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18 February 2022

Our ref VRL/03/2022

All Motor Vehicle Dealers / Importers LTA/VR&L/V43.054.000

Your ref

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Dear Sir/Madam

# INTRODUCTION OF NEW ADDITIONAL REGISTRATION FEE (ARF) TIER FOR CARS, TAXIS, AND GOODS-CUM-PASSENGERS VEHICLES (GPVs)

We refer to the announcement by Minister for Finance Lawrence Wong in the Budget 2022 Statement and our press release of 18 February 2022 (see **Annex 1**) on the new ARF tier for cars, taxis, and GPVs whose Open Market Value exceeds \$80,000.

- 2. The new ARF structure will apply to all cars, including imported used cars, and GPVs registered with Certificate of Entitlements (COEs) obtained from the second bidding exercise in February 2022 onwards. The second COE bidding exercise in February 2022 will take place from 21 to 23 February 2022.
- 3. For taxis<sup>1</sup>, classic cars<sup>2</sup>, and COE-exempted cars, the new ARF structure will apply for those registered on or after 19 February 2022.
- 4. The new ARF structure will <u>NOT</u> be applicable to:
  - a. Existing cars, taxis, and GPVs;
  - b. Cars, including imported used cars, and GPVs registered with COEs obtained before the second bidding exercise in February 2022; and
  - c. Taxis, classic cars, and COE-exempted cars registered <u>before</u> 19 February 2022.

<sup>&</sup>lt;sup>1</sup> Taxi operators do not bid for COEs but pay the Prevailing Quota Premium (PQP) of Category A at the point of registering a taxi.

<sup>&</sup>lt;sup>2</sup> Classic car owners do not bid for COEs but pay 10% of the PQP of the relevant car category at the point of registering a classic car.



5. Please bring the contents of this circular to the attention of your members and staff accordingly. For enquiries, please contact us via <a href="www.lta.gov.sg/feedback">www.lta.gov.sg/feedback</a>. Thank you.

Yours faithfully

Cheryl Tan (Ms)

**Deputy Director** 

Vehicle Quota & Registration Division

Vehicle Services Group

# **News Release**



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Date of Issue: 18 February 2022

## Introduction of New Additional Registration Fee (ARF) Tier for Luxury Cars

- 1. As announced by Minister for Finance Lawrence Wong in the Budget 2022 Statement, there will be a new Additional Registration Fee (ARF) tier for cars, taxis, and goods-cum-passenger vehicles whose Open Market Value (OMV) exceeds \$80,000. This is to achieve a more progressive vehicle tax system. Examples of car models in this new tier include the Porsche Cayenne, Lamborghini Urus and Bentley Continental GT.
- 2. The updated ARF structure is as follows:

Current ARF Banding and Rates		New ARF Banding and Rates	
First \$20,000 of OMV	100% of	First \$20,000 of OMV	*100% of
	OMV		OMV
Next \$30,000 of OMV	140% of	Next \$30,000 of OMV	*140% of
(i.e. \$20,001 to \$50,000)	OMV	(i.e. \$20,001 to \$50,000)	OMV
Above \$50,000 of OMV	180% of	Next \$30,000 of OMV	*180% of
(i.e. \$50,001 and above)	OMV	(i.e. \$50,001 to \$80,000)	OMV
		[NEW] Above \$80,000 of	220% of
		OMV	OMV
		(i.e. \$80,001 and above)	

<sup>\*</sup>no change to ARF rates

3. The new ARF structure will apply to all cars, including imported used cars, and goods-cum-passenger vehicles registered with Certificate of Entitlements (COEs) obtained from the second bidding exercise in February 2022 onwards. The second COE bidding exercise in February 2022 will take place from 21 to 23 February 2022. An example of the tiered ARF computation can be found in Annex A.

4. For taxis, classic cars<sup>3</sup> and COE-exempted cars, the new ARF structure will apply for those registered on or after 19 February 2022.

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<sup>3</sup> Owners of these cars do not need to bid for COEs. Taxi operators pay the Prevailing Quota Premium (PQP) of Category A at the point of registering a taxi; Classic car owners pay 10% of the PQP of the relevant car category at the point of registering a classic car.

#### **EXAMPLE OF TIERED ARF COMPUTATION**

The ARF payable under the new and old ARF tax structure (before utilisation of rebates from Vehicular Emissions Scheme, or EV Early Adoption Incentive, etc. if applicable) for a car with an <u>OMV of \$100,000</u> is computed as follows:

# **New ARF Tax Structure**:

Vehicle OMV	ARF Rate	ARF Payable
First \$20,000	100% of OMV	100% x \$20,000 = \$20,000
Next \$30,000	140% of OMV	140% x \$30,000 = \$42,000
(i.e. \$20,001 to \$50,000)		
Next \$30,000	180% of OMV	180% x \$30,000 = \$54,000
(i.e. \$50,001 to \$80,000)		
Above \$80,000	220% of OMV	220% x \$20,000 = \$44,000
(i.e. \$80,001 and above)		

Total ARF payable is \$20,000 + \$42,000 + \$54,000 + \$44,000 = \$160,000

## **Old ARF Tax Structure**:

Vehicle OMV	ARF Rate	ARF Payable
First \$20,000	100% of OMV	100% x \$20,000 = \$20,000
Next \$30,000	140% of OMV	140% x \$30,000 = \$42,000
(i.e. \$20,001 to \$50,000)		
Above \$50,000	180% of OMV	180% x \$50,000 = \$90,000
(i.e. \$50,001 and above)		

Total ARF payable is 20,000 + 42,000 + 90,000 = 152,000

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