[FAQ on the 60% Fixed Expense Deduction Ratio for PHC / taxi drivers](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Businesses/FAQs%20on%20tax%20deduction%20on%20deemed%2060%20expenses%20for%20PHC_taxi%20drivers.pdf" \o "FAQ on deemed 60% tax deduction for chauffeured PHC / taxi drivers)

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| |  | | --- | | 1. When can I start claiming car-related expenses as a PHC driver? | | PHC drivers may claim car-related expenses from YA 2019 onwards (i.e. for income earned in 2018) against their driving income. |
| |  | | --- | | 1. How did IRAS decide on 60% as the deemed expense ratio? | | 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.  Based on the inputs obtained, the deemed expense ratio has been set at 60% where it will cover most of the common deductible business 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. |
| |  | | --- | | 1. Can I claim the tax deduction based on 60% of my driving income? | | Yes, the 60% prescribed deemed expense is applicable to all PHC / taxi drivers regardless of whether they drive on a full-time, part-time or casual basis. |
| |  | | --- | | 1. How will the 60% prescribed deemed expense be allowed to me? | | If your driving income is pre-filled, the 60% prescribed deemed expense will be allowed to you automatically based on the income information transmitted by your transport service operators who have joined the scheme. Refer to FAQs for pre-filling of PHC/taxi drivers’ information.  If your driving income information is not pre-filled and you are e-filing, you will have to select one of the following under “Nature of Business” field in order for the 60% prescribed deemed expense to be allowed to you.  a) Taxi Drivers  b) Private Hire Car  If you file via paper return, you need to compute the 60% prescribed deemed expense manually and complete the 4-line / 2-line statement accordingly. |
| 1. Instead of the 60% prescribed deemed expense, can I claim tax deduction based on the actual amount of expenses incurred? | Yes, you can choose to claim the actual amount of expenses incurred based on records maintained by you by amending the pre-filled information in your tax form if your actual deductible expenses incurred is more than 60% of your gross driving income. |
| 1. If I am claiming deduction based on actual business expenses, what expenses qualify for deduction? | Expenses that you can claim for deduction should be incurred solely for producing your driving income. These may include:   * Service fees paid to booking service operators. * Licence renewal fees, including renewal of Private-Hire Car Driver’s Vocational Licence (PDVL) and Taxi Driver’s Vocational Licence (TDVL). * 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.   Examples of non-deductible expenses:   * Capital expenses such as business start-up expenses, PDVL / TDVL and training courses for the purpose of obtaining the first PDVL / TDVL, purchase cost (including COE) of the private cars. * Personal Insurance costs and expenses for medical check-ups, parking fines.   If the expenses are incurred partly in earning your driving income and partly for other purposes, you must ensure that the amount claimed is correctly apportioned. You can only claim the portion of expense that is incurred in earning your driving income.  For the apportionment, you may consider using measures such as mileage tracked as a basis of apportionment. |
| 1. If I am claiming deduction based on actual business expenses, do I need to keep documentation and records? | You will qualify for Simplified Record Keeping (SRK) if your driving revenue is less than $100,000 for the past 2 financial years.  From YA 2021, this revenue threshold will be increased to $200,000.  If you qualify for SRK, you will need to keep simple records (e.g. listings) without the need to keep supporting documents (e.g. receipts and invoices).  For more information on keeping of simple records, please refer to [Simplified Record Keeping Requirements for Small Businesses](https://safe.menlosecurity.com/https:/www.iras.gov.sg/media/docs/default-source/e-tax/etaxguide_srk-for-small-businesses.pdf?sfvrsn=763a89a5_12).  For sample template, please refer to:  However, if you do not qualify for SRK, you are required to keep proper 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 claim relate.  For more information on proper record keeping, please refer to the [Record Keeping Guide for Non GST-Registered Business](https://safe.menlosecurity.com/https:/www.iras.gov.sg/media/docs/default-source/e-tax/record-keeping-guide-for-non-gst-registered-businesses.pdf?sfvrsn=1ea1b725_17). |
| 1. If I opt for the 60% prescribed deemed expense amount, do I still need to keep documentation and records? | You will need to keep simple records (e.g. listings) without the need to keep supporting documents (e.g. receipts and invoices). Good record keeping practices provide benefits such as enabling you to have a more timely update of the cost and outgoings you have incurred and allowing you to track your business expenses more effectively.  For sample template, please refer to:  For more information on keeping of simple records, please refer to [Simplified Record Keeping Requirements for Small Businesses](https://safe.menlosecurity.com/https:/www.iras.gov.sg/media/docs/default-source/e-tax/etaxguide_srk-for-small-businesses.pdf?sfvrsn=763a89a5_12). |
| 1. I drove a taxi for the first 4 months in 2019 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 60% deemed expense ratio against my PHC driving income? | No, you have to claim either actual business expenses incurred or 60% prescribed deemed expense ratio against your income derived from driving a taxi and a PHC in the same year. |
