

CEAFP 00138/06/2021 - Dated: 07-06-2021

To,
The Chairman,
Federal Board of Revenue - Government of Pakistan

Subject: Reservation on Amendments in Import Policy order (IPO 2020) of used car import

Honourable Chairman,

Speculations are on the peak in this budget season regarding the amendments in different clauses of **IPO (Import Policy Order) 2020** related to used car import. It is the only facility used by overseas Pakistanis after paying one of the world's highest tariffs (**100% to 365% duty and taxes**) Although they are contributing **24B\$ per annum to the foreign reserves** of the country which is the major source of forex in country as per SBP, but still they are facing hardships such as they have to send the duty amount through bank account.

On 15/01/2019, authorities issued SRO 52-1 which aimed to reduce the import volumes of used cars and it is evident that authorities have achieved that target by reducing **85 % import volume**. In previous the import volume was more than **80,000 / year** which has been cut down to **12,000 / year**. The surprising thing is that this number which is not even 8% share of automotive sector is marked as '**Misused**' by the authorities.

Anything within the law cannot be called as misused. It is simply selling services, the law permits every citizen to get compensation. The ultimate beneficiaries in this process is the normal Pakistani. **This sector of economy can be called best example of nepotism by authorities** and it is engineered with such beauty that while paying all duties, taxes, penalties, fines and port charges like **commercial import** but it is given the status of **non-commercial import**.



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FBRs office memorandum (OM) 1(3) TAR-111/2013 dated 2nd June, 2021 suggesting amendment in IPO para 3(6) appendix –E. Point #3 in the office memorandum states that “Import of vehicle under the schemes shall only be allowed if the vehicle is imported from any port of country of residence / stay”

The above speculated changes are not practical and have been put forward without taking ground realities into consideration such as:

- Currently there are three import schemes i.e *Gift/PB/TR*. To import the car from country of residence and stay can only be applicable in case of *TR (Transfer of residence)*.
- Mostly majority of Pakistanis are resident of GCC states. To avail this facility according to this amendment, they will have to only **left hand drive vehicle and non-hybrid**, It is highly inappropriate to import a left hand drive car in a country like Pakistan where **Right hand** lane rule is followed.

CEAFP advocates that there should be no change in the current import policy till 2023. **Any prompt change will cost the Pakistan economy up to 100B losses in revenue and will cause 25% decline in foreign exchange.** Moreover this will make more than **1 Million people** jobless. Therefore we request the authorities to take prompt action and give **Overseas Pakistanis** their due right.

Regards,
Awan Arshad Mehmood
Chairman CEAFP

Copy to:-

1. H.E Prime Minister Imran Khan
2. Mr. Sayed Zulfiqar Abbas Bukhari - Special Assistant for Overseas Pakistanis and Human Resource Development.
3. Aliya Hamza Malik - Parliamentary Secretary for Commerce
4. Member customs
5. Prime Ministers Reform Team (PMRT)
6. Federal Secretary Commerce
7. Trade & Investment Counsellor at Embassy of Pakistan in Tokyo, Japan.