

# Import Of Vehicles

## Taxpayer's Facilitation Guide

Brochure- \_\_\_\_\_  
December 2010

Revenue Division <b>Federal Board of Revenue</b> Government of Pakistan	<a href="mailto:helpline@fbr.gov.pk">helpline@fbr.gov.pk</a> 0800-00-227, 051-111-227-227 <a href="http://www.fbr.gov.pk">www.fbr.gov.pk</a>
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## *Our Vision*

*To be a modern, progressive, effective, autonomous and credible organization for optimizing revenue by providing quality service and promoting compliance with tax and related laws*

## *Our Mission*

*Enhance the capability of the tax system to collect due taxes through application of modern techniques, providing taxpayer assistance and by creating a motivated, satisfied, dedicated and professional workforce*

## *Our Values*

*Integrity*

*Professionalism*

*Teamwork*

*Courtesy*

*Fairness*

*Transparency*

*Responsiveness*

*For assistance and information on tax matters Please contact our help line center through Toll Free Telephone 0800-00-227 Telephone 051-111-227-227 or 051-111-227-228 Fax 051-9205593 E-mail [helpline@fbr.gov.pk](mailto:helpline@fbr.gov.pk) or*

*Visit our tax facilitation center (located in all major cities) or any tax office or Visit our website at [www.fbr.gov.pk](http://www.fbr.gov.pk)*

## Introduction

This brochure provides basic information for the benefit and use of taxpayers importing vehicle to understand their rights and obligations. The brochure explains in detail the conditions laid down in the Import Trade Policy and the structure of taxes under the Customs Act, 1969, Income Tax Ordinance, 2001, Sales Tax Act, 1990 and Capital Value Tax on import of vehicles.

In this brochure some terms that are not familiar to taxpayers used for the first time are in ***italic bold*** and explained appropriately.

*This brochure is to assist the taxpayers and reflects the legal position at the time of printing. In case of any conflict the legal provisions of the law shall always prevail over the contents of this brochure.*

## Comments and suggestions

We welcome your comments about this brochure and your suggestions for future editions. You can e-mail us at [memberfate@fbr.gov.pk](mailto:memberfate@fbr.gov.pk)

OR

You can write to us at the following address:

**Facilitation and Tax Education,  
Federal Board of Revenue,  
Constitution Avenue,  
Islamabad**

## IMPORT OF VEHICLES

1. The Trade Policy and Customs rules allow import of vehicles into Pakistan. Both new and used vehicles can be imported.
2. New vehicles can be imported freely by any one, under the generally applicable import procedures and requirements, like any other goods, on payment of applicable duty and taxes.
3. Used vehicles can only be imported by Pakistani Nationals under any of the following three schemes (certain restrictions and conditions apply):
  - Transfer of residence
  - Gift
  - Personal baggage
4. The terms and conditions applicable for the import of vehicles under the above mentioned three schemes are tabled below:

Table – I

S. No	Requirements	Applicable terms and conditions		
		Transfer of Residence Scheme	Gift Scheme	Personal Baggage Scheme
a.	Eligibility to import	Once in two years (700 days after the date of Bill of Entry / Goods Declaration of an earlier import under any of the three schemes)		
b.	Type of vehicle that can be imported	Cars meant for transport of passengers excluding busses, vans, trucks & pickups, 4X4 vehicles Agricultural tractors, bulldozers, laser land levelers and combined harvesters  Motor cycles and scooters	Cars meant for transport of passengers, excluding busses, vans, trucks & pickups, 4X4 vehicles Agricultural tractors, bulldozers, laser land levelers and combined harvesters	Cars meant for transport of passengers excluding busses, vans, trucks & pickups, 4X~4 vehicles Agricultural tractors, bulldozers, laser land levelers and combined harvesters
c.	Model of the vehicle	Not more than <i>Three</i> years old model (year of manufacturer)	Not more than <i>Three</i> years old model (year of manufacturer)	Not more than <i>Three</i> years old model (year of manufacturer)
d.	Importer's Period of stay out-side Pakistan	A minimum of 700 days stay out-side Pakistan during the immediately preceding three years from the date	A minimum of 700 days stay out-side Pakistan during the immediately preceding three years from the date	A minimum of 180 days stay out-side Pakistan during the immediately preceding seven months from the date of application

