

NATIONAL WORKSHOP ON PROMOTION OF CLEANER AND EFFICIENT VEHICLES

A PRESENTATION ON THE FISCAL REGIME FOR NEWLY IMPORTED VEHICLES

MINISTRY OF FINANCE

TAX POLICY DEPARTMENT

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Sunbird Mount Soche Hotel

Introduction

- The policy on taxation of newly imported vehicles is enshrined in the principles of excise taxation.
- Excise taxes are aimed at discouraging the consumption of what are called “sin products”.
- In this regard, newly imported motor vehicles are levied excise duty so as to control the burning of more fuel into the air to curb environmental pollution.
- The rates of excise duties on motor vehicles are included in the Customs and Excise (Tariffs) Order as governed by the Customs and Excise Act.

Excise Taxation Principles of Motor Vehicles

- Excise duty on motor vehicles in Malawi is levied according to the year of make, cylinder capacity and the seating capacity of the vehicle;
- In terms of year of make, new vehicles and vehicles used for a period not exceeding eight years, the excise duty is 55 percent;
- Vehicles which have been used for a period exceeding eight years but not exceeding 12 years, the excise duty is 80 percent;
- Vehicles which have been used for a period exceeding 12 years, the excise duty is 110 percent.
- Note: The above rates are for vehicles of a cylinder capacity that exceeds 3000 cc.

Excise Taxation Based on Engine Capacity

- New vehicles and vehicles used for a period not exceeding eight years of a cylinder capacity not exceeding 1000 cc, the excise duty rate is 0 percent;
- Vehicles of a cylinder capacity not exceeding 1000 cc used for a period exceeding eight years but not exceeding 12 years, the excise duty is 30 percent;
- Vehicles of a cylinder capacity not exceeding 1000 cc used for a period exceeding 12 years are levied excise duty at the rate of 60 percent.
- Vehicles of a cylinder capacity exceeding 1000 cc but not exceeding 1500 cc are taxed at the above rates for vehicles whose engine capacity does not exceed 1000 cc.

Excise Taxation based on Engine Capacity cont.

- Vehicles of a cylinder capacity exceeding 2500 cc but not exceeding 3000 cc:
- New vehicles and those not exceeding eight years, excise is 45 percent;
- Vehicles used for a period exceeding eight years but not exceeding 12 years, the excise duty rate is 70 percent;
- Vehicles used for a period exceeding 12 years, the excise duty rate is 100 percent.

Excise taxation based on engine capacity cont.

- Vehicles of a cylinder capacity exceeding 3000 cc;
- New vehicles and those used for a period not exceeding eight years, the excise duty rate is 55 percent;
- Vehicles exceeding eight years but not exceeding 12 years, the excise duty rate is 80 percent;
- Vehicles of a period exceeding 12 years, the excise duty rate is 110 percent.

Goods Carrying Vehicles

- Goods carrying vehicles of weight not exceeding 5 tonnes to 15 tonnes but used for a period not exceeding fifteen (15) years, the excise duty rate is 5 percent;
- For the goods carrying exceeding 15 tonnes but not exceeding 20 tonnes which have been used for a period exceeding fifteen (15) years, the excise duty rate is 20 percent.
- Note: Malawi does not put a punitive tax for the use of diesel vehicles in favour of petrol vehicles.

Passenger Carrying Vehicles

- The excise duty rates for motor vehicles of a seating capacity exceeding 11 persons but not exceeding 31 persons including the driver are 5 percent, 30 percent and 60 percent according to the year of make;
- Passenger carrying vehicles of a seating capacity exceeding 31 persons but not exceeding 44 persons including then driver, the excise duty rates are 0 percent, 10 percent and 25 percent respectively according to the year of make;
- Seating capacity 45 persons or more including the driver, excise duty rates range from 5 percent, to 30 percent and 60 percent according to the year of make.