration Date	On or after 1 August 2017 to 31 July 2019

- Properly disposed of (i.e. scrapped or exported and COE rebate, if any, successfully granted) before registration of the replacement vehicle; and
- Have at least one day of COE life remaining **or** at least one day of its remaining statutory lifespan, at the point of deregistration.

(II) The replacement vehicle must be:

- A Category C vehicle and not COE-exempted.
- Any vehicle type, e.g. an existing Light Goods Vehicle (LGV) can be replaced with a Heavy Goods Vehicle (HGV). However, the registered owner must fulfil the registration conditions of the replacement vehicle, such as obtaining LTA's prior approval for the registration of a private hire bus, etc;
- Electric vehicle, or Euro 6-compliant if it is propelled by diesel, diesel-CNG, diesel-electric, CNG, petrol, petrol-CNG or petrol-electric;
 - Diesel, diesel-CNG or diesel-electric vehicles with Maximum Laden Weight of less than or equal to 3,500kg can also be JPN2009 with Euro 6 PN Limit-compliant;
 - Diesel, diesel-CNG or diesel-electric vehicles with Maximum Laden Weight of more than 3,500kg can also be PPNLT with Euro 6 PM Number-compliant;
 - Petrol, petrol-CNG, petrol-electric or CNG vehicles can also be JPN2009 with Euro 6 PN Limit-compliant if using Gasoline Direct Injection technology or JPN2009-compliant if using Port Fuel Injection technology;
- Registered in the name of the last registered owner of the existing vehicle¹²; and
- Registered within 1 month from the date of deregistration of the existing vehicle

See illustrations:

¹¹ Euro 2/3 vehicles registered in October 2006 may be eligible for the ETS if supporting documents certifying the emissions standards of the vehicles are provided.

¹² Vehicle owners who wish to transfer their replacement vehicle to another owner can apply to LTA to effect the ownership transfer after registration of the replacement vehicle. Visit www.onemotoring.com.sg for vehicle ownership transfer procedures and forms.

For existing vehicle registered on or after 1 January 2001 to 30 September 2006 (Euro 2/3)	<ul style="list-style-type: none"> - If deregistered on 1 August 2017, the replacement vehicle must be registered by 31 August 2017. - As scheme ends on 31 July 2019, the last date to deregister will therefore be 31 July 2019 and its replacement vehicle must be registered by 30 August 2019.
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2 Vehicles contribute to about half of domestic PM emissions in Singapore, and diesel vehicles contribute to more than 90 per cent of total PM emissions from all petrol and diesel vehicles. The early replacement of older and more polluting diesel models with newer models, which comply with tighter emission standards, will reduce ambient PM levels.

3 The details of the 2 components of the current and enhanced scheme are as follows:

- a. COE transfer. This will allow a transfer of the remaining COE validity period from an eligible vehicle to a new Euro 5/6-compliant vehicle. This would be more attractive to the vehicle owners than the usual approach of deregistering an old vehicle, getting a COE rebate based on their original COE price, and bidding for a new COE for the new vehicle.
- b. COE bonus. This is based on the remainder of the vehicles' 20-year lifespan and structured as follows¹³ in Table B-1:

Table B-1: COE Bonus for Euro 2/3 Cat C diesel Vehicles that turnover to Euro 5/6 (or equivalent) vehicles in current and enhanced scheme

Deregistration Date of Existing Vehicle	Maximum Laden Weight of Existing Vehicle	Proportion of Remainder of Vehicle's 20-year Lifespan	
		Replace with Euro 5 (or equivalent) vehicle	Replace with Euro 6 (or equivalent) vehicle
1 August 2015 to 31 July 2017	Less than or equal to 3,500kg	10%	13%
	More than 3,500kg	90%	100%
1 August 2017 to 31 July 2019	Less than or equal to 3,500kg	Not Applicable	35%
	More than 3,500kg	Not Applicable	100%

¹³ The bonus COE period would carry zero financial value. The cash value of the full 10-year COE for the replacement vehicle would be the transferred value of the remaining COE life of the existing vehicle (based on the old COE price) and the amount paid for the PQP top-up.

