

VEHICLE IMPORT POLICY STATUS FOR ZAMBIA

BY

**NKANGA SHIMWANDWE, JOSEPH MUMBA &
CHRISPIN SIMWANZA**



PRESENTATION OUTLINE

Introduction

Vehicle imports

Impact of second hand vehicles

Policy recommendations

Conclusion



Introduction

Motor vehicle and trailer registration is the process of recording details of a motor vehicle and trailer onto the national motor vehicle register, allocation of registration mark and number and the subsequent issuance of a registration certificate.

The Road Traffic Act No.11 of 2002 provides for two types of registration processes; Temporary for vehicles imported and manufactured in Zambia; and Permanent Registration for all vehicles in Zambia.

Zambia currently has no vehicle manufacturing plants. Hence, all Vehicles registered are all imported either brand new or used.



Intro-cont'd

Zambia currently has a total vehicle population of around 748,468 (Public and private) as at 1st Quarter, 2018. About 85 percent of these registered vehicles are imported second hand.

Vehicles are brought into the country either by individuals or motor vehicle dealers.



Vehicle imports

Vehicle importations are regulated by the following institutions:

Zambia Bureau of Standards (ZABS): regulates the road worthiness of the vehicle before shipment by appointed Agencies e.g. JEVIC ;

Zambia Revenue Authority (ZRA): taxation purposes;

INTERPOL: clearance of vehicle for lawful entry;

Road Transport and Safety Agency (RTSA): examination, registration and licencing of vehicles; and

Zambia Environmental Management Agency (ZEMA): environmental pollution (carbon emissions surtax).

Tax treatment for new and used Motor vehicles

New Motor Vehicles

The import requirements include invoice, road manifest or bill of lading as the case may be, export bill of entry from country of export;

The valuation of new vehicles is based on the World Trade Organization Agreement valuation method and duties and taxes are applied on Ad valorem basis. New Vehicle attract the following, Import duty; Import VAT and Excise Duty. In addition motor vehicle registration fee is also charged.

Used Motor Vehicles

The import requirements include invoice, road manifest or bill of lading as the case may be, export bill of entry from country of export. In addition JEVIC Inspection Certificate (Required by the Zambia Bureau of Standards) and Interpol Clearance are also required.

In the case of used and second hand motor vehicles the duties and taxes are specific and based on the age and type of motor vehicle. The tax amounts are legislated and therefore known to the importer and customs broker. In addition motor vehicle registration fee and a carbon emissions surtax is payable.

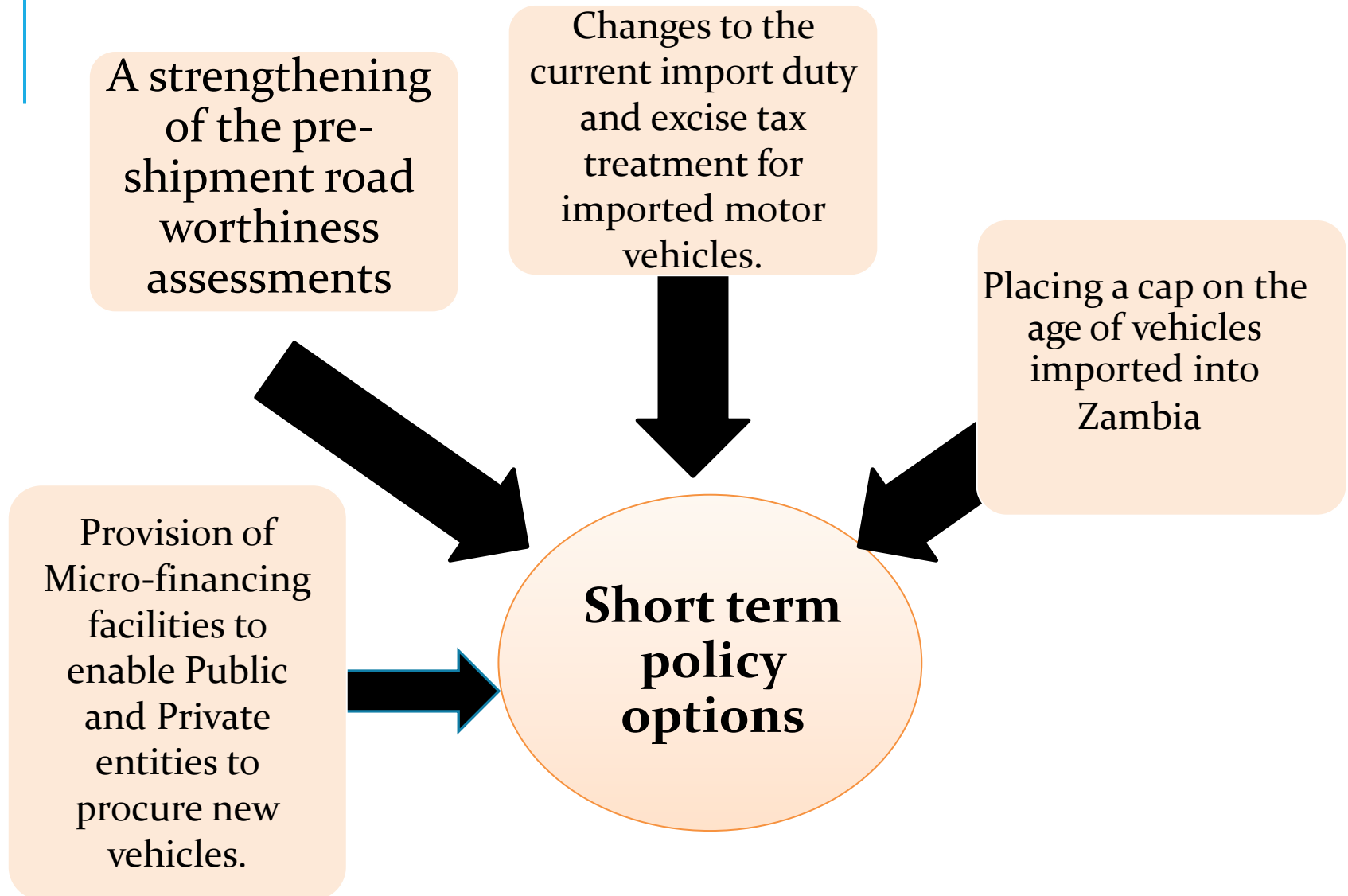
Factors contributing to demand for used motor vehicles

- Limited disposal income;
- Lack of a motor vehicle assembly plant; and
- Application of specific duty rates on used motor vehicles.

Impact of second hand vehicles

- Empowered households/businesses to own motor vehicles within their means;
- Has resulted in increased carbon emissions;
- Ownership of second hand motor vehicles has high maintenance costs arising from frequent breakdowns;
- Compromised the road safety arising from imports of un-roadworthy motor vehicles'; and
- Propensity to wrongly declare the age of the motor vehicle so that lower taxes are paid. Currently older vehicles attract higher duties and taxes

Policy recommendations



Medium to Long Term Policy Options

Strengthening
of the public
transport
system

Introduction
of non-
motorized
transport
system

Create
incentives for
establishment
of Motor
Vehicle
assembly
plant

Conclusion

- Implementation of clean importation motor vehicle policy is important and the benefits will translate into among others:
- Cleaner Environment;
- Improved Road Safety arising from imports of road worthy Motor vehicles; and
- Provide clarity, efficiency and transparency, reduce bureaucracy and corruption in importation of motor vehicles.





ASANTE SANA

THANK YOU FOR YOUR ATTENTION!

