

Duty on European, US vehicles as per value

By Amin Ahmed

ISLAMABAD, Feb 19: The Federal Board of Revenue (FBR) has decided to levy custom duty on the European and US models of vehicles based on their actual value, whereas duty and taxes on automotive vehicles of Asian makes remained unchanged.

The FBR has issued a notification amending SRO 577(I) 2005 in exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), clause (a) of sub-section (2) of section 13 of the Sales Tax Act, 1990, sections 148 and 53 read with the Second Schedule to the Income Tax Ordinance, 2001, stipulates as under.

Duties and taxes for automotive vehicles of Asian makes meant for transport of persons have been made specific which are: up to 800cc: \$4400; up to 801cc to 1000cc: \$5500; from 1001cc to 1300cc: \$11000; from 1301cc to 1500cc: \$15,400; from 1501cc to 1600cc: \$18,700; and from 1601cc to 1800cc: \$23,100. However, these rates do not apply on jeeps.

A senior official of FBR explained that the duties and taxes on the import of vehicles had been fixed in 2005 at a time when only Asian makes were being imported. Over the passage of time, expensive and high capacity

European and American models of passenger vehicles also started to be imported wherein the duties and taxes remained the same without considering the value of the vehicle.

According to market analysis, European and American vehicles including BMWs and Mercedes-Benzs now making way to the Pakistani markets are more expensive than the Asian makes. However, the ratio of such cars is much low as compared to the Asian makes.

The government decision will help FBR boost its revenue collection against duties and taxes for the import of vehicles other than Asian makes.