

Import Of Vehicles

Taxpayer's facilitation Guide

Brochure-
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Vehicles classifiable under HS Chapter 87 are importable under various schemes. The law of land caters for import of both new and used vehicles under stipulations of Import Policy.

1). **Import of New Vehicles:**

New vehicles are importable into Pakistan freely by any one against payment of leviable duties & taxes under existing import procedures and requirements laid down in Import Policy Order and Customs law.

2). **Import of vehicles under Personal Baggage, Transfer of residence and Gift Schemes:**

The used vehicles are not importable into Pakistan in normal course of import procedure. The law, however, provides an exception in this regard and used vehicles can be imported by overseas Pakistanis under the following three schemes in terms of Appendix-E of Import Policy Order 2016:

- Personal Baggage
- Gift Scheme
- Transfer of Residence

The terms and conditions applicable for the import of vehicles under the above mentioned three schemes are tabled below:

S. No.	Requirements	Applicable terms and conditions		
		Transfer of Residence Scheme	Gift Scheme	Personal Baggage Scheme
a.	Import Eligibility	<ul style="list-style-type: none"> • Importable only by Pakistani national as defined in the Import Policy Order i.e. “<i>citizen of Pakistan residing abroad and includes a person having dual nationality, and a foreign national of indo-Pakistan origin holding Pakistani origin card</i>”. The said distinction of ‘citizen’ does not cover minors i.e under eighteen years of age. • The vehicle can be imported once in two years (700 days calculated from the date on which Goods Declaration was filed for the last import under the Import Policy Order). 		
b.	Type of vehicle which can be imported	Passenger car, bus, van, trucks, pick-ups including 4x4 vehicles, agriculture tractors, bulldozers, laser land levelers, combined harvesters and motorcycles or scooter.	Passenger car, bus, van, trucks, pick-ups including 4x4 vehicles, agriculture tractors, bulldozers, laser land levelers and combined harvesters	Passenger car, bus, van, trucks, pick-ups including 4x4 vehicles, agriculture tractors, bulldozers, laser land levelers and combined harvesters

S. No.	Requirements	Applicable terms and conditions		
		Transfer of Residence Scheme	Gift Scheme	Personal Baggage Scheme
c.	Age of vehicles which can be imported	Cars not more than three years old (since year of manufacturing) and other Vehicles not more than five years old (since year of manufacturing).		
d.	Required period of stay of Passenger out-side Pakistan	A minimum of 700 days stay out-side Pakistan during the past three years	A minimum of 700 days stay out-side Pakistan during the past three years	A minimum of 180 days stay out-side Pakistan during the last seven months preceding the date of application
e.	Donee (To whom the vehicle can be gifted)	Not applicable	A family member normally resident in Pakistan. "Family" means parents, sister, brother, husband, wife and children whether married or not, but excluding children under eighteen years of age.	Not applicable
f.	Documents required	<ul style="list-style-type: none"> • Goods Declaration • Export Certificate • Purchase receipt of the vehicle • Bill of lading dated not later than 120 days from date of arrival in Pakistan of the applicant • Attested photo copy of passport or Pakistan Origin Card (Original will be required at the time of clearance) 	<ul style="list-style-type: none"> • Goods Declaration • Export Certificate • Purchase receipt of the vehicle • Bill of lading showing name and address of the consignee • Attested photo copy of the passport or Pakistan origin card • CNIC of the donee 	<ul style="list-style-type: none"> • Goods Declaration • Export Certificate • Purchase receipt of the vehicle • Bill of lading, dated not later than 120 days from the date of arrival in Pakistan of the applicant • Attested photo copy of the passport or Pakistan Origin Card (Original will be required at the time of clearance)
g.	Condition of payment of duty and taxes out of foreign remittances as per SRO 52(I)/2019 dated 15.01.2019 issued by Ministry of Commerce and Textile, Islamabad	<p>All vehicles in new/used condition to be imported under transfer of residence, personal baggage or under gift scheme, the duty and taxes shall be paid out of foreign exchange arranged by Pakistan nationals themselves or local recipient supported by bank encashment certificate showing conversion of foreign remittance to local currency, as under;</p> <p>a) <i>the remittance for payment of duties and taxes shall originate from the account of Pakistani national sending the vehicle from abroad: and</i></p> <p>b) <i>the remittance shall either be received in the account of Pakistani national sending the vehicle from abroad or, in case, his account is nonexistent or inoperative, in the account of his Family"</i></p>		

Benefits/ Exemptions Allowed By Federal Government on Import of Vehicles

The Federal Government of Pakistan has extended various benefits / exemptions to the taxpayers for importing vehicles. The details concessions / exemptions are given as under:-

i. S.R.O. 577(I)/2005 Dated 06.06.2005 (Exemption from customs duty, sales tax, withholding tax on import of certain specified Old and used automotive vehicles)

The import of old and used automotive vehicles of Asian makes meant for transport of persons, specified in column (2) of the Table below, falling under PCT heading No. 87.03 of the First Schedule to the Customs Act, 1969 (IV of 1969), is exempted from so much of the customs-duty, sales tax and withholding tax as are in excess of the cumulative amount specified in column (3) thereof,

Sr. No	Automotive vehicles of Asian makes meant for transport of persons.	Duty and taxes in US\$ or equivalent amount in Pak rupees.
(1)	(2)	(3)
1	Up to 800cc	US\$ 4800
2	Upto 801-1000cc	US\$ 6000
3	From 1001-1300cc	US\$ 13200
4	From 1301-1500cc	US\$ 18590
5	From 1501-1600cc	US\$ 22550
6	From 1601-1800cc (excluding jeeps)	US\$ 27940

