



MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
Government Centre, Port Louis, Mauritius

Circular No 7 of 2016

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From: Financial Secretary
To: Supervising Officers-in-Charge of Ministries/Departments and Accounting Officers

**Revised Formula for Valuation of Official Cars
for sale to Retiring Officers**

The existing formula for the valuation of cars sold to retiring officers has been reviewed with the aim of making the selling price fairer to attract officials proceeding on retirement to purchase the official cars allocated to them during their term of service, instead of opting for a new duty-free car as per recommendation 49 Para. 18.2.140 of PRB report 2016.

2. Approval has been obtained on 17 June 2016 for the new formula, as set out hereunder, to be adopted for the valuation of cars for sale to eligible officers who, on retirement, opt to purchase the official cars allocated to them while in service.

Selling Price, E, shall be evaluated as follows:-

	Purchase Price (including VAT)	-	A
Less	15% reduction	-	<u>(B)</u>
	Balance (A – B)		C
Less	Depreciation applied on Balance (25% annually reducing balance method)	-	<u>(D)</u>
	Selling Price (C – D)	-	<u><u>E</u></u>

3. The rate of depreciation is being aligned to that used under the Income Tax Act depreciation of vehicles. The 25% annual reducing balance depreciation is being pro-rated to obtain the monthly depreciation of a car. The statement at Annex 1 illustrates the computation of the selling price based on the age of a car over a four-year period with an original purchase price (including VAT) of Rs 1 million rupees. Thus the selling price of a car aged 20 months would be Rs 531,250.

4. The date of implementation of the revised formula for the valuation of official cars is **effective for eligible officers retiring as from 17 June 2016.**

5. Supervising Officers of Ministries/Departments are kindly requested to bring the contents of this Circular Letter to the attention of Chief Executives of Parastatal Bodies falling under their purview and which are covered by the Pay Research Bureau Report.


V. Lutchmeeparsad
for Financial Secretary

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Computation of the selling price of an official car over a four-year period and with an original purchase price (including VAT) of Rs 1 million rupees.			
Purchase Price (including VAT)		Rs 1,000,000 - A	
Less 15% initial reduction		Rs 150,000 - B	
Balance after 15% initial reduction - (A - B)		Rs 850,000 - C	
Age of Car in Month	Percentage Depreciation <i>25 % annually- Prorated on a monthly basis using Reducing Balance Method</i>	Cumulative Depreciation Amount	Selling Price (C - D)
		D	E
		Rs	Rs
1	2.1	17,708	832,292
2	4.2	35,417	814,583
3	6.3	53,125	796,875
4	8.3	70,833	779,167
5	10.4	88,542	761,458
6	12.5	106,250	743,750
7	14.6	123,958	726,042
8	16.7	141,667	708,333
9	18.8	159,375	690,625
10	20.8	177,083	672,917
11	22.9	194,792	655,208
12	25.0	212,500	637,500
13	26.6	225,781	624,219
14	28.1	239,063	610,937
15	29.7	252,344	597,656
16	31.3	265,625	584,375
17	32.8	278,906	571,094
18	34.4	292,188	557,812
19	35.9	305,469	544,531
20	37.5	318,750	531,250
21	39.1	332,031	517,969
22	40.6	345,313	504,687
23	42.2	358,594	491,406
24	43.8	371,875	478,125
25	44.9	381,836	468,164
26	46.1	391,797	458,203
27	47.3	401,758	448,242
28	48.4	411,719	438,281
29	49.6	421,680	428,320
30	50.8	431,641	418,359
31	52.0	441,601	408,399
32	53.1	451,562	398,438
33	54.3	461,523	388,477
34	55.5	471,484	378,516
35	56.6	481,445	368,555
36	57.8	491,406	358,594
37	58.7	498,877	351,123
38	59.6	506,348	343,652
39	60.4	513,818	336,182
40	61.3	521,289	328,711
41	62.2	528,760	321,240
42	63.1	536,230	313,770
43	64.0	543,701	306,299
44	64.8	551,172	298,828
45	65.7	558,642	291,358
46	66.6	566,113	283,887
47	67.5	573,584	276,416
48	68.4	581,055	268,945