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14 February 2023

All Motor Vehicle Dealers / Importers

Our ref VRL/01/2023

LTA/VR&L/V43.054.000

All Electronic Service Agents

Your ref

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Dear Sir/Madam

- (I) Revision of Additional Registration Fee (“ARF”) Structure For Cars, Taxis, and Goods-cum-Passengers Vehicles (“GPVs”); and**
(II) Introduction of Preferential Additional Registration Fee (“PARF”) Rebate Cap For Cars and Taxis

We refer to the announcement by Deputy Prime Minister and Minister for Finance Lawrence Wong in the Budget 2023 Statement and our news release of 14 February 2023 (see **Annex 1**) on the revision of ARF structure (“revised ARF structure”) for cars, taxis and GPVs, and introduction of a PARF rebate cap for cars and taxis. These measures are meant to achieve a more progressive vehicle tax system.

(I) Revision of ARF Structure

2. The revised ARF structure (see details in **Table 1**) will apply to all new and imported used cars and GPVs registered with Certificate of Entitlements (“COEs”) obtained from the second COE bidding exercise in February 2023 onwards. The second COE bidding exercise in February 2023 will take place from 20 to 22 February 2023.

3. For cars that do not need to bid for COEs (e.g. taxis¹, classic cars²), the revised ARF structure will apply for those registered on or after 15 February 2023.

4. The revised ARF structure will NOT be applicable to:

- a. Existing cars, taxis, and GPVs;
- b. New and imported used cars and GPVs registered with COEs obtained before the second COE bidding exercise in February 2023; and

¹ Taxi operators do not bid for COEs but pay the Prevailing Quota Premium (“PQP”) of Category A COE at the point of registering a taxi.

² Classic car owners do not bid for COEs but pay 10% of the PQP of the relevant car COE category at the point of registering a classic car.

c. Taxis, classic cars, and COE-exempted cars registered before 15 February 2023.

Table 1 – Revised ARF Structure for Cars, Taxis, and GPVs

Current ARF Banding and Rates		Revised ARF Banding and Rates	
First \$20,000 of Open Market Value (“OMV”)	100% of OMV	First \$20,000 of OMV	*100% of OMV
Next \$30,000 of OMV (i.e. \$20,001 to \$50,000)	140% of OMV	Next \$20,000 of OMV (i.e. \$20,001 to \$40,000)	*140% of OMV
Next \$30,000 of OMV (i.e. \$50,001 to \$80,000)	180% of OMV	[New] Next \$20,000 of OMV (i.e. \$40,001 to \$60,000)	190% of OMV
Above \$80,000 of OMV (i.e. \$80,001 and above)	220% of OMV	[New] Next \$20,000 of OMV (i.e. \$60,001 to \$80,000)	250% of OMV
		[New] Above \$80,000 of OMV (i.e. \$80,001 and above)	320% of OMV

**No change to ARF rates*

(II) Introduction of PARF Rebate Cap

5. The PARF rebate cap of \$60,000 (see details in **Table 2**) will apply to the following vehicles that are subsequently deregistered and are PARF-eligible:

- a. ARF-paid cars, including imported used cars, registered with COEs obtained from the second COE bidding exercise in February 2023 onwards; and
- b. ARF-paid cars that do not need to bid for COEs (e.g. taxis) registered on or after 15 February 2023.

Table 2 – Revised PARF Rebate Structure for ARF-paid Cars and Taxis

Age of PARF-eligible Vehicle at Deregistration	New PARF Rebate Amount
Not more than 5 years	75% of ARF paid or \$60,000 (whichever is lower)
Above 5 but not more than 6 years	70% of ARF paid or \$60,000 (whichever is lower)

Above 6 but not more than 7 years	65% of ARF paid or \$60,000 (whichever is lower)
Above 7 but not more than 8 years	60% of ARF paid or \$60,000 (whichever is lower)
Above 8 but not more than 9 years	55% of ARF paid or \$60,000 (whichever is lower)
Above 9 but not more than 10 years	50% of ARF paid or \$60,000 (whichever is lower)
More than 10 years	Nil

6. The PARF rebate cap does not apply to:

- a. Cars, including imported used cars, registered with COEs obtained before the second COE bidding exercise in February 2023;
- b. Cars that do not need to bid for COEs (e.g. taxis) registered before 15 February 2023; or
- c. Vehicles that are not eligible for PARF rebates, such as GPVs, classic cars, and vehicles that have been laid-up.

7. Please bring the contents of this circular to the attention of your members and staff accordingly. For enquiries, please contact us via www.lta.gov.sg/feedback. Thank you.

Yours faithfully



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Vehicle Services Group

News Release



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Revision of Additional Registration Fee (ARF) Structure and Introduction of Preferential Additional Registration Fee (PARF) Rebate Cap

1. As announced by Deputy Prime Minister and Minister for Finance Lawrence Wong in the Budget 2023 Statement, there will be a revised Additional Registration Fee (ARF) structure for cars, taxis, and goods-cum-passenger vehicles. A cap of \$60,000 will also be introduced for the Preferential Additional Registration Fee (PARF) rebate for cars and taxis. The measures are meant to achieve a more progressive vehicle tax system.

