

# Roadmap for Clean Air

## Regional Consultation on Vehicle Import Policy

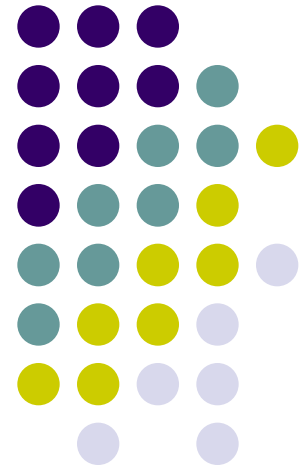
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Presented by

**Nassir Ally Khadun**

Chartered Member  
Chartered Institute of Logistics and Transport  
MCILT

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# Vehicle Registration

- Mauritius (Year 2006 to Year 2007)
- Average Growth rate: 4.8%

25,000 vehicles > annually

Type of vehicle	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Car	91,911	99,770	109,507	117,890	127,363	136,226	147,733	160,701	173,954	188,299	202,696	218,976
Dual purpose vehicle	43,221	44,635	46,021	47,146	48,271	49,132	50,116	49,730	49,503	49,301	48,961	48,603
Double cab pickup <sup>1</sup>	0	0	0	0	0	0	0	1,155	2,065	2,689	3,542	4,634
Heavy motor car	1,118	1,223	1,290	1,275	1,249	1,230	1,244	1,250	1,271	1,284	1,316	1,345
Motor cycle	33,936	36,969	40,804	44,222	48,655	53,409	59,637	65,827	72,067	77,603	82,746	88,360
Auto cycle	104,238	105,637	107,184	108,713	110,674	112,296	113,871	114,958	115,784	116,085	116,653	117,133
Lorry and truck	12,272	12,536	12,726	12,950	13,186	13,539	13,902	14,061	14,243	14,372	14,645	15,024
Van	24,522	24,934	25,334	25,622	25,914	26,090	26,293	26,624	26,890	27,229	27,656	28,121
Bus	2,612	2,753	2,762	2,803	2,845	2,912	2,957	2,963	3,006	2,980	3,107	3,101
Tractor and dumper	3,001	3,025	3,045	3,102	3,119	3,173	3,202	3,226	3,254	3,244	3,251	3,277
Prime mover	436	452	505	558	596	650	689	715	734	774	817	873
Trailer	1,756	1,795	1,809	1,823	1,821	1,834	1,845	1,846	1,842	1,850	1,853	1,913
Road roller	96	96	96	97	98	99	101	102	103	103	105	109
Other	321	320	323	319	324	329	336	337	336	331	328	328
<b>TOTAL</b>	<b>319,440</b>	<b>334,145</b>	<b>351,406</b>	<b>366,520</b>	<b>384,115</b>	<b>400,919</b>	<b>421,926</b>	<b>443,495</b>	<b>465,052</b>	<b>486,144</b>	<b>507,676</b>	<b>531,797</b>
Annual % increase	-	4.6	5.2	4.3	4.8	4.4	5.2	5.1	4.9	4.5	4.4	4.8

<sup>1</sup> New category of vehicle defined in Road Traffic Act as amended by Act No. 27 of 2012. Prior to the amendment, double cab pickup was included in 'Dual purpose vehicle'

# Data on new and second hand vehicles imported



- Mauritius (Year 2011 to Year 2017)

	2011		2012		2013		2014		2015	
	New	Second Hand	New	Second Hand	New	Second Hand	New	Second Hand	New	Second Hand
<b>All Vehicles</b>	16,057	4,406	19,021	5,633	17,606	7,765	18,170	7,386	16,108	9,401
<b>Cars</b>	5,970	3,615	7,207	5,012	6,650	7,110	7,181	6,886	6,678	8,479
<b>% Cars</b>	62%	38%	59%	41%	48%	52%	51%	49%	44%	56%

