



TAX ON IMPORTED VEHICLE

BY

COLMAN H. MAKOI

WHAT ARE THE TAXES ON THE IMPORTED MOTOR VEHICLES?



Taxes relevant on imported vehicles are Import duty, Excise duty, and Excise duty on age, Importation fee, Fiscal Charges, Railway Development Levy, and Value Added Tax which is imposed on value of the imported goods and all taxes, fee or fiscal charge.



INTRODUCTION

Importation of motor vehicles in Tanzania has no restriction neither on its usage nor on age. However, second-hand vehicles that are 8 years or over are subject to an additional excise tax that is to discourage importation of the used motor vehicle and protect environment due to the smog, carbon monoxide, and other toxins emitted by vehicles.

This presentation focuses mainly on excise tax that is imposed on imported vehicles with the policy behind of reducing negative externalities that injure the clean air and environment as a whole.

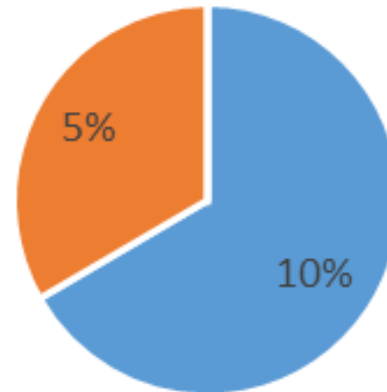


EXCISE DUTY ON MOTOR VEHICLES

Excise Duty on Motor vehicles is charged based on cylinder capacity as presented in the tax chart in the next slide. From the presented chart the Excise Duty increases due to the level of emission and pollution caused based on the cylinder capacity

Excise Duty Chart

Excise Duty Tax Chart



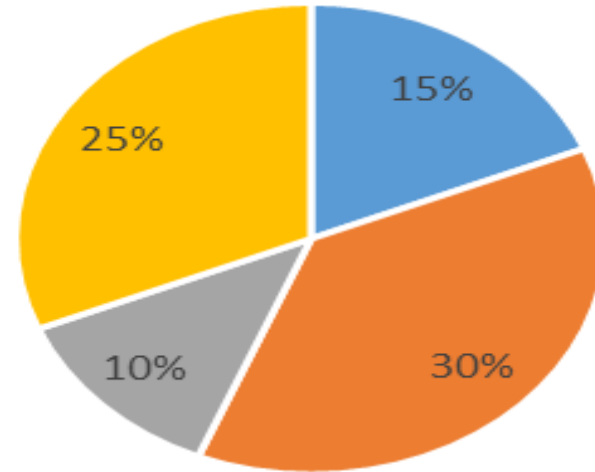
- Cylinder capacity exceeding 2000
- cylinder capacity exceeding 1000 but not exceeding 2000 cc
- cylinder capacity not exceeding 1000



ADDITIONAL EXCISE DUTY

In addition to excise duty on motor vehicle charged based on cylinder capacity, imported used motor vehicles are charged extra Excise duty as herein below;

Additional excise duty



- used vehicles excluding agricultural tractors aged 8 years but not more than 10 years
- used motor vehicles aged more than 10 years from the year of manufactures
- used buses aged more than 5 years from the year of manufactures
- used spare parts for motor vehicles and motor cycles

ADDITIONAL EXCISE DUTY CONT'D



Such additional tax was introduced to reduce importation of old or second hand cars, which consequently regulate environmental pollution and other negative externalities.

FURTHER INITIATIVES



In 2023, the Government of United Republic of Tanzania exempted excise duty that was charged based on engine capacity on electric non - utility vehicles with only electric motor for propulsion with HS CODE 8702.40.11; 8702.40.19; 8703.80.10; and 8703.80.90 along with Compressed Natural Gas (CNG) vehicles. This measure is intended to enhance the use of electricity and natural gas available in the Country, save foreign currency used to import fuel and protect the environment.

FURTHER INITIATIVES CONT'D



Recent in the finance act, 2024 the EAC Partner States agreed to amend the structure of hybrid motor vehicle tariff lines under HS Codes 8703.40.00; 8703.50.00; 8703.60.00; and 8703.70.00 to cater for unassembled vehicle at import duty rate of 0 percent. This measure intended to promote assembling operation in the region and to mitigate environmental risk by reducing the cost because hybrid motor vehicles release less of these harmful greenhouse gasses by supplementing the power they derive from fuel sources with electrical power. This helps to slow the progression of global warming and preserve the long-term future of our planet.

SUMMARY

Several initiatives have been adopted by the Government of the United Republic of Tanzania to ensure that environmental and climate issues are addressed including but not limited to introduction of carbon tax and to relieve environmental conservation entities under charitable institutions so as to relieve them of Income tax obligations. However this presentation mainly focused on taxation of motor vehicles on importation and its relevance to environmental protection.



THE END

THANK YOU FOR YOUR ATTENTION