		of application	of application	
e.	Donee (To whom the vehicle can be gifted)	Not applicable	A family member normally resident in Pakistan i.e.:  i. By parents to children (adult)  ii. By children (adult) to parents  iii. By either of the spouse  iv. By sister to sister or brother v. By brother to brother or sister	Not applicable

f.	Procedure and Documents etc.	i. Goods declaration in the prescribed form as per Annexure I  ii. Purchase receipt of the vehicle  iii. Bill of lading, if applicable, dated not later than 120 days from the arrival of the applicant  iv. Attested photo copy of the passport or Pakistan origin card (Original will be required at the time of clearance)	i. Goods declaration in the prescribed form as per Annexure I  ii. Purchase receipt of the vehicle  iii. Bill of lading showing name and address of the consignee  iv. Attested photo copy of the passport of Pakistan origin card of the donor  v. CNIC of the donee	i. Goods declaration in the prescribed form as per Annexure I  ii. Purchase receipt of the vehicle  iii. Bill of lading, if applicable, dated not later than 120 days from the arrival of the applicant  iv. Attested photo copy of the passport or Pakistan origin card (Original will be required at the time of clearance)
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#### Regular import of new vehicles

5. Two different regimes are en-force for levy of the taxes payable on import of vehicles, under the above schemes. In this facilitation material, these are referred as **Special Regime** and **Normal Regime**.

Special Regime covers:

Certain specified used vehicles imported under the aforesaid three schemes.

Normal Regime covers:

New vehicles imported under the aforesaid three schemes;

Used vehicles imported under the aforesaid three schemes but are not covered under the special regime; and

#### SPECIAL REGIME

6. Under the "Special Regime" the taxes are levied on the basis of engine capacity, ***irrespective of the value of the vehicle and the optional or additional*** accessories. The accumulated amount of taxes, covering Custom Duty, Sales Tax, Income Tax and Capital Value Tax based on engine capacity, on import of the used ***vehicles meant for transport of passengers***, are tabled below:

TABLE – II

Type of vehicle (Used vehicles meant for transport of passengers)	Taxes
Upto 800 CC (Asian makes only)	US\$ 4,400

Upto 800 CC (Other than Asian makes)	US\$ 6,600
From 801 CC to 1000 CC	US\$ 5,500
From 1001 CC to 1300 CC	US\$ 11,000
From 1301 CC to 1500 CC	US\$ 15,400
From 1501 CC to 1600 CC	US\$ 18,700
From 1601 CC to 1800 CC excluding jeeps (Asian makes only)	US\$ 23,100

For enquiries about applicable duties and taxes on vehicles other than those meant for transport of passengers, please contact FBR's Help Line Center.

7. The amount of taxes stated in Table – II, above, are reduced on account of depreciation in value of the vehicle at the rate

of 1% for each completed month subject to a maximum of 50%.

Each completed month for depreciation is calculated from the date of first registration of the vehicle abroad to the date of entry into Pakistan.

8. The amount of taxes stated in Table – II above, are payable in US Dollars or equivalent amount in Pak Rupees converted at the rates prevailing at the time of making the payment of the taxes.

9. The following example would explain how the amount of taxes payable are determined under the above mentioned Special Regime:

## NORMAL REGIME

10. Under the “**Normal Regime**” the taxes are levied on the basis of both engine capacity and value of the vehicle.
11. Normal regime covers the import of following categories of vehicles:

New vehicles imported under the aforesaid three schemes;

Used vehicles imported under the aforesaid three schemes but are not covered under the special regime; and

Regular import of new vehicles.

