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திகதி }
Date } 31.01.2025

PRESS RELEASE

Removal of Temporary Suspension on Importation of Motor Vehicles Stage III

The Gazette Extraordinary Notification No. 2421/44 dated January 31, 2025 under the Imports and Exports (Control) Act, No. 1 of 1969 is promulgated with effect from February 1, 2025 allowing the importation of motor vehicles such as cars and vans for personal usage, buses for public passenger transport, vehicles being used for goods transport purposes, special purpose vehicles, trishaws, bicycles and other non-motorized items classified under a total of 304 HS Codes by lifting the temporary suspension of imports which has been in effect from early 2020.

Following conditions have been imposed pertaining to importation of vehicles in view of encouraging revival of normal economic activities and safeguarding the economic stability of the country, while taking into account protecting foreign exchange reserves, discouraging importation of an excessive number of vehicles and keeping unnecessary stocks of motor vehicles and increasing fiscal revenue.

- i. Required number of vehicles can be imported by the importers registered with the Department of Motor Traffic and State Institutions subject to the Regulations imposed by the said Gazette Notifications.
- ii. Any importer other than the importer referred in the (i) above is permitted to import only one (01) vehicle within a period of twelve (12) months.
- iii. Any imported motor vehicle shall be registered with the Department of Motor Traffic in the name of the buyer (on instances when purchasing a motor vehicle from a registered importer) or in the name of importer within ninety (90) days from the date of Bill of Entry/ Customs Declaration (CUSDEC).
- iv. The importer or buyer shall submit an Affidavit including the Tax Payer Identification Number (TIN) issued by the Department of Inland Revenue along with other required documents to the Commissioner General of Department of Motor Traffic for the registration of motor vehicles.

Further, importers, other than the importers referred in the (i) above, shall mention in the said Affidavit that they have not imported any other vehicle during a period of 12 months (from the date of the CUSDEC) after importing the first vehicle.

- v. If it is failed to register any imported motor vehicle within 90 days by an importer, such importer shall be liable to pay a monthly late fee of 03% of the Cost-Insurance-Freight (CIF) value up to maximum cap of 45 % CIF value, at the time of registration of motor vehicles at the Department of Motor Traffic.
- vi. No waiver pertaining to the payment of monthly late fee shall be granted under any circumstances.
- vii. When determining the age of the motor vehicle, the period between the Date of Manufacture and date of the Bill of Lading or Airway Bill of that motor vehicle shall be calculated.
- viii. It shall not be allowed for importation and Customs release of any motor vehicle using the motor vehicle import permits which have been issued with concessionary rates of duties.
- ix. If any motor vehicle is imported in violation of any prevailing Rules and Regulations, such motor vehicles (s) shall be re-exported by the respective importer within ninety (90) days from the date of the Bill of Entry/ CUSDEC.

The Gazette Extraordinary Notification No. 2421/05 dated January 27, 2025 under the Revenue Protection Act, No. 19 of 1962 was published giving effect to re-impose the applicable Customs Import Duty (CID) which had not been charged in terms of the provisions of the Customs Ordinance to exempt the duties. Accordingly, Customs Import Duty (CID) at the rate of 20% of CIF value was imposed effective from January 28, 2025 on importation of motor vehicles specified under the Chapter 87 of the HS Codes.

However, Gazette Extraordinary Notification No2421/43 dated January 31,2025 has been promulgated under Section 10 (a) of the Customs Ordinance in order to impose a surcharge on the Customs Import Duty in a manner that 30% of CIF value should be charged as the Customs Import Duty effective from February 01, 2025.

Accordingly, provisions have been made to charge a total Customs Import Duty of 30% on the importation of motor vehicles under the Customs Ordinance (Chapter 235) in the way that 20% of the currently applicable Customs Import Duty plus 50% Surcharge on it.