

The Prime Minister of Pakistan,
Prime Minister Secretariat,
Islamabad.

Subject: **Proposals For Budget 2010 - 2011**

Honorable Prime Minister,

Sir, we would like to make some proposals for budget 2010-2011. These suggestions, which are enumerated below, will help alleviate the problems the common man is facing due to the sharp increase in the price of vehicles over the last couple of years. We, All Pakistan Motor Dealers Association (APMDA) also make these suggestions as important stakeholders in Pakistan's auto industry, hoping to provide a lifeline to an industry severely affected by the economic downturn of the recent years.

In 2005-2006 import of used vehicles which was permitted after a long gap of 12 years. This was subsequently restricted to import of used vehicles of three years old only in different schemes, as a result of which local assemblers acquired a monopoly on prices and supply, and the freedom of choice of consumers was severely restricted.

In light of the above, the APMDA would like to make the following proposals for Budget 2010-2011.

1- Allow commercial imports of used vehicles of up to 10 years of age vehicles. Allowing commercial imports, in addition to existing schemes for the imports of used vehicles like Transfer of Residence Scheme, Gift Scheme and Baggage Scheme, would be in line with the Government's policy of the documentation of the economy. It would bring the imports of used vehicles business into the tax net and will help the Government expand its tax base. We suggest that only the certified members of APMDA should be allowed to import the used vehicles on commercial basis for the sake of transparency of the trade.

The existing schemes for the imports of used vehicles are for the facilitation of overseas Pakistanis. It is recommended that in Transfer of Residence scheme there should be no restriction of age limit for the import of vehicle.

The local assemblers are enjoying the monopolistic and consumer unfriendly benefits of a ban of used vehicles import for the last many years. They fleece common people in the shape of **100% advance payment** at the time of booking of a car and the delivery of a car takes three months to six months! As a result of delays in car delivery, the black marketeer charges a hefty premium (aka "on money") from innocent people. They arbitrarily **increase** the price for their car as and when they desire, resulting in significantly greater financial burden for the common man and profits for the auto assemblers than our neighboring countries. The promised levels of deletions have also not been achieved, despite the passage of many years.

2- **Regulatory duty** income decline has been a huge revenue loss, which is verifiable from all the Collectorates of Customs. We would like to draw your kind attention towards the problems faced due to issuance of **C.G.O. 01/09 dated 13-01-2009**. This Notification has **deprived** the legal, social and ethical right to obtain the depreciation @2% per month on old and used vehicles of **above 1800cc** imported by Overseas Pakistanis. This facility was available for the **last 30 years, before it was abruptly withdrawn**. As per current S.R.O. the depreciation on the Taxes and Import value of old used vehicle is @ 1% per month. The importers are already high tariff rate on account of **Regulatory Duty @ 50%** on the **vehicles of above 1800cc [Cars & Jeeps(4*4)]** and devaluation of currency. For the record, it is important to note that the local assemblers are not assembling cars of above 1800cc. The imports of **above 1800cc cars and jeeps(4*4)** would not hurt the local auto assemblers, unless they are charging an unfair profit on their smaller capacity vehicles..

3- The government should impose a fixed rate of duty on the import of used vehicles of engine capacity of above 1800 CC. It may be mentioned here, that used vehicles up to 1800 CC were already subjected to fixed rate of import duty. It would help the government check the revenue loss suffered due to arbitrary fixing of import duty and will help to eliminate the variation of taxes in all the ports of country. In that result the collection of taxes will be increased.

Sir, the simplification of the import procedure of used vehicles of all engine capacities and the fixation of duty for all used vehicles would be in line with the good governance policy pursued by the present Government. This would also help the government to enhance its tax base as well as the volume of revenue.

We assure you our full support and assistance. The undersigned would be available, should any further information or details be required. We look forward to your support as the democratically elected representatives of the people, who look forward to their reasonable freedom of choice and financial benefit and for the people of this industry, whose livelihoods depend on your decisions.

Kind regards,
Yours sincerely,

For CAR DEALS
Shabbir Dhanji

cc.
1- Minister for Commerce
2- Minister of State for Finance
3- Minister for Industry and Production
4- Chairman CBR.