

Valuation of Used Motorvehicles

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Abbreviations used

- CIF – Cost Insurance Freight (Taxable Value)
- I/D – Import Duty
- EXA – Excise duty for vehicles aged more than 10 years
- EX – Excise Duty
- VAT – Value Added Tax
- CV – Cost of Vehicle
- CRP- Current Retail Price
- PM- Profit Margin
- P – Profit
- VBD – Value Before Depreciation

TAX RATES

NON - UTILITY VEHICLES			
C.C	I/DUTY	E/DUTY	VAT
0-1000	25%	-	18%
1001-2000	25%	5%	18%
2001 and above	25%	10%	18%

UTILITY VEHICLES			
ITEM	I/DUTY	E/DUTY	VAT
Pick ups	25%		18%
Trucks (5tons-18.5tons)	10%		18%
Trucks (above 18.5tons)	0%		18%
Tractors(trucks for pulling semi trailers)	0%		18%
Buses (carrying from 10 passengers)	25%		18%
Land cruiser Hard tops carrying from 10 passengers	25%		18%

STEP. 1 CALCULATION OF THE COST OF MOTOR VEHICLE WITHOUT PROFIT

- $P = CV \times 25\% = CV \times 0.25 = 0.25CV$
- $CRP = CV + P$
- $CRP = CV + 0.25CV$
- $CRP = 1.25CV$
- $CRP / 1.25 = CV$

STEP.2

CALCULATION TO OF PROFIT MARGIN

$$PM = CRP - CV$$

STEP.3

CALCULATION OF CIF VALUE BEFORE DEPRECIATION

We remove the tax element from Cost Value

- $VBD = CV / 1.25 / 1.18$ for vehicles with less than 1000cc
- $VBD = CV / 1.25 / 1.05 / 1.18$ for vehicles with more than 1000cc but not exceeding 2000cc
- $VBD = CV / 1.25 / 1.05 / 1.18$ for vehicles exceeding 2000cc

STEP.4

CALCULATION OF DEPRECIATION

DEPRECIATION FOR DIRECT IMPORTS	
0to <1 year	10%
1 to < 2 years	15%
2 to < 3 years	20%
3 to < 4 years	25%
4 to < 5 years	30%
5 to < 6 years	35%
6 to < 7 years	40%
7 to < 8 years	50%
8 to < 9 years	60%
9 to ≤ 10 years	70%
above 10 years	75%

Depending age of the motorvehicle and basing on the given depreciation rates in the table above the depreciated value will be calculated as follows

$$DEPRECIATION\ VALUE = VBD * RATE$$

CALCULATION OF TAXES

a) Motovehicles with Import duty and VAT only

- $I/D = CIF * 25\%$
- $VAT = (CIF + I/D) * 18\%$

b) Motovehicles with Import duty and VAT but aged more than 10 years

- $I/D = CIF * 25\%$
- $EXA = (CIF + I/D) * 20\%$
- $VAT = (CIF + I/D + EXA) * 18\%$

c) Motovehicles with Import duty ,Excise Duty and VAT

Vehicles with more than 1000cc but not exceeding 2000cc rate is 5 % Excise duty, and those with more than 2000cc rate is 10 %

- $I/D = CIF * 25\%$
- $EX = (CIF + I/D) * 5\%$
- $VAT = (CIF + I/D + EX) * 18\%$

d) Motovehicles with Import duty ,Excise Duty and VAT but aged more than 10 years

Vehicles with more than 1000cc but not exceeding 2000cc rate is 5 % Excise duty, and those with more than 2000cc rate is 10 %

- $I/D = CIF * 25\%$
- $EXA = (CIF + I/D) * 20\%$
- $EX = (CIF + I/D) * 5\%$
- $VAT = (CIF + I/D + EXA + EX) * 18\%$

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