12. The rates of taxes under the normal regime on import of vehicles meant for transportation of passengers are tabled below:

TABLE – III

Type of vehicle (meant for transport of passengers)	Customs Duty on Value Assessed (See Para 13 below)	Sales Tax on Duty paid value	Income Tax on Sales Tax paid value	Special Federal Excise Duty on duty paid value
Used vehicles (Not covered under special regime)				

Particulars	Example-I Transfer of Residence	Example-II Gift scheme	Example-III Personal baggage
Engine capacity	800 CC (Asian Make)	1299 CC (Any Make)	1700 CC (Asian Make)
Date of registration abroad	1 <sup>st</sup> Jan, 2005	1 <sup>st</sup> July, 2006	1 <sup>st</sup> May, 2007
Date of entry into Pakistan	20 <sup>th</sup> July, 2007	20 <sup>th</sup> July, 2007	20 <sup>th</sup> July, 2007
Period between first registration and entry into Pakistan	30 Months and 20 days	12 Months and 20 days	02 Months and 20 days
Completed months	30 Months	12 Months	02 Months
Depreciation @ 1% per month	30%	12%	2%
Admissible depreciation (restricted to 50%)	30%	12%	2%
Full amount of taxes	US \$ 4,400	US \$ 11,000	US \$ 23,100
Reduction in taxes to the extent of the amount of depreciation	US \$ 1,320 (30% of US \$ 4,400)	US \$ 1,320 (12% of US \$ 11,000)	US \$ 462 (2% of US \$ 23,100)
Actual amount of taxes payable	US \$ 3,080	US \$ 9,680	US \$ 22,638
From 1601 CC to 1800 CC (Other than Asian makes)	75.00%	17.00 %	5.00% 1.00%

From 1601 CC to 1800 CC (Jeeps)	75.00%	17.00 %	5.00%	1.00%
From 1801 CC and above	100.00% R.D. 50.00%	17.00 %	5.00%	1.00%
New Cars (Regular import or under aforesaid three schemes)				
Upto 800 CC	50.00%	17.00 %	5.00%	1.00%
From 801 CC to 1000 CC	55.00%	17.00 %	5.00%	1.00%
From 1001 CC to 1300 CC	60.00%	17.00 %	5.00%	1.00%
From 1301 CC to 1500 CC	60.00%	17.00 %	5.00%	1.00%
From 1501 CC to 1600 CC	75.00%	17.00 %	5.00%	1.00%
From 1601 CC to 1800 CC	75.00%	17.00 %	5.00%	1.00%
From 1801 CC and above	100.00% R.D. 50.00%	17.00 %	5.00%	1.00%

13. The value of a vehicle for the purposes of levy of above taxes is determined as under:

- Export model - FOB value at the time of its manufacture, as certified by the manufacturer or its authorized local agent.
- Domestic model - FOB value for similar export model certified by the manufacturer or its authorized agent, plus 5% of the C&F value.

c. In addition, the followings incidental charges and costs are added:

- Value of optional / additional accessories;
- Local agent's commission;
- Ocean/air freight calculated from the country where originally manufactured;
- Insurance in the country where manufactured or where first registered (in case of non-availability of insurance memo an amount equivalent to 1% of C&F value);
- Landing charges at the rate of 1% of the CIF value;
- Other incidental charges;

14. In case of used vehicles, the value determined as above, is reduced on account of depreciation of the vehicle at the rate of 1% for each completed month subject to a maximum of 50%.

Each completed month for depreciation is calculated from the date of first registration abroad of the vehicle to the date of entry into Pakistan.

15. The following examples based on notional values, would explain how the value of a vehicle is determined for the purpose of levy of taxes, under the above-mentioned Normal Regime.

Particulars	Example-I Transfer of Residence	Example-II Gift Scheme OR Regular Import	Example-III Gift Scheme	Example-IV Personal Baggage
Engine capacity and make	1800 CC European make, Used car	1600 CC Any make, New Car.	1800 CC Any make, Used car	2200 CC Any make, Used Car.
FOB value as certified by the manufacturer at the time of its manufacturer	US \$ 1,000	US \$ 1,000	US \$ 1,000	US \$ 1,000
Optional / additional accessories	US \$ 100	US \$ 100	US \$ 100	US \$ 100
Local agent's commission	US \$ 100	US \$ 100	US \$ 100	US \$ 100
Freight from country originally manufactured e.g. (Osaka, Japan to Karachi- Pakistan)	US \$ 100	US \$ 100	US \$ 100	US \$ 100



