

**The Ceylon Motor Traders' Association
Preamble**

The Ceylon Motor Traders' Association (CMTA)

The Ceylon Motor Traders' Association is an affiliate trade association under the aegis of the Ceylon Chamber of Commerce.

The Association itself has been in existence for the past 95 years.

The members of the Association are those who have been appointed by the manufacturers' of the leading motor vehicle brands to be their sole dealers in Sri Lanka.

Following are the members of the CMTA:-

- Akzo Nobel Paints Lanka (Pvt) Ltd
- Carmart Ltd
- David Pieris Motor Co Ltd
- General Auto Works Ltd
- IWS Holdings (Pvt) Ltd
- Klevenberg (Pvt) Ltd
- McLarens Lubricants (Pvt) Ltd
- Sathosa Motors PLC
- SML Frontier Automotives (Pvt) Ltd
- Suzuki Motors Lanka Ltd
- The Autodrome PLC
- Transmec Engineering (Pvt) Ltd
- Uniwalkers Ltd
- Associated Motorways (Pvt) Ltd
- Cars-R-Us (Pvt) Ltd
- Edirisinghe Brothers Ltd
- Ideal Motors (Pvt) Ltd
- KIA Motors Lanka Ltd
- Lanka Ashok Leyland PLC
- Prestige Automobiles (Pvt) Ltd
- Senok Trade Combine (Pvt) Ltd
- Stafford Motor Co Ltd
- Swedish Trading Co (Pvt) Ltd
- Toyota Lanka (Pvt) Ltd
- United Motors Lanka PLC

Budget Proposal No.1
Acceptance of Manufacturers' Invoice

Proposal

Acceptance of the Original transacted Invoice from the Manufacturers' at the time of importation of motor vehicles for Customs purposes.

Concern

Since of late, the Sri Lanka Customs has been refusing the acceptance of the manufactures' invoice transacted price at the time of seeking clearance of imports of motor vehicles. The new System adopted by Sri Lanka Customs is based on comparing these model with models that are sold in other countries which is not relevant and suited to our market, through web sites which are unacceptable by the trade.

The price given by the manufacturer on the invoice represents the true value of the motor vehicle to the customer and the value quoted is the value actually charged by the by the manufacturer.

It should be noted that the **Brand New** motor vehicles are shipped directly from the manufacturer to the appointed local franchise agent (the genuine importer), abiding to the Sri Lankan specifications of environment, roadworthiness and durability.

Recommendation

To accept the Original transacted Invoice from the Manufacturers' at the time of importation of motor vehicles for Customs purposes as it represents the true value of the motor vehicle

Budget Proposal No.2
Consistency in Revision of Policy and Duty Changes

Proposal – Consistency in Revision of Government Policy and Duty Changes

Request that a consistent policy be in place for at least for a period of 3 years.

Concern

During the last few years, Policy and duty changes have been inconsistent. We are in agreement that for the Government to bridge the gap in the Balance of Payments duties should be, adjusted however, the changes are made at ad-hoc times and invariably the customer is unaware of this and refuses to pay the enhanced duty. Because of this, the customer has to bear an additional amount on duty that is not planned for or is unable to pay it, and in many instances, the local agent has to bear the additional cost.

Further, very frequent duty (policy) changes imposed are rather embarrassing to be communicated to the manufacturer, as most of these countries the policies are stable, as the automobile industry itself needs long term planning to adapt to marketing strategies and future forecasts.

Recommendation

It is recommended that duties be made constant and Policies and duties revised every three – five years only if it is necessary.

Budget Proposal No.3
Bridging the Duty Levels between Hybrid and Gasoline Motor vehicles

Proposal

Import Duty on hybrid motor vehicles – Bridge the import duty gap between hybrid motor vehicles and gasoline vehicles.

The prevailing duty up to 2 litre (2000cc) gasoline engine motor vehicle is 200%, while the duty applicable on a hybrid vehicle of the same engine capacity is only 60%.

Request that consideration be given to reduce the duty for gasoline vehicles to 125%.

Concern

We are in agreement with the Government offering a subsidized rate for the hybrid vehicles. However, the CIF of an average hybrid car is approximately 3-4 times more than a less than 1000cc gasoline car.

Eg:- Toyota Prius (Hybrid) Approx. CIF: JPY 2,400,000/= vs. Suzuki Celero JPY 500,750/=

Most mid segment hybrid cars give a fuel economy of approximately 20km per litre, whereas there are many gasoline cars produced by some of the world renowned manufacturers that give the same fuel consumption of a hybrid.

Eg:- Suzuki Celereo - 23 km per litre
Mitsubishi Mirage/Attrage - 21 km per litre

Other Concerns,

- 1) In addition to the fuel consumption, the battery of a hybrid car costs approximately JPY 800,000/= and replacement required every five to seven years.
- 2) There is no regulation on the battery disposal procedure which is mandatory in the countries in European and also in Japan.
- 3) The shelf life for a battery is one year making the cost of maintenance high. (shelf life of battery is 1 year)

Recommendations

Request that consideration be given to reduce the duty for gasoline vehicles to 125%.

Budget Proposal No.4
Regularize the Duty Applicable on Passenger Vans

Proposal

Regularize the duty component on passenger vans. The prevailing duty on passenger vans (Diesel) is ranging from 125% - 250% and new standard rate of 125% is recommended.

Concern

It is evident that passenger vans are a very common mode of transport, transporting school children to and from school, office staff transportation, social outings. We foresee that a reduction in duty would enable new and more comfortable passenger vans enter the local market. It is very evident that almost all of the passenger vans are in a deplorable state. Passenger Vans is an alternate solution to the Transport problem and is an industry by itself.

Recommendations

Request that consideration be given to reduce the duty for Passenger Vans

Budget Proposal No.5
Regularize the Duty Applicable on Trucks

Proposal

Excise duty on trucks imports (5,000-20,000 GVW) were 0% until the year 2013. A 29% excise duty was imposed to this segment in 2013. Due to this the prices of Trucks have increased by 25%-30%.

Concern

Trucks are used mainly towards the development work of the country and the increase in the prices would hamper development and increase costs of the new infrastructure projects.

Recommendations

To consider reducing the prevailing duty structure imposed on Trucks to the previous levels considering its application.

Budget Proposal No.6
Exemption on Excise Duty on Three Wheelers

Proposal

Give a grace period of at least 3 years for local assembly Vehicles to be marketed only in Sri Lanka and then to consider for exports.

Concern

Three Wheelers, today's' economical and convenient mode of transportation for the many families and source of employment for many3 Wheelers – Permit exemption on Excise Duty on Value Addition of three wheelers

Recommendations

This will help to develop local industries of automobile spare parts and accessories and create job opportunities.