

**MINISTRY PAPER NO....**  
**Reduced Rates of Special Consumption Tax**  
**on Motor Vehicles**

1. Members of this Honourable House are invited to make note that a decision has been taken to provide short term relief by way of a reduction of the special consumption tax on imported motor cars, sports utility vehicles (SUV's) and pickups.
2. The Customs Department has indicated that currently there are in excess of 3,900 motor vehicles lying on the wharves and in Customs Bonded facilities.
3. The temporary relief will apply to vehicles imported prior to September 11, 2009 and are currently lying on the wharves and in Customs Bonded Warehouses. Once the vehicles are duty paid prior to March 31, 2010 the relief will apply. The approved rates are:

**Motor Vehicle Tax Concession effective September 10, 2009 to March 31, 2010**

Categories-Cars & SUV's	Old SCT for Dealers	New SCT for Dealers	Old SCT for Individuals	New SCT for Individuals	Old Aggregate for Individuals	New Aggregate for Individuals
1,000 cc - 1,600 cc diesel/gas	10%	<b>0%</b>	11.5%	<b>2%</b>	82%	<b>63%</b>
1,601 cc - 2,000 cc gas/ 2,200 cc diesel	25%	<b>5%</b>	28.5%	<b>8.5%</b>	110%	<b>77%</b>
2,001 cc - 3,000 cc gas/3,200 cc diesel	35%	<b>15%</b>	40%	<b>20%</b>	128%	<b>96%</b>
Exceeding 3,000 cc gas/3,200 cc diesel	70%	<b>35%</b>	82%	<b>42%</b>	192%	<b>130%</b>
Categories-Pickups	Old SCT for Dealers	New SCT for Dealers	Old SCT Rates for Individuals	New SCT Rates for Individuals	Old Aggregate for Individuals	New Aggregate for Individuals
Under 1,700 kgs	10%	<b>0%</b>	11.5%	<b>2%</b>	43%	<b>31%</b>
1,700 kgs - 2,200 kgs	45%	<b>25%</b>	51%	<b>31%</b>	94%	<b>68%</b>
Exceeding 2,200 kgs	110%	<b>75%</b>	104%	<b>82%</b>	187%	<b>133%</b>

4. In addition, for beneficiaries under the 20% duty concession regime, the restriction on the engine size will be temporarily removed. The limit of US\$25,000.00 provided under the General Consumption Tax Act and the payment of full duties for vehicles costing in excess of that limit will remain. This relief will also be applicable to vehicles already landed on the island.

#### **Hybrid and Factory Built Flexible Fuel Vehicles**

5. The Honourable House may recall that in 2007 a special regime was announced for the importation of hybrid vehicles. This category of vehicles has attracted the interest of environmentally friendly persons. The adjustment to the policy is as follows:

6. Hybrid vehicles with on board rechargeable fuel source will attract aggregate rate of duties of 63%. However, factory built flexible fuel vehicles will attract aggregate duties of 96%. Modified flexible fuel vehicles whereby a kit is used to convert the ordinary vehicle for the adaptation of flexible fuel will not be granted any duty relief.

#### **U-Drive Industry**

7. The U-Drive Industry has been making representation to government for special consideration on the basis that vehicles/cars are the capital equipment for that sub-sector. Given the need for a modern and reliable fleet of vehicles, and in continuation of the support given to the sector since 1997, the sector will be allowed to purchase cars at a reduced rate of 15% down from 30% only for the period ending March 31, 2010. This special rate will only apply to cars that are currently in the island.



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