

FAQs on the 60% deemed expenses tax deduction for chauffeured private-hire car (PHC) /taxi drivers	
1. When can I start claiming car-related expenses?	You may claim car-related expenses from YA 2019 onwards (i.e. against income earned in 2018).
60% Tax Deduction	
2. How did IRAS decide on 60% as the deemed expense ratio?	<p>In arriving at the appropriate deemed expense ratio, IRAS had sought inputs from various stakeholders including National Private Hire Vehicles Association, National Taxi Association and Booking Service Operators to understand the types of expenses incurred by PHC and taxi drivers in earning their driving income.</p> <p>Based on the inputs obtained, the deemed expense ratio has been set at 60% where it will cover most of the common expenses incurred by both PHC and taxi drivers in earning driving income (e.g. car rental, petrol). This ratio strikes a balance between simplifying tax compliance, and ensuring that it is realistic.</p>
3. Can I claim the tax deduction based on 60% of my driving income?	Yes, the 60% deemed expense is applicable to all PHC /taxi drivers regardless of whether they drive on a full-time, part-time or casual basis.
4. How will the 60% deemed expenses be allowed to me?	<p>If your driving income is pre-filled, the 60% deemed expenses will be allowed to you automatically based on the income information transmitted by Grab/Trans-Cab. Refer to FAQs for pre-filling of PHC/taxi drivers' information.</p> <p>If your driving income information is not pre-filled, you need to indicate that you are a chauffeured PHC/taxi driver under the "Nature of Business". If you e-file, the 60% deemed expenses will be allowed to you automatically based on the income information furnished by you.</p> <p>If you file via paper, you need to complete the 4-line/2-line statement accordingly.</p>
5. Can I choose to claim the amount of actual expenses instead of the 60% deemed expenses ratio?	Yes.

Claiming Actual Expenses	
6. If I opt to claim based on actual expenses incurred, what expenses qualify for deduction?	<p>Expenses that you can claim a deduction for should be incurred solely for producing your driving income. These may include:</p> <ul style="list-style-type: none"> • Service fees paid to booking service operators. • Business licence renewal fees, including renewal of Private-Hire Car Driver's Vocational Licence (PDVL). • Mobile phone data plan/bills used in the course of providing the services. • Vehicle rental fee, fuel, road tax, car insurance, car wash charges, parking charges, interest expenses incurred on car loan, car repairs and maintenance expenses. <p>The following are examples of non-deductible expenses:</p> <ul style="list-style-type: none"> • Capital expenses such as business start-up expenses, ACRA registration fee, PDVL and training courses for the purpose of obtaining the first PDVL, purchase cost (including COE) of the private cars. • Personal Insurance costs and expenses for medical check-ups, parking fines.
7. If I am claiming deduction based on actual expenses, do I need to keep documentation and records?	<p>Yes, you are required to keep proper daily records of the actual expenses incurred in earning your driving income, such as receipts, statements issued by the platform operators and daily records.</p> <p>If the expenses are incurred partly for business and partly for other purposes, you must ensure that the amount you claim on is correctly apportioned. You can claim only the portion of expense that is incurred in earning your driving income.</p> <p>For the apportionment, you may consider using measures such as mileage tracked as a basis of apportionment.</p>
8. For how long do I have to keep these expense documentation and records?	<p>You will need to keep daily records and retain all supporting documents e.g. receipts, statements issued by the platform operators for 5 years from the YA to which the claims relate. For example, for expenses incurred in 2018, you have to maintain the relevant records up to end of 2023.</p>

<p>9. I drove a taxi for the first 4 months in 2018 and switched to driving a PHC for the rest of the year. Can I claim actual business expenses incurred against my taxi driving income and claim 60% deemed expense against my PHC driving income?</p>	<p>No, you have to claim either actual business expenses incurred or deemed expenses against your income derived from driving a taxi and a PHC in the same year.</p>
<p>10. I am a commission agent and also a part-time chauffeured PHC driver. Can I claim the car-related expenses against both my commission income and driving income?</p>	<p>Car-related expenses can only be claimed against income derived from chauffeured PHC and taxi driving.</p> <p>To simplify tax filing, you can claim tax deduction for a deemed amount of expenses incurred calculated based on 60% of your gross driving income.</p> <p>Car-related expenses incurred in producing other income, e.g. commission income, are not allowed. However, you may claim allowable business expenses against your commission income.</p>
<p>11. If I claim tax deduction on car-related expenses based on the actual amount incurred, can I claim the capital allowance for the purchase cost of my private-hire car against my driving income?</p>	<p>No, you are not allowed to claim capital allowance for the purchase price of the car. Even as our tax regime is updated to allow tax deduction for motor car-related expenses incurred by PHC drivers, our tax regime maintains support for our long-standing policies on car ownership to manage the growth of car population in Singapore.</p>
<p>12. If I have claimed the 60% deemed expenses against my driving income, can I still change my decision and claim a deduction based on the actual expenses incurred instead?</p>	<p>If you would like to change your option, you can lodge an objection within 30 days from the date of the Notice of Assessment.</p>
<p>13. If I have claimed the 60% deemed expenses against my driving income this year, can I opt to claim the actual amount of expenses incurred next year?</p>	<p>Drivers can decide on the claim basis on a yearly basis.</p>

<p>14. I am a taxi driver and the taxi is owned by me. Can I continue to claim the capital allowance for the purchase cost of my taxi from Year of Assessment 2019 onwards?</p>	<p>You can continue to claim the capital allowance for the purchase cost of your taxi if you:</p> <ul style="list-style-type: none"> a) acquired the taxi as a replacement or subsequent replacement of a taxi acquired by you any time before 1 January 1975; and b) hold a taxi driver vocational licence to drive a taxi.
<p>15. My partner and I set up a partnership to provide ride-hailing services on our own using a PHC. Can we claim business expenses against our driving income from the partnership based on the deemed expense ratio of 60%?</p>	<p>The 60% deemed expense ratio is introduced to simplify tax filing for individuals who exercise their vocation as a PHC/taxi driver. Individuals who set up businesses such as partnerships to provide ride-hailing services on their own are therefore not allowed to claim the deemed expenses ratio of 60%. Instead, the business is required to continue to keep proper business records in relation to its income and expenses for tax purposes.</p>
<p>16. I claimed the actual amount of expenses incurred against my driving income. Can I deduct the remaining expenses incurred against my other income?</p>	<p>A driver in the business of taxi-driving or ride-hailing service is unlikely to incur a net loss as it does not make sense for him to incur expenses that are higher than his driving income. As such, you are not allowed to deduct the remaining expenses incurred against your other income.</p> <p>These rules have been put in place to minimise any potential tax abuse by drivers who drive on a casual basis and have incurred excessive expenses.</p> <p>However, unutilised trade losses incurred by chauffeured PHC and taxi drivers can still be carried back or forward to be deducted against their driving income (i.e. income from the same trade) in the previous or a subsequent year.</p>