

safety of passengers as well as environment concern about vehicles. Considering the above facts, I propose the following with regard to motor vehicles.

Unit Rate on Excise for Vehicles

Honourable Speaker, due to the reports on revenue leakages from the under valuation of motor vehicles for tax purposes, a new valuation system was introduced recently taking full option manufactures price as the tax base. To further strengthen this process of collecting the duly payable taxes, I propose to introduce a simple unit rate of excise duty for the vehicles on the basis of cubic centimetres. Duties on the percentage basis on certain vehicles will also be revised.

Tax Incentives for Environment-Friendly Vehicles

Government is taking measures to improve a cleaner environment in the country. For encouraging the use of environment-friendly vehicles with reduced emission, I propose to reduce Excise duty to 2.5 per cent for the vehicles which are run entirely on Solar, Hydrogen or Helium.

Motor Vehicle Entitlement Certificate

Honourable Speaker, in the interim budget presented on the 29th January, this year, I proposed to introduce motor vehicles import registration licence fee for importers who import motor vehicles for business purposes. However, it being a uniform fee, large-scale vehicle importers would have gained an undue advantage from this measure. In view of this, instead of the said licence fee, I propose to introduce a vehicle import fee to obtain a Vehicle Entitlement Certificate for each vehicle. This certificate will be issued by the Department of Inland Revenue and the certificate will be necessary for opening of Letter of Credit for importing a vehicle. I propose a Vehicle Entitlement Certificate fee of Rs. 2,000 per motor cycle and three wheeler, Rs.15,000 for a motor car and Rs.10,000 per vehicle for all other vehicles.

Revenue Licence and Emission Test

Periodically, revenue licence fee should have to be reviewed in accordance with road maintenance costs and environment costs with the view of enhancing Provincial Council revenue. Accordingly, I propose to revise revenue licence fee for motor vehicles. A fee charged on the certificate of emission test will be enhanced to Rs. 5,000. Issuance of vehicle emission certificates will be liberalized and opened up for competition by allowing more players to come in.

Registration of Vehicles

It has been brought to our notice that some of the vehicles which are being assembled in the country have not

been registered with the Department of Motor Traffic Department due to various reasons. I urge the owners of such vehicles to register their vehicles by 31 March 2016, by paying a fee of Rs. 750,000 for commercial vehicles and Rs. 1 million for motor cars.

To earn foreign exchange as well as to reduce the used vehicle fleet in the country, I propose to export such vehicles after being reconditioned. This will enhance the motor mechanics related activities creating new employment opportunities as well. For every 20 vehicles exported by the same exporter under this scheme, a 50 per cent tax credit will be given for the importation of one motor car. Also, I encourage the private sector to seek possibilities of importing used cars and exporting after reconditioning.

I propose to introduce a unique vehicle number plate system which could be auctioned.

Concessionary Permit Schemes

Honourable Speaker, the vehicle permit schemes have been politicized and misused and have created a huge revenue loss over Rs. 40 billion a year to the Government. I propose to abolish all the vehicle permits granted under different schemes, including to Parliamentarians. However, I ensure all government officers will be financially compensated for the benefit foregone. Further, all the vehicles purchased to the Government will be subject to all applicable taxes and necessary allocations will be provided in the Budget.

Stamp Duty Reduction on Credit Cards

Presently stamp duty is levied at 1.5 per cent for purchases using a credit card. I propose to remove stamp duty on credit cards for local purchases and stamp duty for foreign purchases will be increased to 2.5 per cent.

Mansion Tax

Provisions in relation to Mansion Tax which was introduced in the interim budget will continue to be applicable except for condominium units.

Rationalization of Customs Duty Structure

Presently 4 tariff bands are applied for customs duty i.e. exempt, 7.5 per cent, 15 per cent, 25 per cent and a fixed higher rate. Out of around 7,000 HS codes, nearly 50 per cent of the items are at 0 per cent. Only 2 per cent of items are in 7.5 per cent band. To simplify the tariff bands further, I propose to remove the 7.5 per cent band and increase the 25 per cent band to 30 per cent. Accordingly, Sri Lanka will have a 3-band structure of exempt, 15 per cent and 30 per cent.

Ports and Airports Development Levy (PAL)

I propose to increase the PAL from 5 per cent to 7.5 per cent, other than plant and machineries used for