



Taxes on vehicles and fuels

Committee proposals

Sigurður Guðmundsson

Economic Department

6 June 2008

Tax Review

- A committee has revised taxes on vehicles and fuels
- Draft report is finished
- The report has been presented to the Government
- A briefing meeting has been held with the media
- Political decisions have not been taken

Objectives of work

- promote the use of environmentally friendly vehicles
- energy efficiency
- reduction of GHG emissions from traffic
- promote domestic energy sources
- finance investment and maintenance of road system
- serve as a general source of revenue

Present tax system - fuel

- Petrol
 - 9,28 general excise
 - 32,95 special – earmarked for road investment
- Diesel
 - 41 earmarked
 - Biodiesel is not exempt
- Alternative fuels
 - No excise
- Fuel carries 24,5% VAT

Present tax system vehicles

- At import
 - <2000 ccm 30% excise
 - >2000 ccm 45% excise
 - 39 exemption/reduction clauses !!!
 - among them a reduction for alternative fuel vehicles, hybrids
 - large commercial vehicles generally no excise
- Annual fee by weight
 - with exemption for pensioners and handicapped
- Km fee for vehicles over 10 tons

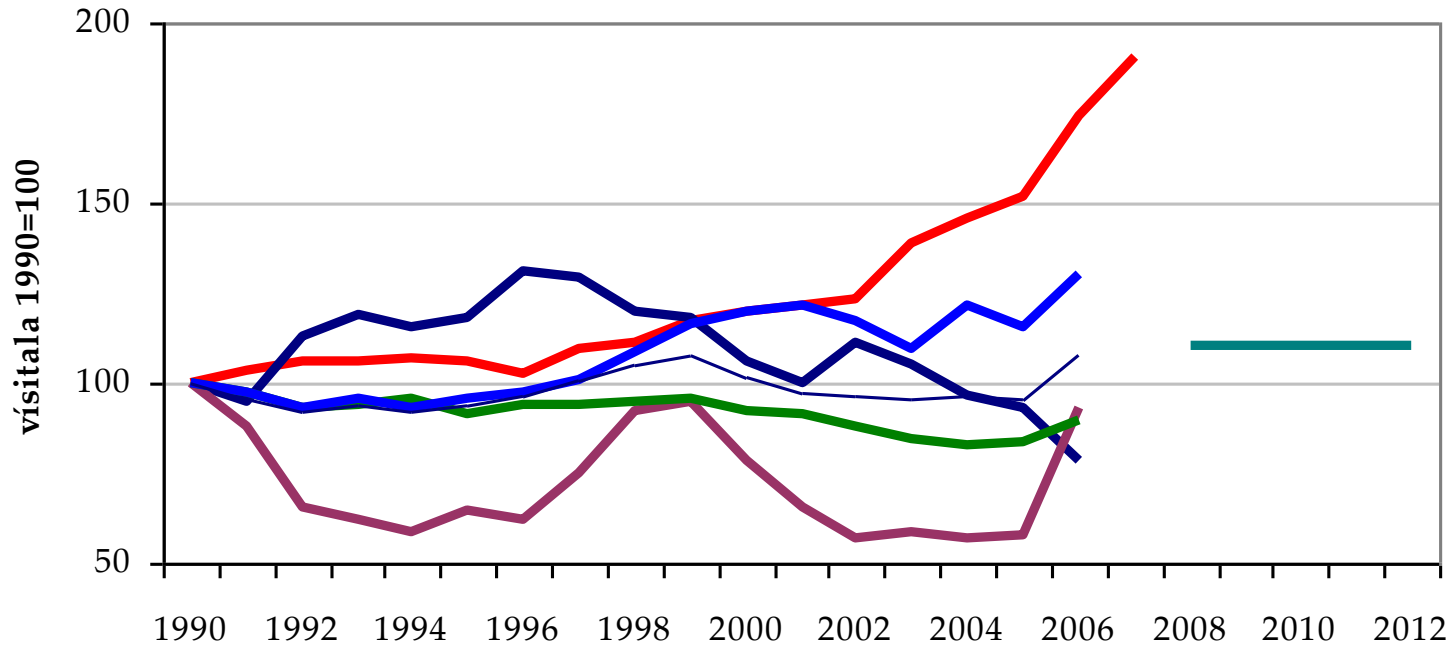
Revenues from vehicles and fuel

- 6% of revenues

Excise from imports	8.150
Annual fee	4.610
General excise petrol	2.100
Special excise petrol	7.420
Diesel	6.030
Km fee	1.280
Total	29.590 m.kr
Total State revenue	470,2 mia

