

New carbon taxes skip minibus taxis

'ALARMED' AUTOMAKERS TO SEEK CLARITY ON BAKKIES

August 5, 2010

By Roy Cokayne

Minibus and midibus taxis are to receive a special exclusion from the carbon dioxide emissions tax that will be charged on sales of new cars and light commercial vehicles from September 1.

Jabulani Sikhakhane, the spokesman for the national treasury, said on Wednesday the exclusion of minibus and midibus taxis from the levy was based on the fact that these vehicles were used for public transport.

The CO2 emissions tax, if applicable to taxi vehicles, would have increased the average price of these vehicles by about R12 000 and added to taxi industry concerns about costs.

David Powels, the president of the National Association of Automobile Manufacturers of SA, said on Tuesday automakers were unaware that the tax did not apply to taxi vehicles.

He also cast doubt on claims made by the treasury that the National Regulator for Compulsory Specifications (NRCS) had confirmed that data on CO2 emissions was available "for all vehicles".

The Treasury referred to the NRCS and CO2 emissions data on Tuesday when it said it had rejected auto industry requests to exclude double cabs and small bakkies from the imminent vehicle CO2 emissions tax.

Powels said Naamsa had spoken to the NRCS, a subsidiary of the SA Bureau of Standards, and confirmed the treasury claims were "inaccurate" and "did not reflect the reality".

Daniel Ramarumo, a spokesman for the NRCS, was unable to confirm the accurate position in regard to CO2 emissions data because "there are legal issues involved". He said the regulatory body would respond on Thursday.

A major objection by motor manufacturers to the extension of the tax to light commercial vehicles is based on the fact that CO2 emissions data are not available, even in Europe.

In terms of the new tax, buyers of new cars and light commercial vehicles will pay R75 for each g/km of CO2 emissions above the threshold of 120 g/km. This will increase prices by two percent on average.

Sikhakhane said the definition of passenger cars used for the purposes of this tax included all categories of light commercial vehicles but excluded "light trucks".

He said the final regulations would attempt to clarify what was meant by "trucks".

Sikhakhane said the treasury might explore extending the tax to commercial vehicles but this would require a lot of research and consultation.

'WE HAVE TO TAKE THIS MATTER FURTHER'

Powels said that motor manufacturers were "alarmed by the latest developments and finality of it" and they would definitely be taking up the issue at ministerial level.

He said: "In the interests of auto workers and consumers we have to take this matter further. We have to consider what is happening in the light of the new industrial policy action plan and how that seeks to grow the industry and create employment and the increasing misalignment between industrial policy and fiscal policy."

Powels said automakers could understand the decision in regard to double cabs, which largely seemed to be used privately.

But manufacturers did not understand the decision in regard to bakkies, which were used as "workhorses".

Powels reiterated earlier claims by the motor industry that a fuel levy was a more effective means to achieve the government's stated environmental objectives.