Summary on PQP Payable and Calculation of COE

(A) How PQP Payable for the Replacement Vehicle is Derived

For eligible vehicles that are deregistered between 1 August 2017 and 31 July 2019, the discounted PQP payable at the point of registration of the replacement vehicle will be computed as follows and rounded up to the nearest dollar:

$$\begin{array}{l} \text{Discounted PQP payable at registration of replacement vehicle} = \frac{\text{PQP rate at registration}}{10 \text{ years}} \times \left(10 \text{ years} - \begin{array}{l} \text{Unused COE period of existing vehicle at deregistration - (if any)} \\ \text{(i.e. Transferred COE period)} \end{array} \right) \times \begin{array}{l} \text{X%* of the remaining statutory lifespan of the existing vehicle at deregistration (if any)} \\ \text{(i.e. Bonus COE period)} \end{array} \end{array}$$

OR

$$\text{PQP rate at registration} \times 10\% ; \text{whichever is higher}$$

* **X = 35%** if the existing vehicle has a Maximum Laden Weight (MLW) of 3,500kg or less

X = 100% if the existing vehicle has a MLW of more than 3,500kg

(B) How the Value of the 10-year COE for the Replacement Vehicle is Calculated

Once registered, the value of the 10-year COE for the replacement vehicle will be calculated as follows:

$$\begin{array}{l} \text{Value of 10-year COE of the replacement vehicle} = \text{Discounted PQP paid for the replacement vehicle at registration} + \text{COE rebate that would have otherwise been given to the existing vehicle at deregistration had it not taken up the scheme (if any)} \end{array}$$

Sample Calculations of Benefits under Enhanced ETS

EXAMPLE 1

Category C existing vehicle with MLW = 3,000kg
 First Registration Date (FRD) between 1 January 2001 and 30 September 2006
 Deregistered between 1 August 2017 and 31 July 2019
 Has both unused COE and remainder of the 20-year lifespan at deregistration

(a) Replacement Vehicle

Emissions Standard: Euro 5

Not eligible under ETS as Scheme is no longer applicable to Euro V replacement vehicles

(b) Replacement Vehicle

Emissions Standard: Euro 6

Assumptions

Existing Vehicle	Replacement Vehicle
QP paid = \$20,000	PQP for Category C = \$50,000
FRD: 1 September 2001	Registration Date: 31 August 2017
10-year COE Expiry Date: 31 August 2021	
Reach 20 years old on: 31 August 2021	
Deregistration Date: 31 August 2017	

Existing vehicle at deregistration:

Remaining unused COE period = 1 September 2017 to 31 August 2021 = 4 years
 Remaining statutory lifespan = 1 September 2017 to 31 August 2021 = 4 years

Discounted PQP payable for replacement vehicle at registration:

= $\frac{\$50,000}{10} \times [10 - 4 - (35\% \times 4)]$ or \$50,000 x 10%; whichever is higher
 = \$5,000 x [10 - 4 - 1.4] or \$5,000; whichever is higher
 = \$23,000 or \$5,000; whichever is higher
 = **\$23,000**

Value of the 10-year COE of the replacement vehicle after registration

= Discounted PQP paid at registration of replacement vehicle + COE rebate of existing vehicle at deregistration
 = \$23,000 + (4/10) x \$20,000
 = \$23,000 + \$8,000
 = **\$31,000**

EXAMPLE 2

Category C existing vehicle with MLW = 3,000kg
 FRD between 1 January 2001 and 30 September 2006
 Deregistered between 1 August 2017 and 31 July 2019
 Has only remaining statutory lifespan at deregistration

(a) Replacement Vehicle

Emissions Standard: Euro 5

Not eligible under ETS as Scheme is no longer applicable to Euro 5 replacement vehicles

(b) Replacement Vehicle

Emissions Standard: Euro 6

Assumptions

Existing Vehicle	Replacement Vehicle
QP paid = \$20,000 FRD: 1 September 2001 10-year COE Expiry Date: 31 August 2017 Reach 20 years old on: 31 August 2021 Deregistration Date: 31 August 2017	PQP for Category C = \$50,000 Registration Date: 31 August 2017