Sub- total(C & F value)	US \$ 1,300	US \$ 1,300	US \$ 1,300	US \$ 1,300
Insurance @ 1% of C & F value	US \$ 13	US \$ 13	US \$ 13	US \$ 13
Sub- total (CI F value)	US \$ 1,313	US \$ 1,313	US \$ 1,313	US \$ 1,313
Landing charges @1% of CI F value	US \$ 13	US \$ 13	US \$ 13	US \$ 13
Other incidental charges, if any	US \$ 74	US \$ 74	US \$ 74	US \$ 74
Value assessed	US \$ 1,400	US \$ 1,400	US \$ 1,400	US \$ 1,400
Date of first Registration abroad	1 <sup>st</sup> Feb, 2005	NA	1 <sup>st</sup> Feb, 2006	20 <sup>th</sup> April, 2007
Date of Entry in to Pakistan	20 <sup>th</sup> July, 2007	NA	20 <sup>th</sup> July, 2007	20 <sup>th</sup> July, 2007
Period between first registration and entry into Pakistan	29 Months & 20 days	NA	17 Months & 20 days	3 months
Completed months	29 Months	NA	17 Months	3 months
Depreciation @ 1% per month	29 %	NA	17 %	3%
Admissible depreciation (Restricted to 50%)	29%	Nil	17%	3%
Reduction in value to the extent of admissible depreciation	US \$ 406 (29% of US \$ 1,400)	Nil	US \$ 238 (17% of US \$ 1,400)	US \$ 42 (3% of US \$ 1,400)
Depreciated value in US \$ for the purpose of levy of duty	US \$ 994	US \$ 1,400	US \$ 1,162	US \$ 1,358
Prevailing exchange rate	US \$ 1 =Rs. 85	US \$ 1 =Rs. 85	US \$ 1 =Rs. 85	US \$ 1 =Rs. 85
Depreciated value in Pak Rupees for the purpose of levy of duty	Rs. 84,490	Rs. 119,000	Rs. 98,770	Rs. 115,430

16. Once the value is determined the amount of taxes payable are calculated as under:

Value determined of 1600 CC new vehicle  
Under gift scheme (Example II) Rs. 119,000

Custom Duty - applicable rate 75%  
(75% of Value determined Rs. 119,000 Rs. 89,250

Sales Tax - applicable rate 17%  
(17% of Value determined Rs. 119,000  
plus Custom Duty Rs. 89,250  
Total Rs. 2,08,250 Rs. 35,402

Income Tax - applicable rate 05%

(05% of	Value determined	Rs. 119,000	
	plus Custom Duty	Rs. 89,250	
	plus Sales Tax	Rs. 35,402	
	Total	Rs. 243,652	Rs. 12,183
Special Federal Excise Duty - applicable rate 1.00%			
(1.00% of	Value determined	Rs. 119,000	
	plus Custom Duty	Rs. 89,250	
	Total	Rs. 208,250	Rs. 2,083
Total Taxes			Rs. 138,918

*Each tax rupee that you pay helps Pakistan improve its standing, economically and socially, in the nations of the world.*

*If you are not satisfied  
– Tell us.*

*If you are satisfied  
– Tell others*

GOOD DECLARATION. GD-1

ORIGINAL COPY

CUSTOMS FILE NO.

ANNEX-I

1.EXPORTER" S/CONSIGNOR" S NAME AND ADDRESS		2.DECLARATION TYPE	3.VALUATION METHOD	4. PREVIOUS REF
		5.PAGE 1 OF PAGES	6.CUSTOMS OFFICE	7. BANK CODE
		8.IGM/EGM REFERENCE & DATE	8a. INDEX	
10. IMPORTER" S/CONSIGNEE" S/PASSENGER" S NAME & ADDRESS		9.DRY PORT IGM/EGM REFERENCE & DATE		9a. INDEX
		11. DECLARANT (OTHER THAN EXPORTER/IMPORTER)		
		12(a)TEL: 13.C.H.A.L. NO JOB NO		
14.NTN	15.STR NO. / PASSPORT NO.	16.WAREHOUSE LICENCE NO.	17. TRANSACTION TYPE	
18.DOCUMENTS ATTACHED E-FORM NO.& DATE INV [ ]B/G BL/AWB/ [ ]IT EXMP CO [ ]		19.LC / DD NO. AND DATE	20. COUNTRY OF DESTINATION	
		21.CURRENCY NAME & CODE	30. MARKS/CONTAINER NOs.	
22.VESSEL/MODE OF	23.BL, AWB, CON- NO. &	24.EXCHANGE RATE		

