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### Media Release

## Removal of Temporary Suspension on Importation of Motor Vehicles - Stage I

The temporary suspension/restriction on importation of non-essential commodities including motor vehicles has been effective since early 2020. This policy was implemented with the intention of easing the pressure on foreign exchange reserves in the face of the Covid-19 pandemic and the economic downturn. Despite restrictions on certain goods being gradually relaxed, the temporary suspension of importation of motor vehicles and a few non-motorized items with wheels, which are classified under 304 HS Codes, has been in effect continuously.

Considering the gradual recovery and normalization of the economy along with the improvement in external buffers, the approval of the Cabinet of Ministers has been granted on September 13, 2024 to remove the temporary suspension of importation of motor vehicles and a few non-motorized items with wheels, which are classified under 304 HS Codes, under three (03) stages, subject to concurrence of the Central Bank of Sri Lanka. Of the said three stages, approval has been granted by Hon. President/ Minister of Finance, Planning and Economic Development to implement Stage One.

In this context, the Imports and Exports (Control) Regulations No. 14 of 2024 under the Imports and Exports (Control) Act, No. 1 of 1969 has been promulgated through the Gazette Notification No. 2415/35 dated December 18, 2024 in order to allow importation of public passenger transport vehicles and special purpose vehicles and other non-motorized items with wheels classified under 52 HS Codes under Stage I subject to following conditions;

- Imported motor vehicles should be registered with the Department of Motor Traffic within ninety (90) days from the date of Bill of Entry/ Customs Declaration (CUSDEC).
- If it is failed to register any imported motor vehicle within the stipulated time period by the importer, such importer shall be liable to pay a monthly late fee of 03% Percentage of the Cost-Insurance-Freight (CIF) value of the said motor vehicle, at the time of registration of motor vehicle at the Department of Motor Traffic, where a maximum cap on the payment of the monthly late fee for such late registration is limited at 45%(Forty-five percentage) of the CIF value of respective motor vehicle.

- iii. Any motor vehicles, imported by an importer for trading purpose shall not be registered in the name of such importer or in the name of the Company, or in the names of Directors of the Company and, it should be registered in the name of the buyer.
- iv. If any importer, who has imported more than 25% of his or her total imported motor vehicles during a period of six (06) months in violation of the condition of registration of motor vehicles within ninety (90) days from the date of importation, the said importer shall be suspended from importation of motor vehicles for a minimum period of thirty six (36) months.
- v. If any importer imports a vehicle classified under Chapter 87 of the HS Code Classification in violation to these Regulations and/or any prevailing Rules and Regulations applicable on importation of motor vehicle(s), such motor vehicles(s) shall be re-exported by the respective importer within ninety (90) days from the date of the Bill of Entry/ Customs Declaration (CUSDEC) with all associated costs borne by the said importer.
- vi. When determining the age of the motor vehicle, the period between the date of Manufacture and the date of the Bill of Lading/ Airway Bill of that motor vehicle shall be calculated.
- vii. In case non-motorized items with wheels are imported, such vehicles should not be used ones.

These conditions have been imposed with the intention of safeguarding foreign exchange reserves of the country by way of discouraging importation of an excessive number of vehicles and keeping unnecessary stock of motor vehicles by the importers while spending substantial amounts of foreign exchange.