



Car Loan Scheme

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4.1 Car Loan Scheme

Loan Scheme is applicable to all Management staff (upto grade 34). This loan is to enable staff to buy cars or equivalent, so that they can reduce petrol and maintenance costs and commute in a trouble free manner.

The car loan scheme shall be operated subject to the following rules:

- a All Management staff (upto grade 34) shall be eligible for a car loan upon joining the company.
- b Staff on Company's Contract may be provided transport or car loan, at the Company's discretion. Specific cases should be referred to the HRD.
- c No car loan shall be granted to staff who have less than 2 years service left before the normal age of superannuation.
- d Car loans shall only be disbursed when a manager wishes to actually purchase a car. Disbursement for other financing purposes and hypothecation of previously purchased cars shall not be allowed.
- e Staff shall be given a car loan once in **10** years to purchase a car or equivalent. However if a manager wishes to purchase another car after **4** years of the current of the loan he / she may do so after obtaining the HRD approval. He /she will have to repay the current outstanding loan to obtain a fresh loan.

Under circumstances described above in order to facilitate staff to sell old cars, the authority to transfer the car from the Company's name may be issued by the HRD. It shall be the responsibility of the Finance Department to ensure reimbursement of the balance loans within the due date.

- f In case of theft of a loan car during the currency of the loan the manager has an option, to either purchase a car within the insurance proceeds and continue the loan or to repay the outstanding loan amount and purchase a car with a fresh loan.
- g The loan is recoverable over a period of 10 years in equal monthly installments. In the event of a borrower ceasing to be in the Company's employment, the balance shall become payable immediately in full.
- h The Company shall comprehensively insure the car with an insurance company of the Company's choice for a sum not less than the amount of the loan outstanding. The Company shall provide subsidy by bearing 50% of the insurance premium. The balance will be borne by the manager. The insurance premium for each year will be paid to the insurance company as a lumpsum by the Company and thereafter the cost to be borne by the manager will be deducted from his/her salary in equal installments for that calendar year or remaining period thereof. The Finance Department shall be responsible to ensure this.

This subsidy will be applicable for loan cars only during the duration of the loan. However the

Company will continue to subsidise insurance cost even after the loan has been completely repaid if the manager has not availed a fresh car loan and is using his old car for business related travel and the car is still registered in the Company's name. The insurance subsidy will also cease if the manager, upon promotion, is provided a scheme car.

Insurance subsidy will be provided, upto the extents specified above, for entitled cars only. For e.g. a manager entitled to a Suzuki Mehran will be subsidised 50% of the insurance cost of a Mehran even though he/she may actually own a Cultus. The incremental insurance cost, if the manager wants to insure at a value higher than the loan, will be recovered from the manager. Similarly in case of theft of the car, the insurance claim received will be settled among the manager and the Company on a pro rata basis.

- i All cars will be registered in the name of the Company (irrespective of whether in management or non-management cadre)

Costs relating to the transfer of the car shall be borne by the Company. On total repayment of the loan and transfer to the employee's name, the costs shall be borne by the employee. The same principal shall apply in case of theft of a loan car and subsequent transfer costs.

The Company shall bear transfer costs upto the extent of entitlement cars only. for e.g. a manager entitled to a Suzuki Mehran may purchase a Suzuki Cultus however, the Company shall pay for the transfer cost equivalent of a Mehran only and the incremental costs will be borne by the manager.

It shall be the responsibility of the Finance Department to ensure these requirements are met.

- j Staff shall not be allowed to retain a car loan with them without purchasing a car for more than 2 weeks after receipt of cheque. In such cases the loan will be returned in full and disbursed only when the staff concerned is about to make a purchase.

However, an exception will be made if there is a delay in getting delivery of the car (at ex-factory price) from the factory. The manager should intimate this, in writing, to the HRD.

- k Loan cars shall not be sold for any reason without written approval from HRD if the amount of the loan has not been fully repaid.

- l On a grade promotion, staff have an option to avail the higher car loan amount, by fully repaying the previous loan first, and then applying for a fresh loan as per their new entitlement.

Staff when promoted to grades where the Company provides transport, shall be required to reimburse balance car loans if any, in lumpsum to the Company not later than one month of taking possession of the Company scheme car.

- m Staff purchasing cars with the Company loan shall be solely responsible for any liability on account of loss or damage of the car through theft, accident or any other calamity. This liability shall also include such liabilities which may be over and above those covered by the insurance policy taken out by the individual.

- n It will be the employee's own responsibility to ensure that cars purchased with the assistance of a Company loan will have to be equipped with seat belts for the driver and the front passenger seat.

The loan amount will include the standard cost of purchase and installation of seat belts for a car prescribed by the Company for the respective grade. Any additional cost will be borne by

the employee.

- o On resignation, the employee cannot return the loan car to the Company. In all cases the loan must be repaid. In case an ex-employee refuses to repay the outstanding loan, the Company has a right to sell the car, without any intimation to the ex-employee, and settle the loan. In case the outstanding loan amount is greater than the sale price, the Company will recover the balance from the ex-employee with the assistance of Legal Function, if required.
- p Capital Value Tax (CVT) for cars purchased on Company loan will be payable by the Company if the car is being registered in the Company's name. Similarly at the end of the loan period, the employee will bear CVT cost when the car is transferred in his name. Where CVT is borne by the Company, the Company will bear costs only upto a maximum determined by the ex-factory price of the car designated for the relevant grade of the manager.
- q Manager with cars on Company loan and registered in the Company's name will be entitled to claim on account of payment of Withholding Tax. Challans for the same should be submitted to the Finance Department for reimbursement by the Company.
- r Managers can buy new cars with factory fitted CNG kits against their car loan entitlement, if available. Managers may not use car loans to have CNG kit installed in a new car from a vendor/workshop. Also, CNG installation in Loan cars from authorised dealers of car manufacturers is admissible.

Used Car

Employees are eligible to purchase used cars against car loan amount. In addition to above car loan rules following are some additional points, which needs to be followed at the time of purchasing used car against car loan amount:

- This scheme is applicable with effect from 1 October 2009.
- No change in car types in loan car grades i.e. grade 30SEII - 34.
- Employees are allowed to buy maximum 5 years old car. (Additional 60 days will be considered to complete the transfer / documentation process)
- In case of imported (reconditioned) cars, cars should be registered in Pakistan within last four years.
- in case of buying higher value car by adding up-front amount in loan car amount. Company will bear the registration and insurance costs of entitled loan car amount. The additional amount will be borne by employee.
- Employees will not be allowed to get fresh car loan before four years. Therefore, this will be employee responsibility to ensure the reliability of car, which is being purchased from a reputable car dealer.
- This will be employee responsibility to ensure that car, which is being purchased is meeting HSE standards and will complete atleast four years period successfully.
- Employee ensures that the car must be verified by Excise & Taxation department and CPLC/ACLC at the time of purchase and also make sure that the car is not involved in any unlawful (such as duplicate papers/number plate or stolen, etc) activity previously. The copies of car registration, purchase papers and invoice etc should be submitted to HRD within 2 weeks of receipt of the cheque.

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