It is relevant to mention that the Federal Government has fixed the leviable duty and taxes of automotive vehicles of Asian makes meant for transport of persons as discussed above irrespective of their physical condition. The Customs officers do not have any discretionary power to increase / decrease the leviable duties / taxes.

ii. S.R.O.499(I)/2013 Dated: 12.06.2013 (Exemptions from customs duty, sales tax and Income tax on import of Hybrid Electric Vehicles (HEVs)

The Federal Government allowed to exempt customs duty, sales tax and withholding tax on import of Hybrid Electric Vehicles (HEVs) falling under PCT Code 87.03, specified in column (2) of the Table below, to the extent as specified in column (3) thereof, namely:

Sr. No	Engine Capacity	Concession of duty and taxes in US\$ or equivalent amount in Pak rupees.
(1)	(2)	(3)
1	Up to 1800 cc	50%
2	From 1801 cc to 2500 cc	25%

iii. S.R.O.277(I)/2010 Dated: 27.04.2010 (Exemption from custom duty on import of new motor cars upto 1350cc for disabled persons)

A disable person is allowed exemption of customs duty on import of new motor car of engine capacity not exceeding 1350cc, fitted with special gadgets for the purpose of compensating disability, for his own use subject to the following conditions and procedures namely:-

- (i) Only those disabled persons shall be entitled to import the customized cars who have been issued an import authorization certificate by the Ministry of Commerce as per criteria and conditions laid down in the Notification No. 6(I)/2009-Import-III, dated 01.09.2010, issued by the Ministry of Commerce (https://www.commerce.gov.pk/wp-content/uploads/pdf/SRO_61_2009_new.pdf);
- (iii) Only one car shall be allowed to be imported by a disabled person in terms of this notification.
- (iv) The car shall not be sold or otherwise transferred to any person before the expiry of five years from the date of its arrival in Pakistan, except under certain conditions mentioned in the aforesaid notification.

iv. S.R.O.644(I)/2018 Dated: 24.05.2018 (Exemption from customs duty on import of electric vehicles (CBU))

The Federal Government is pleased to exempt import of electric vehicles - Completely Buildup Unit (CBU) meant for transport of persons, falling under PCT Code 8703.8090 of the First Schedule to the Customs Act, 1969 (IV of 1969), from customs duty as is in excess of twenty five percent ad valorem.

Procedure for determination of Customs Value & Assessment of motor vehicles

The following procedure for determination of Customs Value & Assessment of motor vehicles is prescribed in order to ensure its uniform application at all Customs stations throughout the country:-

- (i) The FOB value of a motor vehicle at the time of its manufacture, as certified by the manufacturers or their authorized local agents shall be accepted.
- (ii) In case of domestic models, for which the FOB values are not provided by the manufacturers, the FOB values certified by the manufacturers or their authorized agents in case of export models of similar vehicles shall be loaded by 5% on the C&F value.
- (iii) The local agent's commission and other incidental charges, if any, shall be added to the so ascertained FOB value, if not already included in the price certified by the manufacturers or their authorized local agents.
- (iv) The actual amount of ocean/air freight as calculated from the country of original manufacture shall be added for the purpose of arriving at the C&F value of the imported vehicle.
- (v) Actual amount of insurance in the country of manufacture or first registration shall also be added in order to arrive at the CIF value. However, in case of non-availability of insurance memo for any reason, an amount equivalent to 1% of C&F value shall be included.

- (vi) Landing charges @ 1% of the sum total of CIF value shall be added to the price in order to arrive at the assessable value.
- (vii) The value of optional/additional accessories shall also be included in the assessable value of the vehicle, which shall be subjected to the rate of duty and taxes applicable to the vehicle in which the accessories are fitted.
- (viii) Customs duties and taxes shall be worked out on the basis of prescribed rates at the time of filing of the goods declaration (GD) except for old and used vehicles for which a cumulative amount of all leviable duties and taxes has been notified in the Gazette.
- (ix) Customs value of old and used vehicle Asian makes meant for transport of persons upto 1800cc are prescribed to be determined under SRO 577(I)/2005 dated 6th June, 2005.
- (x) Whenever, the customs value cannot be determined under SRO 577(I)/2005 dated 6th June, 2005, the same is to be finalized in accordance with the Valuation Ruling issued under Section 25A of the Customs Act, 1969, Where there is no Valuation Ruling and the value cannot be determined under 577(I)/2005 dated 6th June, 2005 too, the same is to be determined under on the basis of MSRP (Manufacturer Suggested Retail Price) while allowing the admissible depreciation in following three manners:-
 - a). Depreciation in the assessable value, for the purpose of assessment shall be allowed on the import of used/second hand motor vehicles at the rate of 2% per month for each completed month,(1st day of January of the year subsequent to the year of manufacture till the date of shipment as per Bill of lading), subject to a maximum of 50%.
 - b). Notwithstanding anything contained in Para (a) above, the depreciation in the assessable value, for the purpose of assessment on the import of used/ second hand vehicles falling

under PCT heading 87.03 shall be allowed at the rate of 1% per month for each completed month (1st day of January of the year subsequent to the year of manufacture till the date of shipment as per Bill of lading), subject to a maximum of [60% for cars and 50% for other vehicles].

- c). Notwithstanding anything contained in paragraph (a) and (b) above, the depreciation in the assessable value, for the purpose of assessment on the import of used/ second hand vehicles i.e. trucks, agricultural tractors, buses and vans shall be allowed at the rate of 2% per month for each completed month, (1st day of January of the year subsequent to the year of manufacture till the date of shipment as per Bill of lading), subject to maximum of 60%.
