

## The Excise and the Regional Infrastructure Development Levy Amendments

### Computation of Import Levies

The Excise (Special Provisions) (Amendment) Act number 46 of 2007, and the Regional Infrastructure Development Levy (Amendment) Act No 47 of 2007 have been passed by the Parliament on 11.10.2007.

1). As per the Excise (Special Provisions) (Amendment) Act, the rate of upliftment of CIF value (markup) for the purpose of calculating Excise (Special Provisions) duty on importation of goods, has been increased from 10% to 15%. Accordingly, the corresponding equations for calculating value of levies at the point of importation are as follows.

Customs Duty (d)	$= (\text{CIF Value}) * (\text{Customs Duty Rate})$ <p style="text-align: center;">or</p> $= (\text{Quantity}) * (\text{unit rate of Customs Duty})$
Value Added Tax (t)	$= \frac{(v + 10\%v + d + s + c + p + e)r}{[1.1 + (1.15r)]r + [(d + s + c + p)(1 + r_e)]r}$
Ports & Airports Development Levy (p)	$= (\text{CIF Value}) * (\text{PAL Rate})$
Social Responsibility Levy (l)	$= (d + s + c) * (\text{SRL Rate})$
Surcharge (s)	$= (\text{Customs Duty}) * (\text{Surcharge r})$

Cess Levy (c) =  $(v+10\% \text{ of } v) \times (\text{Cess Rate})$   
or  
=  $(\text{Quantity}) \times (\text{unit rate of Cess})$

Excise (Special Provisions) Duty (e) =  $(v + 15\%v + d + s + c + p + t) r_e$   
=  $\frac{[1.15 + (1.1r_e)]v r_e + [(d + s + c + p)(1 + r_e)] r_e}{(1 - r_e)}$   
or  
=  $(\text{Quantity}) \times (\text{unit rate of Excise Duty})$

Regional Infrastructure Development Levy (i) =  $(v + d + s + c + p + t + e + i) \times \text{RIDL Rate}$

Abbreviations used.

- v = CIF Value in Rupees
- d = Customs Duty
- t = Value Added Tax (VAT)
- p = Ports & Airports Development Levy (PAL)
- l = Social Responsibility Levy (SRL)
- s = Surcharge
- c = Cess
- e = Excise (Special Provisions) Duty
- i = Regional Infrastructure Development Levy (RIDL)
- r<sub>e</sub> = Rate of Excise (Special Provisions) Duty
- r<sub>t</sub> = Rate of VAT

2). Further, the applicable rate of the Regional Infrastructure Development (RIDL) has been revised upward by splitting it in to three rate bands, depending on the engine capacity of the vehicle.

Engine Capacity	Duty Rate
Not more than 1,600 cc	2.5%
More than 1,600 cc and not more than 2,000cc	5%
More than 2,000 cc	7.5%

Accordingly please take necessary action to collect these levies as per the above Acts.

Calculated values of Fiscal Levies for hypothetical CIF (Cost, Insurance and Freight) value of rupee one million on hypothetical rates of fiscal levies are also attached for your clarification.

**Taxes and Duties Calculations**  
(Examples with hypothetical values/ rates to test the equations)

**Eg 01**

	Duty rate	Value - Rs.
CIF		1,000,000
Customs duty	28.0%	280,000
Surcharge	10.0%	28,000
PAL	3.0%	30,000
Cess Levy	5.0%	55,000
VAT	20.0%	416,149
Excise Duty	30.0%	587,745
SRL	1.0%	8,957
Customs Fee		-
RIDL	2.5%	60,146
<b>Total Tax value</b>		<b>1,465,997</b>
Effective rate		146.60%

**Eg 02**

	Duty rate	Value - Rs.
CIF		1,000,000
Customs duty	28.0%	280,000
Surcharge	10.0%	28,000
PAL	3.0%	30,000
Cess Levy	5.0%	55,000
VAT	20.0%	549,727
Excise Duty	60.0%	1,255,636
SRL	1.0%	15,636
Customs Fee		-
RIDL	5.0%	160,700
<b>Total Tax value</b>		<b>2,374,700</b>
Effective rate		237.47%

**Eg 03**

	Duty rate	Value - Rs.
CIF		1,000,000
Customs duty	28.0%	280,000
Surcharge	10.0%	28,000
PAL	3.0%	30,000
Cess Levy	5.0%	55,000
VAT	20.0%	848,688
Excise Duty	115.0%	2,750,442
SRL	1.0%	30,584
Customs Fee		-
RIDL	7.5%	376,704
<b>Total Tax value</b>		<b>4,399,418</b>
Effective rate		439.94%

**Eg 04**

	Duty rate	Value - Rs.
CIF		1,000,000
Customs duty	28.0%	280,000
Surcharge	10.0%	28,000
PAL	3.0%	30,000
Cess Levy	5.0%	55,000
VAT	20.0%	549,727
Excise Duty	60.0%	1,255,636
SRL	1.0%	15,636
Customs Fee		-
RIDL	2.5%	80,350
<b>Total Tax value</b>		<b>2,294,350</b>
Effective rate		229.44%