

Section I – Duty Exemption

Duty Exemption Scheme

- 18.2.12 Duty exemption continues to be an important component in the compensation package. The existing conditions of the duty exemption scheme induce beneficiaries to purchase a new (or imported second hand) car each time they are eligible for this benefit even though the car is still in good running condition. However, views have been expressed that the scheme as it is today, not only increases the demand for foreign exchange but is responsible, to some extent, for the daily traffic jam on the main routes.
- 18.2.13 It has also been opined that the integration of car benefits in salary would enhance the reward package of eligible officers whilst staff associations argue that the component of duty-free vehicles in total imports is not significant.
- 18.2.14 It is common knowledge that:
- (i) the government spends heavily in the improvement of the road network and resurfacing of roads which has a bearing on the wear and tear of vehicles;
 - (ii) appreciable number of beneficiaries have opted for the payment of car allowance in lieu of duty exemption; and
 - (iii) duty exempted cars are still in good running condition after use over a period of seven years as most beneficiaries are easily granted a road worthiness certificate for a period of two years over and above the initial period of seven years.
- 18.2.15 In view thereof and given that duty exemption facilities have over the years become an attractive component in the pay package, we are maintaining this scheme by making appropriate recommendations.

Recommendation 1

- 18.2.16 **We recommend that officers in the categories specified at column (A) in the table below should be eligible for:**
- (i) **duty exemption to purchase a car with appropriate engine capacity as specified at column (B)**
- or**
- (ii) **the payment of a monthly car allowance in lieu of the duty exemption as specified at column (C)**