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18 February 2020

	Our ref	VRL/06/2020	
		LTA/VR&L/V43.013.000	
All Motor Vehicle Dealers / Importers	Your ref		
All Electronic Service Agents	DID	Fax	65535329

Dear Sir/Madam

Supporting Cleaner and Greener Vehicles for a Sustainable Land Transport Sector

As part of Budget 2020, the Government will introduce measures to facilitate the adoption of Electric Vehicles (EVs). Our news release on 18 February 2020 is enclosed.

EV Early Adoption Incentive

- From 1 January 2021 to 31 December 2023, owners who register fully electric cars¹ will receive a rebate of 45% off the Additional Registration Fees (ARF), capped at \$20,000².
- The scheme will apply to individual and fleet vehicle owners, such as taxi and car rental companies. It will also apply to imported used³ electric cars (excluding taxis as they must be brand new for registration). Please refer to the illustrations of the rebates for a few common EV models in **Annex A** of the news release.

Revision of EV Road Tax Structure

Electric Cars

- The EV road tax schedule for electric cars⁴ registered from 1 January 2021 will be revised to better align the road tax paid by electric cars with that paid by comparable ICE vehicles. The revised electric car road tax schedule will comprise:
 - An additional flat component of \$700/year, phased in over three years; and
 - The existing variable component tiered according to power rating, and which will be revised to better account for improvements in vehicular efficiency.
- The revised road tax schedule is appended at **Annex B** of our news release.

¹ This includes electric taxis.

² Subject to a minimum ARF of \$5,000.

³ The used electric car must not exceed 3 years of age at registration and will be subject to \$10,000 used car surcharge.

⁴ This includes electric taxis.

Electric Motorcycles, Electric Light Goods Vehicles (LGVs) and Electric Goods-cum-Passenger (GPV) Vehicles with mlw not exceeding 3.5 metric tons

6. From 1 January 2021, the additional flat component will also be levied on fully electric motorcycles (\$200/year), fully electric LGVs and GPVs with maximum laden weight not exceeding 3.5 metric tons (\$190/year). Please refer to **Annex C** of our news release for more details.

Petrol-Electric Hybrids

7. The road tax schedule for petrol-electric hybrids that currently pay road tax based on their maximum electric power rating will be aligned with the revised electric car road tax schedule in paragraph 4b above. This is expected to bring down their road tax by an average of 29%.

8. LTA will inform existing EV owners of the implications of the revised road tax schedule on them, in due course.

9. Please bring the contents of this circular to the attention of your members and staff accordingly. For enquiries, please contact our Customer Service hotline at 1800-CALL LTA (1800-2255582). Thank you.

Yours faithfully



Alanna Fung (Mrs)
Director, Vehicle Service Operations
Vehicle Services Group

Date of Issue: 18 February 2020

Supporting Cleaner and Greener Vehicles for A Sustainable Land Transport Sector

Under the Land Transport Master Plan 2040, we have committed to encouraging adoption of cleaner and greener vehicles for a more environmentally sustainable land transport sector. As part of Budget 2020, Government is introducing measures to facilitate adoption of Electric Vehicles (EVs), which is one of the cleanest and lowest-emission vehicular technologies available today. We have also reviewed the road tax framework to better reflect the current trends in vehicular efficiency and parity with Internal Combustion Engine (ICE) vehicles.

EV Early Adoption Incentive

2 Today, EVs incur higher upfront ownership cost as compared to equivalent ICE vehicles. EVs are becoming more affordable, and the ownership cost gap between EVs and ICEs is expected to close over time. However, this ownership cost gap is currently a significant barrier in the adoption of EVs. To address this, we will launch an **EV Early Adoption Incentive (EEAI)** for the next three years, from 1 January 2021 to 31 December 2023. Owners who register fully electric cars¹ will receive a rebate of 45% off the Additional Registration Fees (ARF), capped at \$20,000². This EEAI will lower the upfront cost of an electric car by an average of 11% and narrow the upfront cost gap between electric and ICE cars. This scheme will apply to individual and fleet vehicle owners, such as taxi and car rental companies, and will cost Government an estimated **\$71 million** over the next 3 years. **Annex A** illustrates the rebates for a few common EV models.

Revised EV Road Tax Structure

3 We have reviewed the **EV road tax schedule**³. The revised schedule will apply to all new EVs registered from 1 January 2021 onwards and is shown in **Annex B**.

4 Currently, ICE vehicles incur fuel excise duties through fuel consumption. Owners of fully electric cars have thus far not been subjected to fuel excise duties. To enhance parity with ICE vehicles until we are ready to impose a distance-based tax, we will impose an additional tax of \$700/year for fully electric cars, which is sized to partially recover for the fuel excise duties paid by equivalent ICE cars.

5 To cushion the impact, the Government will phase in this additional tax over three years (see **Annex C** for the phase-in schedule). The full quantum will be charged from January 2023 onwards.

¹ This includes electric taxis.

² Subject to a minimum ARF of \$5,000.

³ This includes electric taxis.

6 As part of the revised EV road tax structure, we will also **revise the methodology for calculating the variable component of the road tax for EVs, which is tiered by power rating**, to better reflect the current trends in vehicle efficiency from January 2021. This will lead to an across-the-board reduction in this variable component of road tax for EVs and some hybrids.

