

## **ASSESSMENT OF CUSTOMS DUTY FOR NEW AND USED IMPORTED VEHICLES**

Royal Malaysian Customs Department  
Ministry of Finance

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### **Key Highlights**

#### **What was audited?**

- Assessment of Customs Duty for New and Used Imported Vehicles were carried out at Assessment Section of the Warehousing Branch, Unit I (RMCD WPKL) and Import and Free Zone Branch of Unit III (KLIA) Central Zone.

#### **Why it is important to be audited?**

- To determine whether the assessment of customs duty, consist of import duty, excise duty and import sales tax for new and used imported vehicles were conducted properly and appropriately.

#### **What are the audit findings?**

- The audit findings are as follows:
  - insufficient collection of customs duty amounting to RM5.92 million due to the following:
    - the model of the vehicles were declared differently in the Customs Form No.1 (K1) as compared to registration with the Road Transport Department;
    - inaccurate and unverified declaration values of the vehicles due to the incorrect and expired Gazettes referred as well as the age discrepancy of the vehicles declared; and
    - physical examinations were not carried out properly and thoroughly.

#### **Audit Recommendations**

- The audit recommendations are as follows:
  - conduct regular physical inspections and review the vehicle importer's risk assessment reports to ensure import duty are accurately collected by Verification and Profiling Branch of the Technical Services Division;

- impose penalty on false declaration by the vehicle importer in K1 forms, as per Section 133 of the Customs Act 1967 (Act 235);
- immediately collect the insufficient collection of the import duty to avoid leakage in Government's revenue; and
- conduct an investigation into possibility of negligence by the RMCD officers who are responsible approving transactions related to customs duty.