The Environmental Problem - 1

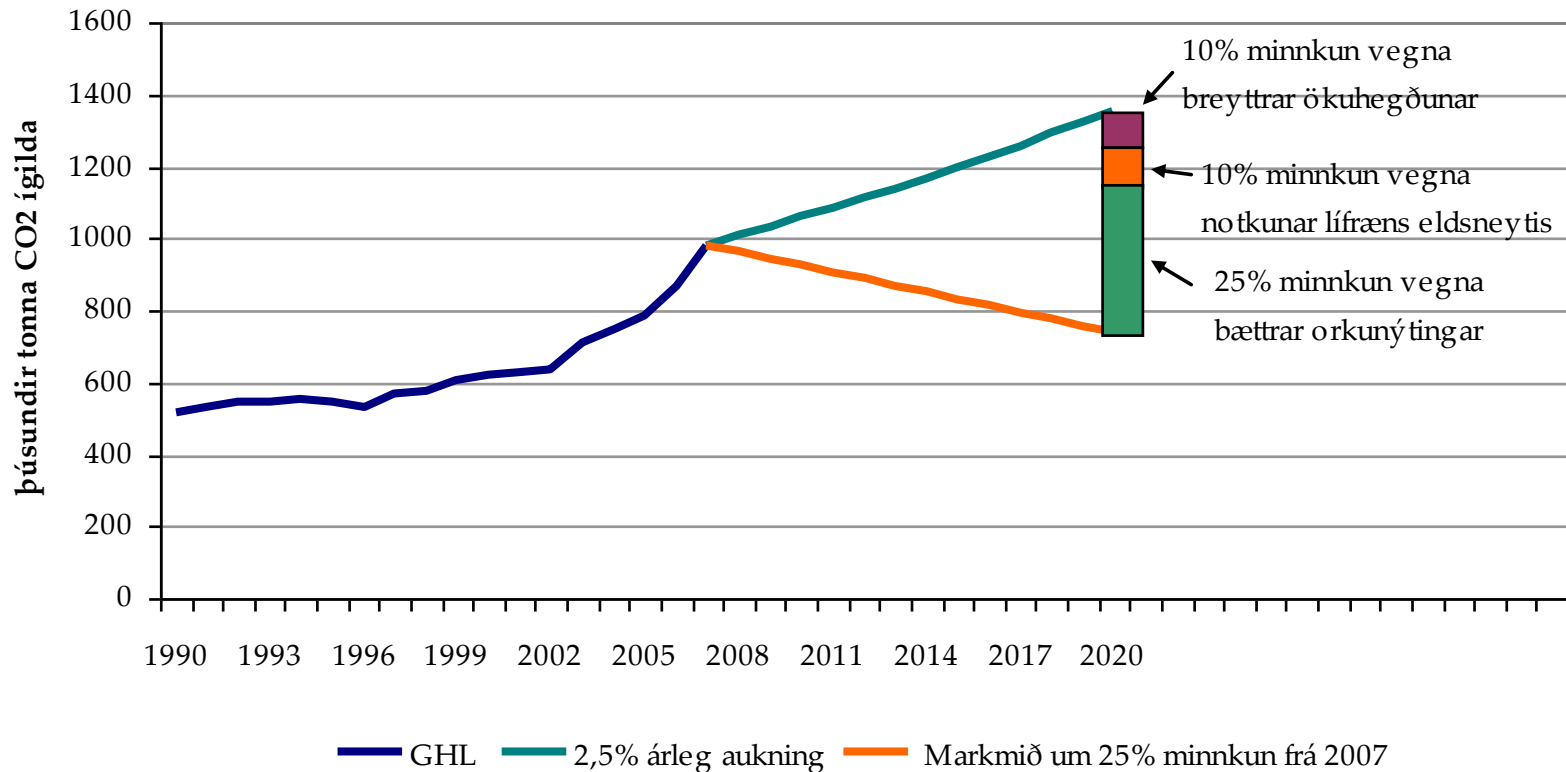
Losun gróðurhúsalofttegunda eftir meginflokkum



- Vegasamgöngur
- Landbúnaður
- Kyoto-heimild
- Sjávarútvegur
- Annað
- Almenn losun
- Iðnaður (án 14/CP.7)

The environmental problem

Losun á gróðurhúsalofttegundum frá samgöngum á landi



Proposal – import of vehicles

Bil losunar CO ₂ (g/km)		Vörugjald í dag (%)*	Nýtt gjald (%)
A	0-100	30	0
B	100-120	30	5
C	121-140	30	10
D	141-160	30	15
E	161-180	30	20
F	181-200	30/45	30
G	201-220	30/45	40
H	221-250	45	50
I	Yfir 250	45	60

Proposals - vehicles

- Annual fee based on CO₂ emissions
- Km fee maintained – but will be based on GPS-surveillance in future, making geographically variable rates possible

Proposals - fuel

- CO₂ fee introduced on petrochemicals
 - mirroring cost of emission rights in ETS
 - internalises externalities
 - proposal comes at inopportune time after series of price hikes

Thank you !