



NEW MEASURES FOR CUSTOMS AND EXCISE (TARIFFS) ORDER FOR 2011/2012 FINANCIAL YEAR

The Minister of Finance in his 2011/2012 Budget Statement announced new Customs and Excise measures affecting the Customs and Excise (Tariff) Order. These changes are with effect from the midnight of 3rd June 2011.

The amendments to the Customs and Excise (Tariffs) Order are as follows:-

A. IMPORT DUTY

1. Removal of import duty on solar battery chargers
2. Removal of import duty on mobile banking vans
3. Reduction of import duty on sacks for agricultural produce from 25% to 15%.
4. Introduction of import duty on photocopier machines from zero to 25%
5. Increase in import duty on wheat and meslin flour from 5% to 20%
6. Increase in import duty on used or new rags from 10% to 25%
7. Increase in travelers rebate from MK20, 000 to MK50, 000
8. Increase in Processing Fees from MK1, 200 to MK5, 000
9. Increase in Destination Inspection Fees (DIF) from MK15, 000 to MK25, 000.
10. Increase in threshold value for entry of goods on Customs Form 12 from MK50, 000 to MK 100, 000.

B. EXCISE DUTY

1. Removal of the distinction in classification between soft cap and hinged cigarettes and application of uniform excise rate of USD\$30 per 1000 sticks while locally produced cigarettes with more than 70% local content attract excise duty rate of US\$15 per 1000 sticks.
2. Removal of excise duty on sacks for agricultural produce
3. Introduction of excise duty on cigars and other tobacco substitutes to 200%
4. Increase in excise duty on liquors by 10%

5. Increase in excise duty on used clothing, furniture and toys to 25%
6. Increase in excise on motor vehicles exceeding 8 years of age by an additional 10%
7. Increase in excise on vehicles not exceeding 8 years of age of a cylinder capacity exceeding 1999 cc by an additional 5%
8. Increase in excise on liquor in sachets and plastic bottles to 150%
9. Introduction of 50% excise tax on locally used timber (wood and wood sheets)
10. Introduction of 100% export duties on exported timber (wood and wood sheets).
11. Introduction of 20% excise duty on flavoured mineral water
12. Introduction of 25% excise duty on rags

C. CUSTOMS PROCEDURE CODES (CPCs)

1. Increase in personal rebate or travel allowance for non-commercial goods under CPC 429 (2a) from K20,000 to K50,000
2. Increase on the total cost or value of goods to be imported duty free in a consignment by courier or postal services under CPC 427 from K20, 000 to K50, 000. The CPC excludes wines, spirituous liquors or manufactured tobacco and other goods intended for sale or for commercial use.
3. Creation of CPC 4053.000 for a fine of not less than 50% of the value of duty for failure to a export vehicle entered under Temporary Import Permit (TIP)
4. Removal of the time limit on disposal of motor vehicles to un-privileged persons as was specified under CPCs. Such disposals would attract duty based on the residual values at the time of disposal
5. Deletion of some goods under CPCs 403 to allow duty free importation of only donations and pharmaceuticals by Government
6. Introduction of limits on goods to be allowed under CPC 475, goods for export processing zones (EPZs). The CPC covers only raw materials and capital machinery used in the direct production of exports
7. Introduction of a condition in which imported trade samples of negligible commercial value under CPC 412 to allow only samples that are not fit for use.
8. Introduction of concessionary rates of 10% import duty and 16.5% VAT on CPC 430 (c) on motor vehicles for new and returning residents.
9. Introduction of limits on goods to be allowed under CPC 417, goods for administrative and technical personnel. The CPC set a time limit of 6 months for

the duty free privileges to apply and limits the list of goods to be imported to articles of apparel, other household effects, a motor vehicle and/or a caravan for each family.

10. Introduction of limits on goods to be allowed under CPC 431 for Non Governmental Organizations to only include foodstuffs, used clothing, used footwear, blankets, soap and toiletries for use by persons in need or distress as recognized by the responsible Minister.
11. Creation of Customs Procedure Code (CPC) 487 for duty and excise free importation of ATMs and Point of sale (PoP) machines for banks. Import duty on mobile banking vans have also been removed. However, VAT is applicable and payable. This measure shall apply for one year subject to review.
12. Deletion of CPCs 440, 443, 476 and 478. The CPCs were catering for duty free importation of photocopiers by NGOs, motor vehicles for car hire companies, goods for use in dairy industry and specialized goods for the telecommunication industry respectively.

D. IMPORT VAT

1. Introduction of VAT at the rate of 16.5% under the following Customs Procedure Codes (CPCs). However, import duty and excise duty incentives will continue to apply for these CPCs:-
 - a. CPC 422 (b) -motor vehicles for faith based organizations
 - b. CPC 435 – sports equipment imported by the Malawi National Council of Sports
 - c. 438 (a),(b),(c),(d),(e), - goods carrying motor vehicles for the horticulture enterprise, NGOs, educational, health and tourism institutions
 - d. CPC 488 - goods for use in water supply
 - e. CPC 489 – goods for use in electricity generation and distribution
2. Introduction of import VAT at 16.5% on goods carrying motor vehicles not exceeding 15 tonnes including trailers and semi-trailers.
3. Introduction of import VAT at 16.5% on table salt
4. Introduction of import VAT at 16.5% on the following goods:-Meat and edible meat offals; table and hatching eggs; natural honey; residues and waste from food industries; newspapers; hessian sacks; machinery of Chapter 84, etc.
5. Change of VAT rate from Zero to Exempt in the following CPCs: CPC 405 (a); CPC 406; CPC 414; and CPC 431

6. Change of VAT rate from Zero to 16.5% under the following CPCs: CPC 422 (b); CPC 435; CPC 438 (a), (b), (c),(d) and (e), CPC 439; CPC 488; and CPC 489

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