7 In summary, the revised electric car road tax schedule will comprise:

- a. An additional flat component of \$700/year, phased in over three years; and
- b. The existing variable component tiered according to power rating, and which will be revised to better account for improvements in vehicular efficiency; and

8 Under the revised road tax framework, mass market electric cars will incur an annual usage cost⁴ which is still about **9% lower** than their ICE equivalents.

Electric Motorcycles and Electric Light Goods Vehicles (LGVs)

9 From 1 Jan 2021, the additional tax will also be levied on fully electric motorcycles (\$200/year); and fully electric light goods vehicles (LGVs) and goods-and-passenger vehicles (GPVs) not exceeding 3.5 tonnes (\$190/year). Details on the treatment of electric buses, heavy goods vehicles, and GPVs heavier than 3.5 tonnes will be announced at a later date.

Petrol-Electric Hybrids

10 For petrol-electric hybrids that currently pay road tax based on their maximum electric power rating, we will align their road tax schedule with the revised variable component of the electric car road tax schedule. Since these vehicles remain largely petrol-fuelled, we do not intend to impose the additional flat component on them for now. Overall, these hybrids will have their road tax reduced **by an average of 29%**.

11 LTA will inform existing EV owners of the implications of the revised road tax schedule on them.

12 These measures will complement the Government's efforts in expanding the public charging infrastructure for EVs. Together with other existing and new instruments, such as the Vehicular Emissions Scheme (VES), the Commercial Vehicle Emissions Scheme (CVES)⁵ and Early Turnover Scheme (ETS), we will support the long-term adoption of cleaner and greener vehicles for a more sustainable land transport sector.

For media enquiries, please contact:

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⁴For ICEs, this includes road tax, fuel excise duties, fuel cost, insurance cost and maintenance cost. For EVs, this includes road tax, electricity cost, insurance cost and maintenance cost.

⁵ The CVES is a new scheme, for which details will be announced at MEWR's COS.

Annex A

ARF Rebates for Different EV Models

	Renault Zoe	Hyundai Ioniq	Nissan Leaf	Hyundai Kona	Jaguar I- Pace	Tesla S75D
(A) OMV (as at Nov 2019)	\$33,840	\$36,552	\$41,308	\$34,515	\$85,823	\$117,049
(B) ARF payable before applying rebates	\$39,376	\$43,173	\$49,832	\$40,321	\$126,482	\$182,689
(C) EV early adoption incentive (45% ARF discount, capped at \$20,000)	\$17,719	\$19,427	\$20,000	\$18,144	\$20,000	\$20,000
(D) =(C)/(B) % of ARF	45.0%	45.0%	40.1%	45.0%	15.8%	10.9%

*This does not include VES, as the schedule of VES rebates may change in 2021.

**This is based on vehicle open market values as of Nov 2019.

Revised Road Tax Schedule for Fully Electric Cars (excluding New Flat Component)

S/N	Existing Tax Treatment		New Tax Treatment	
	Power Rating (kW)	Current 6-Monthly Road Tax Formula	From 1 Jan 2021	New 6-Monthly Road Tax Formula
1.	PR ≤ 7.5	$S\$200 \times 0.782$	PR ≤ 7.5	$S\$200 \times 0.782$
	7.5 < PR ≤ 32.5	$[S\$200 + S\$2(PR - 7.5)] \times 0.782$	7.5 < PR ≤ 30	$[S\$200 + S\$2(PR - 7.5)] \times 0.782$
	32.5 < PR ≤ 70	$[S\$250 + S\$6(PR - 32.5)] \times 0.782$	30 < PR ≤ 90	$[S\$250 + S\$3.75(PR - 30)] \times 0.782$
	70 < PR ≤ 157.5	$[S\$475 + S\$12(PR - 70)] \times 0.782$	90 < PR ≤ 230	$[S\$475 + S\$7.50(PR - 90)] \times 0.782$
	PR > 157.5	$[S\$1,525 + S\$16(PR - 157.5)] \times 0.782$	PR > 230	$[S\$1,525 + S\$10(PR - 230)] \times 0.782$
			Licensing Period	Annual Additional Flat Component
			1 Jan 2021 – 31 Dec 2021	\$200
			1 Jan 2022 – 31 Dec 2022	\$400
			1 Jan 2023 onwards	\$700

Table 1: New Flat Component of Road Tax for Electric Cars

Licensing Period	Annual Rate
1 Jan 2021 – 31 Dec 2021	\$200
1 Jan 2022 – 31 Dec 2022	\$400
1 Jan 2023 onwards	\$700

Table 2: New Flat Component of Road Tax for Electric Motorcycles

Licensing Period	Annual Rate
1 Jan 2021 – 31 Dec 2021	\$50
1 Jan 2022 – 31 Dec 2022	\$100
1 Jan 2023 onwards	\$200

Table 3: New Flat Component of Road Tax for Electric Light Goods and Good-cum-Passenger Vehicles (up to 3.5 metric tonnes)

Licensing Period	Annual Rate
1 Jan 2021 – 31 Dec 2021	\$50
1 Jan 2022 – 31 Dec 2022	\$100

1 Jan 2023 onwards	\$190
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