Import
Of
Vehicles
Taxpayer’s Facilitation Guide

Brochure- ___
December 2010

Revenue Division
Federal Board of Revenue
Government of Pakistan
helpline@fbr.gov.pk
0800-00-227, 051-111-227-227
www.fbr.gov.pk

Brochure – Import of Vehicle
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 or

Visit our tax facilitation center (located in all major cities) or any tax office or
Visit our website at 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

**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 anyone, 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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Requirements</th>
<th>Transfer of Residence Scheme</th>
<th>Gift Scheme</th>
<th>Personal Baggage Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Eligibility to import</td>
<td>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)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td>Type of vehicle that can be imported</td>
<td>Cars meant for transport of passengers excluding busses, vans, trucks &amp; pickups, 4X4 vehicles Agricultural tractors, bulldozers, laser land levelers and combined harvesters Motor cycles and scooters</td>
<td>Cars meant for transport of passengers excluding busses, vans, trucks &amp; pickups, 4X4 vehicles Agricultural tractors, bulldozers, laser land levelers and combined harvesters</td>
<td>Cars meant for transport of passengers excluding busses, vans, trucks &amp; pickups, 4X4 vehicles Agricultural tractors, bulldozers, laser land levelers and combined harvesters</td>
</tr>
<tr>
<td>c.</td>
<td>Model of the vehicle</td>
<td>Not more than Three years old model (year of manufacturer)</td>
<td>Not more than Three years old model (year of manufacturer)</td>
<td>Not more than Three years old model (year of manufacturer)</td>
</tr>
<tr>
<td>d.</td>
<td>Importer’s Period of stay out-side Pakistan</td>
<td>A minimum of 700 days stay out-side Pakistan during the immediately preceding three years from the date</td>
<td>A minimum of 700 days stay out-side Pakistan during the immediately preceding three years from the date</td>
<td>A minimum of 180 days stay out-side Pakistan during the immediately preceding seven months from the date of application</td>
</tr>
</tbody>
</table>

Brochure – Import of Vehicle
<table>
<thead>
<tr>
<th></th>
<th>of application</th>
<th>of application</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.</td>
<td>Donee (To whom the vehicle can be gifted)</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
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)

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>
<thead>
<tr>
<th>Type of vehicle (Used vehicles meant for transport of passengers)</th>
<th>Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 800 CC (Asian makes only)</td>
<td>US$ 4,400</td>
</tr>
</tbody>
</table>
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:

### TABLE – III

<table>
<thead>
<tr>
<th>Type of vehicle (meant for transport of passengers)</th>
<th>Customs Duty on Value Assessed (See Para 13 below)</th>
<th>Sales Tax on Duty paid value</th>
<th>Income Tax on Sales Tax paid value</th>
<th>Special Federal Excise Duty on duty paid value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used vehicles (Not covered under special regime)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Brochure – Import of Vehicle**
c. In addition, the followings incidental charges and costs are added:
   
i. Value of optional / additional accessories;
   
ii. Local agent’s commission;
   
iii. Ocean/air freight calculated from the country where originally manufactured;
   
iv. 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);
   
v. Landing charges at the rate of 1% of the CIF value;
   