TRANSPORT		DATE		25.PORT OF SHIPMENT		26.PAYMENT TERMS	
27.PORT OF DISCHARGE		28. PLACE OF DELIVERY		29.DELIVERY TERMS			
31.NUMBER OF PACKAGES		32.TYPE OF PACKAGES		33 (a)GROSS WT (KG)		34.VOLUME M3	
35.GENERAL DESCRIPTION OF GOODS				(b) NET WT (KG)			
36. IN THE CASE OF DANGEROUS GOODS, INDICATE HAZARD CLASS/DIV; FLASHPOINT (IN C ) °							
37.ITEM NO. <b>01</b>	38. QUANTITY (a) Unit type	38(b) No of units	39. CO CODE	40.SRO NO.		41. HS CODE	
42.ITEM DESCRIPTION OF GOODS						46.LEVY	47.RATE
42(a.)							
43. UNIT VALUE		44. TOTAL VALUE		45.CUSTOMS VALUES (PKR)			
DECLARED	ASSESSED	DECLARED	ASSESSED	DECLARED	ASSESSED		
37.ITEM NO. <b>02</b>	38. QUANTITY (a) Unit type	38(b) No of units	39. CO CODE	40.SRO NO.			41. HS CODE
42.ITEM DESCRIPTION OF GOODS						46.LEVY	47.RATE
42(a.)							
43. UNIT VALUE		44. TOTAL VALUE		45.CUSTOMS VALUES (PKR)			
DECLARED	ASSESSED	DECLARED	ASSESSED	DECLARED	ASSESSED		
49.SRO/TEST REPORT NO & DT		50. FOB VALUE				54. LANDING CHARGES @%	
		51. FREIGHT				55. OTHER CHARGES	
		52. CFR VALUE				56. ASSESSED VALUE	
		53. INSURANCE %				57. TOTAL REBATE CLAIM/ASSMNT U/S 81	
58. MACHINE NO. & DATE	59. REVENUE RECOVERED CODE   LEVY	60.AMOUNT (PKR)	61. A.O" S SIG. & STAMP		64. I/We declare that the above particulars are true & correct		
			62. P.A. SIG. & STAMP		DECLARANT" S NAME & DESIGNATION SIG & DATE		
			63. OUT OF CHARGE SIG. & STAMP		65. C/F/D NO. & DATE		
	TOTAL:				66. BANK STAMP		

**GOODS DECLARATION. GD-I**

# Other Facilitation and Tax Education Material Produced by Federal Board of Revenue

## *Computer software*

*Income Tax Assistant Version 1.0 for the tax year 2003*

*Income Tax Assistant Version 1.1 for the tax year 2004*

*Income Tax Assistant Version 1.1 for the tax year 2005*

*For computing chargeable income from salary, property, business, capital gains and other sources, exclusions from income, taxable income, applicable gross income tax reductions, credits etc. and income tax payable / refundable*

*For generating related computations, returns, certificates, statements, wealth statement and its reconciliation*

## *Publications*

*Brochure – 001 Universal self-assessment and record keeping*

*Brochure – 002 Business accounts, documents and records*

*Brochure – 003 Taxation of income from salary*

*Brochure – 004 Taxation of income from property*

*Brochure – 005 Collection and deduction of tax at source*

*Brochure – 006 How to fill in income tax forms*

*Brochure – 007 Charities*

*Brochure – 008 Income Tax Appeals*

*Brochure – 009 Taxation of income from dividend*

*Brochure – 010 Depreciation, initial allowance and  
amortization of capital expenditure*

*Brochure – 011 The mechanism of Alternate Dispute Resolution*

*Brochure – 012 Taxpayer's Charter*

*Brochure – 013 Import of vehicles*

*Quarterly Review*

*Year Book*

## *Under Publication*

*Pakistan Baggage Rules*

*Taxation of capital gains*

*Taxation of income from profit on debt*

*Incomes subject to final taxation*

*Sales Tax guide*

*F A T E*

*“Facilitation And Tax Education “*

*Is the Key to*

*Voluntary Compliance*

*And*

*Voluntary Compliance*

*Is the Key to*

*“Better Revenues”*

*Grievance*