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TRADE AND EXCHANGE DEPARTMENT

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TED/FEM/FPC/GEN/01/003

January 20, 2014

TO: ALL AUTHORISED DEALERS AND GENERAL PUBLIC

RE: FISCAL POLICY MEASURES FOR AUTOMOTIVE INDUSTRY

This is to inform all Authorised Dealers that the Federal Government has approved new Fiscal Policy Measures for the Automotive Industry with effect from October 9, 2013 as follows;

1. MOTOR VEHICLES

All e-Forms 'M' and LCs must be established and the last shipment date evidenced by bills of lading dated on or before January 10, 2014.

- (a) Fully Built Unit (FBU) Cars falling under H.S Code 87.03 shall attract a duty of 35% and 35% levy;
- (b) Fully Built Unit (FBU) Commercial Vehicles falling under H.S. Code 87.01,87.02,87.05,87.06,87.07,87.16 shall attract 35% duty without levy
- (c) Local Assembly Plants shall import their
 - i. Completely Knocked Down (CKD) at 0% duty
 - ii. Semi Knocked Down One (SKD) H.S. Code 87.06 at 5% duty
- (d) Local Assembly Plants shall import Fully Built Unit (FBU) Cars at 35% duty and 20% duty for Commercial Vehicles without levy, respectively in numbers equal to twice their imported CKD/SKD Kits.

2. TYRE INDUSTRY

In order to revive the tyre industry, the following measures have been approved with effect from 9th October, 2013. Form 'M' and Letter of Credit must be established and last shipment date evidenced by bills of lading dated on or before January 10, 2014.


- (a) Duty payable on tyres is now harmonized as below;

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- (i) Car tyres H.S. Code 4011.1000.00 20% duty and 5% VAT
 - (ii) Lorry/Bus tyres H.S. Code 4011.2000.00 20% duty and 5% VAT.
 - (b) Importation of machinery and equipment for tyre production is now duty Free;
 - (c) Pioneer status is hereby given to all tyre plants; and
 - (d) Local tyre manufacturing plants are to import tyres at 5% duty in numbers equal to twice their production for two years from the date of commencement of production.
3. To control under declaration of vehicles value to reduce duty paid;
- (a) The Nigeria Customs Service (NCS) shall publish the price of new vehicles annually; and
 - (b) To provide a transparent benchmark to determine the value of used vehicles the Nigeria Customs Service (NCS) shall use the value of a new vehicle depreciated by 10% per annum implying a ten (10) year period for cars and by 7% per annum implying a fifteen (15) year period for commercial vehicles. In either case, depreciation should never be below 30% of the the value of new vehicle equivalent.
4. To effectively combat smuggling, monitoring and control of used and grey vehicles imports, to also facilitate the resolution of consumer complaints, all vehicle dealers and importers for sale to the public shall be licensed by the National Automotive Council of Nigeria.

All Authorised Dealers are required to bring these fiscal policy measures to the attention of their customers for strict compliance.

Please ensure compliance accordingly.


BATARI MUSA
DIRECTOR
TRADE AND EXCHANGE DEPARTMENT