

SINGAPORE

CAR RENTAL



Introduction

According to the Economist Intelligence Unit's (EIU) Worldwide Cost of Living (WCOL) survey, Singapore has consistently been listed as one of the most expensive cities in the world for expatriates. One of the key attributes to this is the high cost of vehicle ownership in Singapore.

Public transport is affordable and efficient, but for expats who are used to driving in their home country or other locations in Expatland, the idea of vehicle ownership will be very different in this island city. Most expats choose to lease a vehicle instead.

Though the high cost of vehicles naturally translates to higher rental compared to most other countries, renting a vehicle will give more flexibility and enable expats to better budget their expenses.



Car ownership

Due largely to its scarcity of land, vehicular traffic in Singapore must be properly controlled. In order to regulate car ownership and road usage, the Singapore government introduced the Certificate of Entitlement (COE) system since 1990 to complement existing taxes and duties.

The COE allows a buyer to register and own a vehicle in Singapore for a maximum of 10 years. They are obtained through an open bidding exercise that happens twice a month and by paying the prevailing premium related to the bid. The certificate is priced according to the vehicle engine size and horsepower – a larger engine attracts a higher premium. The average premium in 2019 for a Category A car (car with an engine size up to 1,600cc and horsepower 97kW) was SGD \$30,018; while a Category B car (engine size above 1,600cc or horsepower 97kW) was SGD \$38,837. This makes the price of owning a car extremely high.

The true cost of a vehicle includes not just COE, but also all the necessary costs such as registration fee, Additional Registration Fee (ARF), Vehicular Emissions surcharge/rebate (VES), customs duty, Goods and Service Tax (GST), road tax and insurance.

Regular maintenance, petrol, parking and road tolls should also be factored into an expat's budget when considering vehicle ownership in Singapore. Asset depreciation and disposal of the vehicle when the need to relocate occurs is another area of consideration.

Should you decide that purchasing a vehicle works for you, ensure that you buy only from reputable sources who are preferably CaseTrust accredited or from authorized dealers. A motoring business that achieves CaseTrust-SVTA accreditation is certified as a business with fair practices and standards. A motor dealer will be able work out what you need for the purchase but be sure that you are financially prepared for the down-payment of 30% or more, subject to loan eligibility and requirements.

Public transportation

The local government aims to make public transport reliable, inexpensive and efficient for all. The city is well connected by Mass Rapid Transit (MRT) and buses that can take you to most parts of the island conveniently.

Expats who plan on using public transportation regularly can commute easily with a reloadable EZ-Link card. There are also selected co-branded credit cards equipped with the EZ-link card function that can be used. As such, depending on the location of your employment and housing, you may not require a car in Singapore. However, if public transportation is somewhat inconvenient from your residence or you prefer to have more freedom and independence, then renting or leasing a vehicle can be considered.

Car Rental

Renting a vehicle relieves you from the financial and administrative burden of car ownership. A comprehensive service package is usually provided for hirers and that includes regular maintenance, a replacement vehicle every time the car is in the workshop for service or repair, door to door delivery and collection service as well as 24-hours emergency assistance. The cost of road tax, motor insurance and required inspection fees should also be covered.

Renting a car by paying a fixed rate every month gives you more predictability in managing your expenses. Another obvious advantage of car rental is flexibility – whether it is for a week, a month, a year or longer, the period of rental is entirely up to you. There is also no need to worry over depreciation risks and disposal.

There are more than 100 car rental companies in Singapore from

international brand names to local car rental companies. Generally, it is wise to choose a well established rental provider who can offer a wide range of vehicle selection, competitive rates and reliable services.

Bear in mind that vehicle models that you may be familiar with in your home country may not be available or well-priced in Singapore therefore it is advisable to remain open to available choices. A car rental provider with sound reputation will ensure that your interests are protected by providing well maintained vehicles, comprehensive insurance, reliable after-sales service, transparent and fair business practices with no hidden conditions. Ask within the expat community for recommendations will be a good place to start.

