

Customs bullying Labuan: Dealer

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LABUAN: A car dealer here said the Customs Department is acting like a bully in its imposition of a bank guarantee for Labuan-registered cars of above 2501.

She said it didn't take into consideration the already depressed motor trade on the Island.

Fauziah Datuk Din, also Member of the Labuan Advisory Council, said the decision would further hit the sale of expensive luxury cars because it is commonsense that those who purchase these expensive cars want to use them on long stretches of road.

There would be no incentive to buy these autos if they could exit the island

only if a bank guarantee is deposited.

She believed demand for such cars would switch to other markets such as Kota Kinabalu.

They may also be greater demand for expensive second-hand cars as such vehicles would be exempted from bank guarantee requirement and could be freely used both here and on the mainland.

Labuan-registered cars are allowed on the mainland for not more than 90 days per year since duty had been paid. Ninety days was sufficient for most who needed to make several trips to KK per month.

Some purchased the vehicle to enjoy the 90-stay for several years and thereafter resell and transfer it back to KK, the

payable duty being less than the depreciated value of the car. All these stood out as perks in purchasing expensive cars in Labuan.

But from Nov 1, the department has enforced a Bank Guarantee requirement and this was meant to be 50 percent of the CIF value of the vehicle, which many felt was exorbitant.

Fauziah said not only the government was troubled with a downfall in revenue but also the private sector. "Many here are facing challenges due to the exodus of big spending oil and gas personnel, a small consumer market, high cost of doing business."

"It is time for helping Labuan to re-

cover."

Her understanding was no more than two dozen vehicles did not return to Labuan after the expiry of 90 days limit. This is a small outcome considering the tens of hundreds of cars that leave the island on ro-ro ferries every year.

If Customs want to impose drastic rules then it should also reveal what types of vehicles had not returned to justify its action.

She said they were understood to be cheaper models. She also said the issue of expensive car purchased at Langkawi by the rich and famous in West Malaysia may be in hundreds, but not Labuan.

"Why apply the same rules here, are we not being bullied again," asked Fauziah.