vi. 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.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Example-I Transfer of Residence</th>
<th>Example-II Gift Scheme OR Regular Import</th>
<th>Example-III Gift Scheme</th>
<th>Example-IV Personal Baggage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine capacity and make</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1800 CC European make, Used car</td>
<td>1600 CC Any make, New Car.</td>
<td>1800 CC Any make, Used car</td>
<td>2200 CC Any make, Used Car.</td>
<td></td>
</tr>
<tr>
<td>FOB value as certified by the manufacturer at the time of its manufacturer</td>
<td>US $ 1,000</td>
<td>US $ 1,000</td>
<td>US $ 1,000</td>
<td>US $ 1,000</td>
</tr>
<tr>
<td>Optional / additional accessories</td>
<td>US $ 100</td>
<td>US $ 100</td>
<td>US $ 100</td>
<td>US $ 100</td>
</tr>
<tr>
<td>Local agent’s commission</td>
<td>US $ 100</td>
<td>US $ 100</td>
<td>US $ 100</td>
<td>US $ 100</td>
</tr>
<tr>
<td>Freight from country originally manufactured e.g. (Osaka, Japan to Karachi- Pakistan)</td>
<td>US $ 100</td>
<td>US $ 100</td>
<td>US $ 100</td>
<td>US $ 100</td>
</tr>
<tr>
<td>Description</td>
<td>US $ 1,300</td>
<td>US $ 1,300</td>
<td>US $ 1,300</td>
<td>US $ 1,300</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Sub- total (C &amp; F value)</td>
<td>US $ 1,300</td>
<td>US $ 1,300</td>
<td>US $ 1,300</td>
<td>US $ 1,300</td>
</tr>
<tr>
<td>Insurance @ 1% of C &amp; F value</td>
<td>US $ 13</td>
<td>US $ 13</td>
<td>US $ 13</td>
<td>US $ 13</td>
</tr>
<tr>
<td>Sub- total (CI F value)</td>
<td>US $ 1,313</td>
<td>US $ 1,313</td>
<td>US $ 1,313</td>
<td>US $ 1,313</td>
</tr>
<tr>
<td>Landing charges @1% of CI F value</td>
<td>US $ 13</td>
<td>US $ 13</td>
<td>US $ 13</td>
<td>US $ 13</td>
</tr>
<tr>
<td>Other incidental charges, if any</td>
<td>US $ 74</td>
<td>US $ 74</td>
<td>US $ 74</td>
<td>US $ 74</td>
</tr>
<tr>
<td>Value assessed</td>
<td>US $ 1,400</td>
<td>US $ 1,400</td>
<td>US $ 1,400</td>
<td>US $ 1,400</td>
</tr>
<tr>
<td>Date of first Registration abroad</td>
<td>1st Feb, 2005</td>
<td>NA</td>
<td>1st Feb, 2006</td>
<td>20th April, 2007</td>
</tr>
<tr>
<td>Date of Entry in to Pakistan</td>
<td>20th July, 2007</td>
<td>NA</td>
<td>20th July, 2007</td>
<td>20th July, 2007</td>
</tr>
<tr>
<td>Period between first registration and entry into Pakistan</td>
<td>29 Months &amp; 20 days</td>
<td>NA</td>
<td>17 Months &amp; 20 days</td>
<td>3 months</td>
</tr>
<tr>
<td>Completed months</td>
<td>29 Months</td>
<td>NA</td>
<td>17 Months</td>
<td>3 months</td>
</tr>
<tr>
<td>Depreciation @ 1% per month</td>
<td>29%</td>
<td>NA</td>
<td>17%</td>
<td>3%</td>
</tr>
<tr>
<td>Admissible depreciation (Restricted to 50%)</td>
<td>29%</td>
<td>Nil</td>
<td>17%</td>
<td>3%</td>
</tr>
<tr>
<td>Reduction in value to the extent of admissible depreciation</td>
<td>US $ 406 (29% of US $ 1,400)</td>
<td>Nil</td>
<td>US $ 238 (17% of US $ 1,400)</td>
<td>US $ 42 (3% of US $ 1,400)</td>
</tr>
<tr>
<td>Depreciated value in US $ for the purpose of levy of duty</td>
<td>US $ 994</td>
<td>US $ 1,400</td>
<td>US $ 1,162</td>
<td>US $ 1,358</td>
</tr>
<tr>
<td>Prevailing exchange rate</td>
<td>US $ 1 =Rs. 85</td>
<td>US $ 1 =Rs. 85</td>
<td>US $ 1 =Rs. 85</td>
<td>US $ 1 =Rs. 85</td>
</tr>
<tr>
<td>Depreciated value in Pak Rupees for the purpose of levy of duty</td>
<td>Rs. 84,490</td>
<td>Rs. 119,000</td>
<td>Rs. 98,770</td>
<td>Rs. 115,430</td>
</tr>
</tbody>
</table>

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 plus Custom Duty)
Rs. 119,000  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

19.LC / DD NO. AND DATE

18a.INV [] B/G

19.a. COUNTRY OF DESTINATION

18b.BL/AWB/ [ ] IT EXMP

20. COUNTRY OF DESTINATION

18c.CO [ ]