| 1. I am a commission agent and also a part-time PHC driver. Can I claim the car-related expenses against both my commission income and driving income? | Car-related expenses can only be claimed against income derived from PHC driving.  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.  Car-related expenses incurred in producing other income, e.g. commission income, are not allowed. However, you may claim deductible business expenses against your commission income. |
| 1. I am a PHC driver. If I claim tax deduction on car-related expenses based on the actual amount incurred, can I claim capital allowance for the purchase cost of my private-hire car against my driving income? | 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. |
| 1. If I have claimed the 60% prescribed deemed expense against my driving income, can I still change my decision and claim a deduction based on the actual business expenses incurred instead? | If you would like to change your option, you can lodge an objection within 30 days from the date of the Notice of Assessment. |
| 1. If I have claimed the 60% prescribed deemed expense against my driving income this year, can I opt to claim the actual amount of business expenses incurred next year? | Yes, you can elect your preferred claim basis yearly. |
| 1. 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? | You can continue to claim the capital allowance for the purchase cost of your taxi if you:    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. |
| 1. 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 prescribed deemed expense ratio of 60%? | The 60% prescribed deemed expense 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 prescribed 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. |
| 1. I claimed the actual amount of business expenses incurred against my driving income. Can I deduct the remaining expenses incurred against my other income? | A PHC / taxi driver 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.  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.  However, unutilised trade losses incurred by 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. |
| 1. What forms of COVID relief are there? | The forms of COVID relief are:  1) Government SRF payout per vehicle per month (either through reduction in taxi rental or direct credit via bank transfer or e-wallet)  2) CDRF payout (either through reduction in taxi rental or direct credit via bank transfer or e-wallet)  3) Other additional support from your operator, if any. |
| 1. Are the Government SRF payouts taxable? | The government SRF payouts and CDRF payouts received by you are not taxable as the payouts are meant to provide financial support for you during the COVID-19 pandemic. If they are received in the form of rental reduction and if you choose to claim tax deduction based on actual expenses, you do not need to reduce your rental expenses claimed by the amounts received. You should be claiming the actual rental expenses which is charged by the operator before taking into account the SRF/CDRF payouts. |
| 1. Is the additional support from my operator taxable? | Yes, additional support is taxable as income. If the support is in the form of rental deduction and if you choose to claim tax deduction based on actual expenses, the rental expenses claimed has to less off this additional support. You should be claiming the actual rental expenses which is charged by the operator after taking into account the additional support. |
| 1. If I have received government SRF/CDRF payouts directly, should the payouts be included in my driving income when computing the 60% FEDR? | No, FEDR of 60% should be claimed against total income amount, excluding the SRF/CDRF amount. |
| 1. If I have received additional support from my operator directly, should the support be included in my driving income when computing the 60% FEDR? | Yes, FEDR of 60% should be claimed against total income amount, including the additional support received, if the support payments are assumed to supplement your driving income. |

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| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Type of relief** | Government SRF payout  Government CDRF payout | | Additional support from operator | | | **Mode of disbursement** | Given directly (bank transfer or e-wallet credit) | Reduction in taxi rental fees | Given directly (bank transfer or e-wallet credit) | Reduction in taxi rental fees | | **Tax treatment** | Not taxable as income | | Taxable as income  (to report as part of Revenue if the support payments are given to supplement your driving income) | | | **Tax deduction claim on either actual expenses or 60% FEDR:** | | | | | | **1) Actual expenses** | **-** | Do not reduce rental expense claim by payout | **-** | Reduce rental expense claim by support received | | **2) FEDR of 60%** | Do not include payout as income when claiming 60% FEDR | - | Include payout as income^ when claiming 60% FEDR | - |   ^ If the support payments are given to supplement your driving income.  For more information and FAQs on tax treatment for the Government SRF/CDRF payouts and additional support from operators, please refer to <https://www.iras.gov.sg/irashome/COVID-19-Support-Measures-and-Tax-Guidance/Tax-Guidance/For-Businesses/Point-to-Point-Support-Package/> and [https://safe.menlosecurity.com/https://www.iras.gov.sg/news-events/singapore-budget/covid-19-support-measures-and-tax-guidance/tax-guidance/for-companies-self-employed-partnerships/covid-19-driver-relief-fund](https://safe.menlosecurity.com/https:/www.iras.gov.sg/news-events/singapore-budget/covid-19-support-measures-and-tax-guidance/tax-guidance/for-companies-self-employed-partnerships/covid-19-driver-relief-fund)  From YA2020, if you are a self-employed commission agent (e.g. general commission agent, insurance agent, real estate agent or remisier) earning gross annual commission income of up to $50,000 for which you incurred deductible expenses, you can choose to claim tax deduction for expenses based on 25% of your gross commission income. This amount is deemed to be the sum of all expenses incurred to derive your commission income. |