Revision of Additional Registration Fee (ARF) Structure

2. The revised ARF structure is as follows:

Current ARF Banding and Rates		Revised ARF Banding and Rates	
First \$20,000 of Open Market Value (OMV)	100% of OMV	First \$20,000 of OMV	*100% of OMV
Next \$30,000 of OMV (i.e. \$20,001 to \$50,000)	140% of OMV	Next \$20,000 of OMV (i.e. \$20,001 to \$40,000)	*140% of OMV
		[NEW] Next \$20,000 of OMV (i.e. \$40,001 to \$60,000)	190% of OMV
Next \$30,000 of OMV (i.e. \$50,001 to \$80,000)	180% of OMV	[NEW] Next \$20,000 of OMV (i.e. \$60,001 to \$80,000)	250% of OMV
		[NEW] Above \$80,000 of OMV (i.e. \$80,001 and above)	320% of OMV
Above \$80,000 of OMV (i.e. \$80,001 and above)	220% of OMV		

*no change to ARF rates

3. The revised ARF structure will apply to all new and imported used cars and goods-cum-passenger vehicles registered with Certificate of Entitlements (COEs) obtained from the second COE bidding exercise in February 2023 onwards. The second COE bidding exercise in February 2023 will take place from 20 to 22 February 2023. An example of the tiered ARF computation can be found in [Annex A](#).

4. For cars that do not need to bid for COEs (e.g. taxis, classic cars¹), the revised ARF structure will apply for those registered on or after 15 February 2023.

Introduction of Preferential Additional Registration Fee (PARF) Rebate Cap

5. For cars that need to bid for COEs, the PARF rebate cap of \$60,000 will apply to those that are registered with COEs obtained from the second COE bidding exercise in February 2023 onwards which are subsequently deregistered within the PARF eligibility period. An example of the application of the PARF rebate cap can be found in [Annex B](#).

6. For cars that do not need to bid for COEs (e.g. taxis), the PARF rebate cap of \$60,000 will apply to those that are registered on or after 15 February 2023 which are subsequently deregistered within the PARF eligibility period.

7. The PARF cap does not apply to vehicles that are not eligible for PARF rebates, such as GPVs, classic cars, and vehicles that have been laid-up.

8. The revised ARF structure and PARF rebate cap are expected to affect the top one-third of newly-registered cars by Open Market Value. Buyers of cars with an Open Market Value of \$40,000 or less, including almost all Category A cars and many 7-seater cars, will be unaffected.

For media queries, please contact:

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¹ 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 existing and revised ARF tax structures (before utilisation of rebates from Revised Off-Peak Car, Vehicular Emissions Scheme, or Electric Vehicle Early Adoption Incentive, etc. if applicable) for a car with an OMV of \$100,000 is computed as follows:

Existing ARF Tax Structure:

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

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

Revised ARF Tax Structure:

Vehicle OMV	ARF Rate	ARF Payable
First \$20,000	100% of OMV	100% x \$20,000 = \$20,000
Next \$20,000 of OMV (i.e. \$20,001 to \$40,000)	140% of OMV	140% x \$20,000 = \$28,000
Next \$20,000 of OMV (i.e. \$40,001 to \$60,000)	190% of OMV	190% x \$20,000 = \$38,000
Next \$20,000 of OMV (i.e. \$60,001 to \$80,000)	250% of OMV	250% x \$20,000 = \$50,000
Above \$80,000 (i.e. \$80,001 and above)	320% of OMV	320% x \$20,000 = \$64,000

Total ARF payable is \$20,000 + \$28,000 + \$38,000 + \$50,000 + \$64,000 = \$200,000

EXAMPLE OF APPLICATION OF PARF REBATE CAP

PARF rebate is calculated at a percentage of the ARF paid and tiered based on the age of vehicle at deregistration.

Revised PARF Rebate Structure:

Age of vehicle at deregistration	New PARF rebate amount
Not more than 5 years	75% of ARF paid or \$60,000 (whichever is lower)
Above 5 but not more than 6 years	70% of ARF paid or \$60,000 (whichever is lower)
Above 6 but not more than 7 years	65% of ARF paid or \$60,000 (whichever is lower)
Above 7 but not more than 8 years	60% of ARF paid or \$60,000 (whichever is lower)
Above 8 but not more than 9 years	55% of ARF paid or \$60,000 (whichever is lower)
Above 9 but not more than 10 years	50% of ARF paid or \$60,000 (whichever is lower)
More than 10 years	Nil

For a car with an OMV of \$100,000, the ARF paid is \$200,000 under the revised ARF structure. Assuming the car is deregistered between 9 and 10 years old:

[Existing] Without PARF Rebate Cap:

PARF rebate = 50% * 200,000 = \$100,000

[Revised] With PARF Rebate Cap:

PARF rebate = \$60,000