

FAQ on the 60% Fixed Expense Deduction Ratio (FEDR) for Private Hire Car (PHC)/ Taxi drivers

General

S/N	Question	Answer
1	I am a PHC driver. Can I claim car-related expenses?	Yes, with effect from Year of Assessment (YA) 2019, PHC drivers can claim car-related expenses against your PHC driving income.
2	How did IRAS decide on 60% as the FEDR?	<p>In arriving at the FEDR, IRAS had sought inputs from various stakeholders including the National Private Hire Vehicles Association, the National Taxi Association and the 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 FEDR has been set at 60% and it covers most of the common allowable business expenses incurred by both PHC and taxi drivers in earning driving income (e.g. car rental, petrol).</p> <p>IRAS regularly reviews the FEDR for PHC and taxi drivers in consultation with stakeholders such as the Land Transport Authority (LTA). The review takes into account changes in the environment such as fluctuations in fuel prices and trip fares.</p>

Eligibility

S/N	Question	Answer
3	I drove a taxi for the first 4 months in 2023 and switched to driving a PHC for the rest of the year. Can I claim actual allowable business expenses incurred against my taxi driving income and 60% FEDR against my PHC driving income?	No, you cannot claim actual allowable business expenses against your taxi driving income and 60% FEDR against your PHC driving income. As you derived income as both taxi and PHC driver in the same year, you will need to exercise the same option for all your driving income.
4	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?	<p>Car-related expenses can only be claimed against income derived from PHC driving.</p> <p>Car-related expenses incurred in producing other income, e.g. commission income, are not allowed. However, you may claim actual allowable business expenses or the 25% FEDR (if your annual commission income is not more than \$50,000) against your commission income.</p>
5	My partner and I set up a partnership to provide ride-hailing services and rental of private hire cars. Can we claim the 60% FEDR against our income from the partnership?	<p>The 60% FEDR was introduced to simplify tax filing for individuals who exercise their vocation as a PHC/ taxi driver.</p> <p>Individuals who set up businesses such as partnerships to provide ride-hailing services and rental of private hire cars are therefore not allowed to claim the FEDR of 60%. Instead, the business can claim deduction on the actual amount of expenses incurred wholly and exclusively in the production of income such as ride hailing app related expenses, advertisement expenses, overhead costs, car-related expenses like repairs, maintenance and running costs.</p>

		<p>The business must maintain proper records such as receipts and invoices to support the claims.</p> <p>For information on the deductibility of business expenses and record keeping, please refer to Business expenses and Keeping proper records and accounts.</p>
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Claiming FEDR

S/N	Question	Answer
6	Can I claim the tax deduction based on 60% of my driving income?	Yes, the 60% FEDR is applicable to all PHC/ taxi drivers regardless of whether they drive on a full-time, part-time or casual basis.
7	How will the 60% FEDR be allowed to me?	<p>If your driving income is pre-filled in your Income Tax Return based on the income information transmitted by your transport service operators, the 60% FEDR will be allowed to you automatically. Refer to FAQs for pre-filling of PHC/ taxi drivers' information.</p> <p>If your driving income information is not pre-filled and you are e-Filing, you will have to select "TAXI/ PRIVATE HIRE CAR DRIVER" as the "Nature of Business" under the "Trade, Business, Profession or Vocation" section of your tax return in order for the 60% FEDR to be allowed to you.</p> <p>If you file via paper return, you need to compute the 60% FEDR manually and complete the 4-line/ 2-line statement accordingly.</p>
8	Instead of the 60% FEDR, can I claim tax deduction based on the actual amount of expenses incurred?	Yes, you can choose to claim the actual amount of expenses if you had incurred allowable business expenses that exceeded 60% of your gross driving income. To do so, simply amend your Income Tax Return accordingly.
9	If I am claiming deduction based on actual allowable business expenses, what expenses qualify for deduction?	<p>Expenses that you can claim for deduction should be incurred wholly and exclusively in the production of your driving income. These may include:</p> <ul style="list-style-type: none"> • 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. <p>Examples of disallowable business expenses:</p> <ul style="list-style-type: none"> • 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. <p>If the expenses are incurred partly for earning your driving income and partly for private or other purposes, you must ensure that the</p>

