

FROM ARF TO COE:  
Why a Toyota costs S\$200,000 in Singapore


ROAD congestion anywhere in the world exacts a high economic cost. That is partly why Singapore's efforts to control car ownership in the past decades have been relentless. But the high prices of cars here today are inflicting a significant cost of their own. What exactly are we paying for when we purchase a car in Singapore? *The Business Times* summarises the myriad taxes and fees levied on cars here, and how prices compare to other major cities. **BY DERRYN WONG**




- Open Market Value (OMV)**  
This is the value of the vehicle when it lands in Singapore. Assessed by Singapore Customs, it includes the purchase price, freight, insurance and “all other charges incidental to the sale and delivery of the car to Singapore”, says the Land Transport Authority (LTA).
- Excise duty**  
This is levied on all goods manufactured in, or imported into, Singapore. For cars, excise duty is 20 per cent of OMV.
- Goods and Services Tax (GST)**  
GST is levied twice on cars. First, when the car is imported into Singapore, where it is levied on the OMV including excise duty, and again at the point of sale, where it is levied on the total price minus the Certificate of Entitlement (COE). In 2024, GST was increased to 9 per cent.
- Registration Fee**  
At S\$350, this is the cost of registering a car for road use, through which it is issued a registration number plate.
- Vehicular Emissions Scheme (VES)**  
VES is a scheme where either a penalty or a rebate is given for vehicles depending on their pollutant emissions band. From best to worst, the bands are: A1, A2, B, C1 and C2. From 2024, VES emissions guidelines were made more stringent, and the rebate for A2 vehicles was dropped from S\$15,000 to S\$5,000. The Toyota in this example is classified under the A2 band.
- Certificate of Entitlement (COE)**  
This is technically not a tax, but it is the largest extra cost that must be accounted for when buying a mainstream car in Singapore. A COE is required to register a vehicle here, and is obtained/priced through bi-monthly auctions. Car dealers usually package the cost of cars and COE together. However, since COE prices change at every bidding round, consumers may need to top up the difference when there are increases.
- Road tax**  
The common definition of this is a tax paid to enable a vehicle to use the road. Vehicles without valid road tax are not allowed on the roads. Officially, the LTA describes road tax as “part of your vehicle ownership tax”.
- Dealer Margin**  
This is the raw margin or profit the dealer makes on a car. This does not include overheads and other costs. Car dealers now make less profit on new car sales, and actually earn more on aftersales service and financing.
- Additional Registration Fee (ARF)**  
This is the single largest tax component of a car’s price in Singapore. ARF is a tax payable when one registers a vehicle. It is a tiered tax that increases depending on the OMV, so more expensive cars pay more ARF. The current ARF tax tiers are:



Example:



**Aston Martin DBX 707**  
**OMV** S\$221,024  
**ARF** S\$587,227



**Honda Jazz**  
**OMV** S\$16,197  
**ARF** S\$16,197

In 2023’s Budget announcement, the government further increased ARF tax rates on cars with an OMV of more than S\$40,000, with the resulting spike in costs causing the market for ultra-luxury cars to plunge.

Car price comparison: Singapore, Hong Kong, New York

Compared to Hong Kong and New York, Singapore is clearly the more expensive place to buy even a budget car.  
A small, mass-market hatchback, such as a Mazda3, costs around five times as much as in Hong Kong and New York. Across segments, it is typically 3 to 5 times more expensive to purchase a car in Singapore.  
Singapore is not alone in levying more tax on luxury cars. Hong Kong levies a First Registration Tax on new cars, which operates in a similar fashion to the tiered ARF.

For the most expensive model on the list, the First Registration Tax constitutes just over half of the total price of the Porsche 911 Turbo S in Hong Kong. In Singapore, the ARF payable for expensive or ultra-luxury cars can constitute up to two-thirds of the final cost.

	MODEL TYPE	SEGMENT	SINGAPORE (S\$)	HONG KONG (CONVERTED FROM HK\$)	NEW YORK (CONVERTED FROM US\$)
Mazda3 Hatchback	Small hatchback	Mass market	S\$199,888	S\$42,989	S\$40,129
Honda CR-V	Midsize SUV	Mass market	S\$256,999	S\$68,764	S\$43,338
Toyota Corolla Cross Hybrid	Midsize SUV	Mass market	S\$212,888	S\$49,174	S\$43,075
Toyota RAV4 Hybrid	Midsize SUV	Mass market	S\$228,888	S\$63,567	S\$48,566
Hyundai Ioniq 5 EV	Small SUV, EV	Mass market	S\$185,800	S\$86,913	S\$58,650
Kia EV9	Large SUV, EV	Mass market	S\$401,999	S\$108,301	S\$82,666
BMW 3 Series	Executive sedan	Luxury	S\$288,888	S\$84,089	S\$66,727
Tesla Model 3	Executive sedan, EV	Luxury	S\$206,890	S\$79,334	S\$59,613
Mercedes-Benz GLE	Large SUV	Luxury	S\$549,888	S\$161,386	S\$110,120
Porsche 911 Turbo S	Sports car	Luxury	S\$1,263,788	S\$813,894	S\$339,519

Models selected were the least expensive version/trim for that nameplate.; Singapore prices quoted from authorised distributors in January 2024 and include COE and all relevant taxes and fees.; Hong Kong prices include First Registration Tax but not vehicle licence fees. ; US prices include registration and title fees and state/county sales tax of 8.375 per cent.

Car prices across markets

According to multiple economics data providers, Singapore is the most expensive place to buy a car in the world. TheGlobalEconomy.com’s vehicle price index from 2017 puts Singapore at 327.3, more than triple the world average of 100. Hong Kong and the US are at 105 and 103.9, respectively. The second-most expensive place to buy a car is also a small island: the Maldives, which has a score of 298.8. The cheapest place to buy a car is Azerbaijan, with a score of 46.4.

