

## **FREQUENTLY ASKED QUESTIONS (FAQs)**

1. **Q: How is the sales tax chargeable on the imported CKD Pack by a Franchise Holder and subsequently delivered to the contract manufacturer's (registered manufacturer) assembly plant to be manufactured/assembled as a CBU motor vehicle?**

A : The importer is entitled to claim exemption from paying sales tax on the CKD Pack subject to DG approval with the condition that all the exempted components shall be used directly in manufacturing the motor vehicle by the contract manufacturer (registered manufacturer). Sales tax is chargeable on the finish product that is built-up motor vehicle.

2. **Q : What is the value to be used for local assembled motor vehicles?**

A : Valuation method for locally assembled motor vehicle is as follows:

- (i) Transaction value will be accepted as sales value if the sale is between non connected persons.
- (ii) Computed value valuation method is to be used if the sale is between connected person, when there is no sales and motor vehicle is disposed otherwise.

3. **Q: Is the sales tax Open Market Value (OMV) on locally assembled commercial vehicles issued by RMCD before 1 April 2015 still valid after 1 September 2018?**

A : No. All the sales tax OMV on the commercial vehicles issued by RMCD before 1.4.2015 had been revoked.

4. **Q : Who is liable to declare and submit sales tax returns to RMCD?**

A The registered manufacturer / contract manufacturer who is the manufacturer/ assembler of taxable goods.

5. **Q : What sales value of the CBU motor vehicle shall a registered manufacturer declare if the registered manufacturer only issue invoice on lab our charge to assemble the CKD Pack delivered by a franchise AP holder?**

A : Under such circumstances, there is no sales involve in this transaction and computed value valuation method should be applied to determine sales value of the motor vehicle for sales tax payment purposes.