Existing vehicle at deregistration:

Remaining unused COE period = Nil

Remaining statutory lifespan = 1 September 2017 to 31 August 2021 = 4 years

Discounted PQP payable for replacement vehicle at registration:

= $\frac{\$50,000}{10} \times [10 - 0 - (35\% \times 4)]$ or \$50,000 x 10%; whichever is higher

= \$5,000 x [10 - 0 - 1.4] or \$5,000; whichever is higher

= \$43,000 or \$5,000; whichever is higher

= **\$43,000**

Value of the 10-year COE of the replacement vehicle after registration

= Discounted PQP paid at registration of replacement vehicle + COE rebate of existing vehicle at deregistration

= \$43,000 + \$0

= **\$43,000**

EXAMPLE 3

Category C existing vehicle with MLW = 5,000kg
 FRD between 1 January 2001 and 30 September 2006
 Deregistered between 1 August 2017 and 31 July 2019
 Has both unused COE and remaining statutory lifespan at deregistration

(a) Replacement Vehicle

Emissions Standard: Euro 5

Not eligible under ETS as Scheme is no longer applicable to Euro 5 replacement vehicles

(b) Replacement Vehicle

Emissions Standard: Euro 6

Assumptions

Existing Vehicle	Replacement Vehicle
QP paid = \$20,000 FRD: 1 September 2001 10-year COE Expiry Date: 31 August 2021 Reach 20 years old on: 31 August 2021 Deregistration Date: 31 August 2017	PQP for Category C = \$50,000 Registration Date: 31 August 2017

Existing vehicle at deregistration:

Remaining unused COE period = 1 September 2017 to 31 August 2021 = 4 years
 Remaining statutory lifespan = 1 September 2017 to 31 August 2021 = 4 years

Discounted PQP payable for replacement vehicle at registration:

= $\frac{\$50,000}{10} \times [10 - 4 - (100\% \times 4)]$ or \$50,000 x 10%; whichever is higher
 = \$5,000 x [10 - 4 - 4] or \$5,000; whichever is higher
 = \$10,000 or \$5,000; whichever is higher
 = **\$10,000**

Value of the 10-year COE of the replacement vehicle after registration

= Discounted PQP paid at registration of replacement vehicle + COE rebate of existing vehicle at deregistration
 = \$10,000 + (4/10) x \$20,000
 = \$10,000 + \$8,000
 = **\$18,000**

EXAMPLE 4

Category C existing vehicle with MLW = 5,000kg
 FRD between 1 January 2001 and 30 September 2006
 Deregistered between 1 August 2017 and 31 July 2019
 Has only remaining statutory lifespan at deregistration

(a) Replacement Vehicle

Emissions Standard: Euro 5

Not eligible under ETS as scheme is no longer applicable to Euro 5 replacement vehicles

(b) Replacement Vehicle

Emissions Standard: Euro 6

Assumptions

Existing Vehicle	Replacement Vehicle
QP paid = \$20,000 FRD: 1 September 2001 10-year COE Expiry Date: 31 August 2017 Reach 20 years old on: 31 August 2021 Deregistration Date: 31 August 2017	PQP for Category C = \$50,000 Registration Date: 31 August 2017

Existing vehicle at deregistration:

Remaining unused COE period = Nil

Remaining statutory lifespan = 1 September 2017 to 31 August 2021 = 4 years

Discounted PQP payable for replacement vehicle at registration:

= $\frac{\$50,000}{10} \times [10 - 0 - (100\% \times 4)]$ or \$50,000 x 10%; whichever is higher

= \$5,000 x [10 - 0 - 4] or \$5,000; whichever is higher

= \$30,000 or \$5,000; whichever is higher

= **\$30,000**

Value of the 10-year COE of the replacement vehicle after registration

= Discounted PQP paid at registration of replacement vehicle + COE rebate of existing vehicle at deregistration

= \$30,000 + \$0

= **\$30,000**