

21/07/2005

CUSTOMS-UNDERDECLARATION

CUSTOMS MUST ADDRESS UNDER-DECLARATION OF IMPORTED CARS, SAYS ASMAT

By Ahmad Farizal Abd Hajat

KUALA LUMPUR, July 21 (Bernama) -- The Royal Customs Department must address increasing allegations of Approved Permits being abused through under-declaration of imported cars, failing which it could affect the competitiveness of national cars, the head of a top motor firm said here today.

"Strictly, nobody should under-declare," said Tan Sri Asmat Kamaludin, the chairman of UMW Holdings Bhd and former secretary-general of the Ministry of International Trade and Industry.

"Under-declaration is something that the Customs Department should be aware of and address," especially those cars that compete with the Proton and Perodua," he told Bernama when met at the official opening of the industrial automation seminar here today.

Both the Proton and Perodua are national cars.

Asmat, who is also chairman of Perodua -- which is 38 percent-owned by UMW Holdings, said this asked to comment on APs and the under-declaration of imported cars.

The subject has erupted into a controversy and a hot topic at the ongoing UMNO General Assembly for which Asmat's former boss and Minister of International Trade and Industry Datuk Seri Rafidah Aziz has come under a lot of flak.

The controversy erupted when former Prime Minister and Proton adviser Tun Dr Mahathir Mohamad said recently the issuance of a large number of these permits had led to unfair competition against the national car; that many importers were under-declaring prices and selling cars at a price that was lower than the actual price; and questioned how 20 companies were given the bulk of more than 50,000 APs when the government's aim was to assist as many Bumiputera businessmen as possible by spreading out the issuance of APs.

Rafidah replied to points raised by Dr Mahathir after Prime Minister Datuk Seri Abdullah Ahmad Badawi asked her to do so to stop speculation that these APs were being abused.

Asmat said that "everybody should pay the duty based on the value of the products they want to bring and it is not just cars, it should be for anything (imported)."

"Even handbags, you cannot say it is one dollar when it is ten dollars. The government is aware of the views expressed on the APs and has to take a decision," he said.

Besides this, he said if the problem was left unchecked, it would affect collection of revenue due to the government (and) "if the government does not collect the right duties because of under-declaration, the government loses money."

Turning to the protection of the the local automotive industry, he said: "For us, as automotive players, if the government means to protect us and it is not sufficient (because of under-declaration), then we are not getting the right protection that we deserve."

As for Perodua which has 80 percent local content, he said that "at the moment, we have a good car such as the Myvi that has been well received."

At the UMNO assembly, UMNO Youth's information chief Datuk Azimi Daim spoke of a completely-built-up (CBU) imported car he bought for RM160,000, only to see within a few months a completely-knocked-down version of the same model being sold for RM120,000.

He also said that a company later opened a factory to make almost identical cars, with only a name change and priced each at RM100,000.

Newsreports quoting industry sources said that under-declaration was causing the government to lose millions of ringgit in taxes.

They said some importers had gone to the extent of minimising their exposure on government taxes by splitting their purchase orders whereby the exporter would invoice the importer based on the second purchase order only.

The importer would then declare to the Customs only one purchase order, which means the selling price to be declared by the Customs would be based on only half that of the actual price of the cars.

Besides this, the sources said the invoice used for Customs Declaration would include fictitious payments purported to have been made by the importer, running to several thousands of ringgit per car, as the manufacturer is supposed to send personnel to Malaysia to oversee the after-sales service.

Many quarters have called for a review of the AP system introduced in 1970 which they see as only enriching a select group of individuals and companies rather than developing a wide pool of Bumiputera entrepreneurs in the auto sector. -- BERNAMA

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