		<p>amount claimed is correctly apportioned. You can only claim the portion of expense that is incurred in earning your driving income.</p> <p>You may consider using measures such as mileage tracked as a basis of apportionment.</p>
10	<p>I am a PHC driver. If I claim tax deduction on the actual amount of car-related expenses incurred, can I claim 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.</p> <p>Even as our tax regime is updated to allow tax deduction for motor car-related expenses incurred by PHC drivers, it maintains support for our long-standing policies on car ownership to manage the growth of car population in Singapore.</p>
11	<p>If I have claimed the 60% FEDR against my driving income, can I still change my decision and claim a deduction based on the actual allowable business expenses incurred instead?</p>	<p>You may re-file your Income Tax Return and amend your option once:</p> <ul style="list-style-type: none"> • within 7 days after you e-Filed; or • by 18 April <p>whichever is earlier.</p> <p>To do so, you can:</p> <ol style="list-style-type: none"> 1. Log in to myTax Portal with your Singpass/ Singpass Foreign user Account (SFA) 2. Select 'Individuals' > 'Filing Matters' > 'File Income Tax Return' <p><u>What to do if you are unable to re-file?</u></p> <p>If you are unable to re-file (i.e. more than 7 days has passed since your original submission or after 18 Apr), please wait for your income tax bill (i.e. Notice of Assessment).</p> <p>Once you have received your tax bill (i.e. Notice of Assessment), you can amend your option using the "Object to Assessment" digital service:</p> <ol style="list-style-type: none"> 1. Log in to myTax Portal with your Singpass/ Singpass Foreign user Account (SFA) 2. Select 'Individuals' > 'Filing Matters' > 'Object to Assessment' <p>Your amendments must be filed within 30 days from the date stated in your income tax bill (i.e. Notice of Assessment). IRAS will review your amendments and inform you of the outcome.</p> <p>Notwithstanding any objections/ amendments filed, please note that you must still pay the taxes (if any), via GIRO or within 1 month from the date stated on your tax bill (i.e. Notice of Assessment) to avoid any late payment penalty.</p> <p>IRAS will refund you the credit balance, if any, within 30 days from the date of your new tax bill (i.e. amended Notice of Assessment), after reviewing your objection and revising your tax assessment.</p>
12	<p>If I have claimed the 60% FEDR against my driving income this year, can I opt to claim the actual allowable business expenses incurred next year?</p>	<p>You can elect your preferred claim basis yearly.</p> <p>Even though you may have exercised the option to claim tax deductions based on the FEDR this YA, you may choose not to do so for future YAs.</p>

13	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 YA 2019 onwards?	<p>You can continue to claim the capital allowance for the purchase cost of your taxi if you:</p> <p>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>
14	My actual amount of car-related expenses incurred is more than my driving income. Can I deduct the remaining expenses incurred against my other income?	<p>A PHC/ taxi driver is unlikely to incur a net loss as it is unusual for one to incur expenses that are higher than driving income in this trade.</p> <p>In an event where a driver incurs expenses in excess of his/ her driving income, he/ she will not be able to deduct the excess against other income if the excess relates to expenses not incurred to earn the driving income. For example, Mr Tan incurred car-related expenses which were higher than his driving income as he used his car for private purposes on weekdays and for private-hire use on weekends only. In this case, Mr Tan will not be able to claim deduction on expenses incurred for his private trips against his other income.</p> <p>In a situation where a PHC/ taxi driver only claims deduction on expenses solely incurred to earn the driving income and ends up in a net loss position, the unutilised trade losses can then be carried back or forward to be deducted against the driving income (i.e. income from the same trade) in the previous or a subsequent year. However, these losses cannot be claimed against other sources of income in the same or future YAs.</p>

Record keeping requirement

S/N	Question	Answer
15	If I am claiming deduction based on actual business expenses, do I need to keep documentation and records?	<p>Yes, you are required to keep proper records.</p> <p>You will qualify for Simplified Record Keeping (SRK) if your total driving income is less than \$200,000 for the past 2 financial years.</p> <p><u>If you qualify for SRK</u> You will need to keep simple records (e.g. listings) without the need to keep supporting documents (e.g. receipts and invoices).</p> <p>For more information on keeping of simple records, please refer to Simplified Record Keeping Requirements for Small Businesses.</p> <p><u>If you do not qualify for SRK</u> You are required to keep proper daily records and retain all supporting documents e.g. receipts, statements issued by the platform operators for at least 5 years from the YA to which the claim relate.</p> <p>For more information on proper record keeping, please refer to the Record Keeping Guide for Non GST-Registered Business.</p>
16	If I opt for the 60% FEDR, do I still need to	Yes, you are still required to keep proper records, even if you opt for the FEDR.

<p>keep documentation and records?</p>	<p>FEDRs simplify tax compliance by eliminating the need to determine the tax-deductibility of expenses.</p> <p>As a PHC/ taxi driver, you are still required to keep business records:</p> <ul style="list-style-type: none"> <p><u>If your gross revenue is \$200,000 or less in the past 2 financial years and you are eligible for Simplified Record Keeping (SRK)</u> You will need to keep simple records (e.g. listings) without the need to keep supporting documents (e.g. receipts and invoices).</p> <p>For more information on keeping of simple records, please refer to Simplified Record Keeping Requirements for Small Businesses.</p> <p><u>If your gross revenue is more than \$200,000 in any of the past 2 financial years or you do not qualify for SRK</u> You are required to keep proper daily records and retain all supporting documents e.g. receipts, statements issued by the platform operators for at least 5 years from the YA to which the claim relate.</p> <p>For more information on proper record keeping, please refer to the Record Keeping Guide for Non GST-Registered Business.</p>
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