21.CURRENCY NAME & CODE

30. MARKS/CONTAINER NOs.

19.B/P NO. AND DATE

22.VESSLE/MODE OF

23.BL, AWB, CON- NO. &

24.EXCHANGE RATE

Brochure – Import of Vehicle
<table>
<thead>
<tr>
<th>TRANSPORT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PORT OF SHIPMENT</td>
<td>PAYMENT TERMS</td>
</tr>
<tr>
<td>PORT OF DISCHARGE</td>
<td>PLACE OF DELIVERY</td>
</tr>
<tr>
<td>DELIVERY TERMS</td>
<td></td>
</tr>
<tr>
<td>NUMBER OF PACKAGES</td>
<td>TYPE OF PACKAGES</td>
</tr>
<tr>
<td>GROSS WT (KG)</td>
<td>NET WT (KG)</td>
</tr>
<tr>
<td>GENERAL DESCRIPTION OF GOODS</td>
<td></td>
</tr>
<tr>
<td>IN THE CASE OF DANGEROUS GOODS, INDICATE HAZARD CLASS/DIV; FLASHPOINT (IN °C)</td>
<td></td>
</tr>
<tr>
<td>ITEM NO.</td>
<td>QUANTITY</td>
</tr>
<tr>
<td>a) Unit type</td>
<td>(b) No of units</td>
</tr>
<tr>
<td>CO CODE</td>
<td>SRO NO.</td>
</tr>
<tr>
<td>HS CODE</td>
<td></td>
</tr>
<tr>
<td>DESCRIPTION OF GOODS</td>
<td></td>
</tr>
<tr>
<td>GROSS WEIGHT</td>
<td>NET WT</td>
</tr>
<tr>
<td>DANGEROUS GOODS, INDICATE HAZARD CLASS/DIV; FLASHPOINT</td>
<td></td>
</tr>
<tr>
<td>ITEM NO.</td>
<td>QUANTITY</td>
</tr>
<tr>
<td>a) Unit type</td>
<td>(b) No of units</td>
</tr>
<tr>
<td>CODE</td>
<td>SRO NO.</td>
</tr>
<tr>
<td>HS CODE</td>
<td></td>
</tr>
<tr>
<td>DESCRIPTION OF GOODS</td>
<td></td>
</tr>
<tr>
<td>UNIT VALUE</td>
<td>TOTAL VALUE</td>
</tr>
<tr>
<td>DECLARED</td>
<td>ASSESSED</td>
</tr>
<tr>
<td>CUSTOMS VALUES</td>
<td></td>
</tr>
<tr>
<td>LEVY</td>
<td>RATE</td>
</tr>
<tr>
<td>SRO/TEST REPORT NO &amp; DT</td>
<td></td>
</tr>
<tr>
<td>CODE</td>
<td>LEVY</td>
</tr>
<tr>
<td>MACHINE NO. &amp; DATE</td>
<td></td>
</tr>
<tr>
<td>REVENUE</td>
<td>AMOUNT (PKR)</td>
</tr>
<tr>
<td>RECOVERED CODE</td>
<td>LEVY</td>
</tr>
<tr>
<td>TOTAL:</td>
<td></td>
</tr>
<tr>
<td>FOR BOND SECTION’S USE</td>
<td></td>
</tr>
</tbody>
</table>

**GOODS DECLARATION. GD-I**

### INQUIRY

**ADVANCE/AMENDMENT /REJECTION (WITH GROUNDS)**

**REGISTRATION BY PORT AUTHORITIES**

**WHARFAGE CHARGES**

**STORAGE CHARGES**

**GATE PASS**

**REGISTRATION BY CUSTOMS SHED STAFF**

**A) DATE OF RECEIPT**

**B) TIME OF RECEIPT**

**C) REGN. NO**

**EXAMINATION REPORT BY CUSTOMS SHED STAFF**

**LOCATION**

**B) INSPECTED THE WHOLE COMPRISING**

**C) EXAMINED**

**D) CONTAINER NOS**

**E) MARKS AND NUMBERS**

**F) IGMEG**

**INDEX**

**PHYSICAL EXAMINATION**

**DISCREPANCIES**

**SPECIFICATION**

**QUANTITY**

**ORIGIN**

**PCT HEADING**

**WEIGHT (GROSS/NET)**

**DATE OF MFG/EXPIRY**

**OTHERS**

**OBJECTIVE VERIFICATION**

**DECLARATIONS AS PER PACKING LIST**

**HAS THE VALUE BEEN APPRAISED**

**IF YES, MENTION THE VALUE**

**IS SAMPLE FORWARDED TO GROUP/LAB**

**ANY ADDITIONAL EXAM REPORT**

**SHEET (ATTACHED)**

**S SIG. & DATE**

**Continued.**
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

Brochure – Import of Vehicle