

Notes on Tax Payment for Customs Clearance of Imported Used Cars

I . Firms or organizations not registered with the International Trade Administration, Ministry of Economic Affairs, (TITA), or natural persons who import cars, new or used, with the value over FOB USD 20,000, shall apply for an Import Permit from the TITA 【 Add: No. 1 Hukou Street, Taipei City, Taiwan Tel: (886-2-)23510271, Website:<http://www.trade.gov.tw/English>】 in advance. No Import Permit is required with the value of or less than FOB USD 20,000.

II . There is no difference between the new and the used cars with regard to the calculation of import duties and other applied levies. Their respective amounts (including import duty, commodity tax, business tax, specifically selected goods tax, trade promotion service fee) are computed as follows:

Customs value = FOB value + F (freight) + I (insurance)

(1) Import Duty = Customs value $\times$ 17.5%

(2) Commodity Tax = (Customs value + Import Duty) $\times$ Commodity Tax Rate 25% (for cars of 2000 c.c. and below)

Commodity Tax = (Customs value + Import Duty) $\times$ Commodity Tax Rate 30% (for cars of 2001 c.c. and above)

(3) Business Tax = (Customs value + Import Duty + Commodity Tax) $\times$ 5% (Business Tax Rate)

(4) Specifically Selected Goods Tax = Taxable Value $\times$ Tax Rate 10% (for the specifically selected goods)

Taxable Value for the specifically selected goods

= Customs Value + Import Duty + Commodity Tax + Business Tax

(5) Trade Promotion Service Fee = Customs value $\times$ 0.04% (Trade Promotion Service Fee Rate)

III . The assessment of the Customs value of imported used cars, whose model year and

options should be validated by district Customs offices, shall be determined in accordance with Article 29 to 35 of Customs Act.

IV. The Customs value of Imported used cars applied to Article 35 of Customs Act shall be assessed by the following rules:

- (1) Check against the price comparison file for the Customs-assessed FOB value of the same or similar type and model year new cars. The Customs value for used cars shall be assessed on the basis of the depreciation-deducted FOB value along with the freight and insurance. If such FOB value is not available in the price comparison file, the Customs value for used cars from North America shall be assessed according to the data of two authoritative car-magazines published in the US. Check the FOB value of new cars listed in the latest issue of KELLY Blue Book (i.e. column 3 of the Dealer Price and deduct the depreciation by the years used, and then compare the Trade-in prices of used cars listed in the used-car magazine, N.A.D.A. Customs will take the lower amount as the assessed FOB value.
- (2) The Customs value of imported used cars shall be assessed according to the market price of used cars in the country of exportation along with the freight and insurance.
- (3) The Customs value of imported used cars shall be assessed according to the market price provided by car-agents, car-dealers, or car trade associations.

V. The calculation of the depreciation year for imported used cars shall be based on the arrival year of the transportation. The depreciation calculation and rate for import used cars are as attachment.

VI. The assessment of the Customs value of imported personal used cars shall apply to the above item IV, V, and VI of this Notes on Tax Payment for Customs Clearance of Imported Used Cars. Illustration : (The Customs value of imported used cars applied to Article 35 of Customs Act)

On Jun. 3, 2010, a firm or an individual imported a used Year 2005 BMW 325i2, 500 c.c. four-door sedan without any options (If there are options, the prices shall be added to the price of the body for assessment purposes.) from the U.S.A. Since the

Customs-assessed FOB value of the same or similar type and same model year new cars is not available, the import duty and other levies are assessed as follows :

- (a) According to KELLY Blue Book : USD27,520 (compared with the price of new body of same or similar type in Year 2005) $\times$ (1-65%) (a 2005 model year used car imported in 2010 may be depreciated by 65 %; please refer to item V of this Notes) = USD9,632 (FOB value in B/B depreciated)
- (b) According to N.A.D. A: FOB value (May 2010 issue) of body is USD 10,875

Choose the lower one, USD 9,632, of the above two prices as the assessed FOB value.

F = USD600 (all shipping expenses actually paid or payable for shipping the car to port of entry)

I = USD 66 (insurance fees actually paid)

CIF = USD 10,298 (FOB + I + F)

Customs value = USD 10,298 $\times$ 32.34(exchange rate applicable, see Remark 2) = TWD333,037

A. Import Duty = Customs value $\times$ 17.5% (Cars within the quota) = TWD58,281

B. Commodity Tax = (Customs value + Import duty) $\times$ 30% (for cars of/above 2,001cc) = TWD 117,395

C. Business Tax = (Customs value + Import duty + Commodity tax) $\times$ 5% = TWD 25,435

D. Trade Promotion Service Fee = Customs value $\times$ 0.04% = TWD133

Total amount payable in this case = Import duty + Commodity tax + Business tax + Trade promotion service fee = TWD 201,244

VII. In case where the used cars imported originally applied to duty exemption as referred to in Article 49 of Customs Act shall be subject to Article 55, Paragraph 1 of Customs Act on account of the transfer of ownership or the change in use purpose. Under The Customs duty shall be levied according to Article 5 of Regulations on

Tax Payment for the Imported Goods under Customs Duty Reduction or Exemption. The depreciation calculation year for the said cars shall be based on the year of the transfer of ownership or the change in use purpose and the depreciation rate applied to item VI of this Notes.

Remarks :

- 1.Since the leviable amount (including import duty, commodity tax, specifically selected goods tax, business tax and trade promotion service fee) for import cars in this country is still high, it might not be lucrative to import used cars, even for personal use. Please take this point into consideration.
- 2.With respect to the assessment of Customs value of import goods, the conversion of the foreign currencies is based on the exchange rate applicable on the customs declaration date (This means the exchange rates posted by the Bank of Taiwan on the middle day of the preceding one-third period of a calendar month before the customs declaration date; as for the unlisted foreign currencies, the conversion is based on the exchange rates against the closing price of U.S. Dollars in New York as published in any newspaper.
- 3.For the import used cars, further tests must be conducted to follow the country's governing regulations such as Emission Standards of Air Pollutants for Transportation Vehicles, Regulation on Fuel Economy Standard and Inspection and Administration of Vehicles, Traffic Security, etc.
- 4.The latest laws and regulations of the respective competent authorities shall govern the relevant procedures.
- 5.The Specifically Selected Goods and Services Tax Act is implemented since June 1st, 2011. A specifically selected goods tax shall be imposed on any passenger car that, including the driver's seat, has nine seats or less and a selling price or taxable value of not less than NT\$3 million.

N.B.:The above Notes are for general reference only. In case of any discrepancy between the English and the Chinese version, the latter shall prevail.

Attachment

Depreciation Method and Depreciation Rate for Imported Used Cars

The arrival year of the transportation means deducts the model year	Depreciation rate
≤ 0	10%
$= 1$	20%
$= 2$	35%
$= 3$	50%
$= 4$	60%
$= 5$	65%
≥ 5	The depreciation rate will be determined reasonably in accordance with the relevant data collected and investigated.

Illustration :

On Jan. 5, 2026, someone imported a Year 2023 used car (The arrival date of the transportation means is December 29, 2025.) The depreciation rate shall be determined as follows:

Year 2025 - 2023 = 2

According to the above chart, the depreciation rate will be 35%.

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