The process of renting a car is fairly straightforward. Once you have decided on your preferred vehicle, you will need to provide your personal particulars such as a valid driving license, your employment pass and contact details. Most rental companies levy an insurance surcharge for drivers who fall outside a specified group - usually less than 23 and more than 65 years old or possess less than 3 years of driving experience. These numbers may vary slightly from company to company. Driving to Malaysia is generally allowed but some rental companies may impose a travel surcharge and/or a loading on insurance deductible. Please take note of these options should you be keen on driving to Malaysia.

Driving in Singapore

Vehicles in Singapore are right-hand drive, similar to UK, Australia, New Zealand and Hong Kong.

Your foreign driver's license can be used for driving in Singapore but will only be valid for up to 1 year from your first date of arrival, after which you will need to be driving with a Singapore driver's license. If your foreign driving license is not in English, you must have either an International driving permit or an official translation of your driving

license in English obtained from the relevant Embassy, High Commission, or any Singapore registered translation companies.

- **Conversion of driver's license**

Converting your foreign license requires passing a basic theory test. It is essential to know that this cannot be done if your foreign license has already expired before the conversion.

After receiving your newly converted license, a Driver Improvement Points System (DIPS) will be tagged to your license. According to this system, in addition to traffic fines, demerit points will also be accorded to drivers who have violated any traffic rules. You should not accumulate more than 12 demerit points for the first year of driving; otherwise your license may be revoked. Examples such as failing to conform to traffic red light signals and exceeding speed limits by more than 40km/h will attract the maximum penalty of 12 demerit points.

For foreigners, your Singapore driving license will be valid only for five years from the date of issuance. There are usually no reminders from Traffic Police for renewals, therefore it is important to make a conscious effort to remember to renew your license at least 1 month before its expiry.

- **Road tolls**

Singapore is the first city in the world to implement electronic road pricing (ERP) system to address road congestion and these electronic gantries are installed at major roads such as those leading to the Central Business District.

All vehicles are installed with an In-Vehicle Unit machine that pays for road tolls automatically using a stored-value card, known as cash card that you place in the machine.

The ERP charge you pay depends on:

- a) the type of your vehicle; and
- b) the time you enter the ERP gantry.

During peak hours, charges can change every half hour to help spread traffic flow over a longer period of time. There are no ERP charges for Sundays and public holidays.

The ERP fee is immediately deducted from the cash card placed in the In-Vehicle Unit machine of your vehicle, so always ensure that your cash card has sufficient value. To top up your cash card, you may do so at any 7Eleven or local ATM. A cash card can also be used to pay for parking in retail malls and office buildings.

- **Child seat requirements**

Anyone below the height of 1.35m, irrespective of age, will be required to be secured with a child restraint appropriate for a person of that height and weight, use a booster seat to supplement the seat belt or an approved adjustable seat belt.

There are penalties for failing to comply and repeated offenders may be charged in court.

AT A GLANCE

- Singapore is one of the most expensive cities in the world to own a vehicle – therefore, equip yourself with essential knowledge on the cost of buying to assess if this option works for you.
- Choose to work with a well reputed vehicle dealer and be prepared to fork out a down-payment of 30% or more of the car price.
- Public transport in Singapore is efficient and inexpensive. All you need is a rechargeable EZ-link card to commute easily on trains and local buses.
- Renting a vehicle provides flexibility and predictability in managing your expenses.
- Choose a well established rental company that can provide a hassle free rental experience and reliable after-sales service.
- Vehicle models that you may be familiar with may not be available or well-priced in Singapore, therefore always keep an open mind to other choices.
- You may drive with your foreign license when you first arrive but it is mandatory to convert your license to a local one within 1 year.
- Be aware of the demerit points system tagged to a local license, where exceeding the maximum of 12 points in a year may cause your license to be suspended or revoked.
- Always ensure that you have sufficient value in your cash card to pay for road tolls and parking around the island.
- When driving with a child, ensure that they are properly secured with child seats/booster seats as long as they are below 1.35m, regardless of age.

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