NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 2509

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Ms D Carter (Cope) to ask the Minister of Finance:

Whether the Government had informed all role players in the motor industry on all aspects of the calculation of carbon tax which was to be imposed from 1 September 2010; if not, (a) why not, (b) when will they be informed and (c) how will this be done; if so, (i) how and (ii) for what purposes such accrual of tax income will be used?

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REPLY

Yes, the National Treasury and South African Revenue Service generally engage with all key role-players after the announcements are made in the annual Budget. The proposed carbon dioxide (CO_2) vehicle emissions tax was first announced in the 2009 Budget Review. This announcement was preceded by extensive consultation which included a briefing on background research on this topic, at the request of National Association of Automobile Manufacturers of South Africa (NAAMSA), to the Chief Executive Officers (CEOs) of the local motor manufactures on 25 July 2008. After further consultative meetings with NAAMSA during 2009 the proposal as announced in the 2009 Budget Review was amended as per the 2010 Budget Review. Further consultations with NAAMSA were held during the first half of 2010 to discuss some of the practical issues relating to the implementation set for 1 September 2010.

The draft Schedule and rules in terms of the Customs and Excise Act, setting out the legal provision relating to the CO_2 vehicle emissions tax, was published for comment on 2 July 2010. At the request of NAAMSA the Minister of Finance met with the CEOs of the local motor manufactures on 19 August 2010 in order to clarify some misunderstandings relating to the definition of passenger vehicles. The major issue of contention was the inclusion of light commercial vehicles. It was agreed that double cabs will be subject to this tax as from 1 March 2011, in order to allow the industry to obtain accurate and reliable CO_2 emission data for double cabs. Other light commercial vehicles will become subject to this tax at a later date.

The revenue from this tax instrument will form part of government's general revenue and not earmarked. The annual budget process then makes allocation to departments including those made for environment initiatives, e.g. measures to deal with air pollution, climate changes and incentives for renewable energy.