# Data on new and second hand vehicles imported



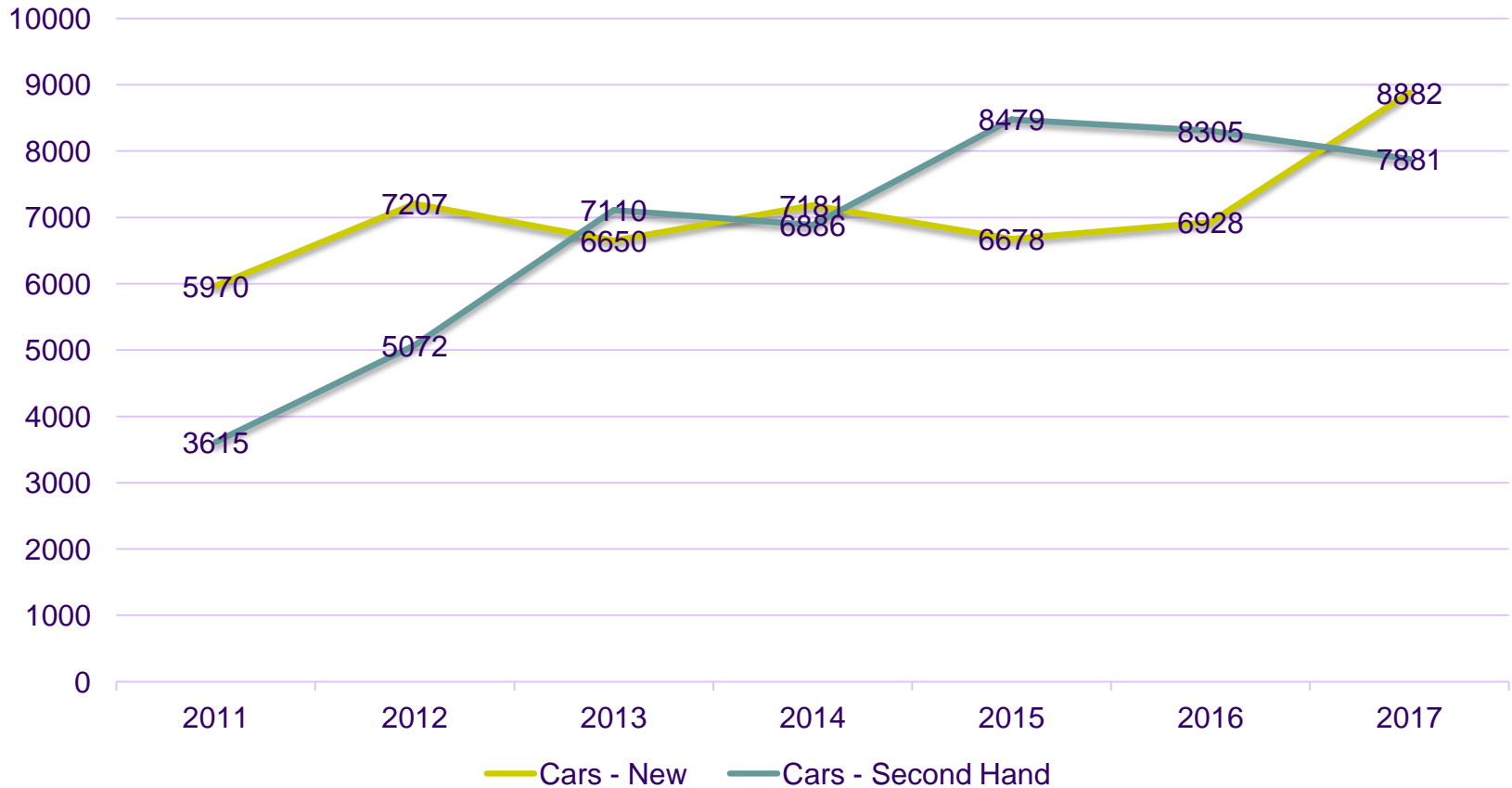
- Mauritius

	2016		2017	
	New	Second Hand	New	Second Hand
All Vehicles	16,831	8,935	19,109	8,584
Cars	6,928	8,305	8,882	7,881
% Cars	45%	55%	53%	47%

# Data on vehicles imported



## Trend of cars registration (new & second-hand)



# Age Limits of Second Hand vehicles allowed to be imported



Vehicle Type	Age limit
Motor cars, SUV, Jeep Type	Between 18 months and 4 years
Double Cabs, 2x4 or 4x4	Between 18 months and 3 years
Goods Vehicles	Not exceeding 6 years
Vans to carry goods & up to 7 passengers	Not exceeding 4 years
Motor buses	Not exceeding 3 years
Motor cycle	Less than 1 year (not for resale)

# Document requirements for importation of Second Hand vehicles



- Import Permit
- Inspection Certificate from a competent authority to certify that:
  - The vehicle has been inspected not earlier than 2 months prior to shipment
  - The vehicle is not stolen
  - The roadworthiness and usability of the vehicle
  - Where the vehicle is imported from Japan – the Auction grade

# Document requirements for importation of Second Hand vehicles



- A document from the exporting country that the vehicle is not stolen
- A deregistration certificate and an export certificate issued by the official registration body
- Second Hand vehicles from Japan should have a certified copy of the original auction sheet in English





# Quantitative control on input

Vehicle Type	Limit
Motor cars	Individual – One motorcar every 5 years
	Authorised dealer – no restriction
	Taxi owner – one car every 4 years
Motor cycles	Total restriction on importation for resale
	One motorcycle of less than one year received as gift or on resettlement
Vans	One van every 5 years
Buses	One bus every 5 years
Lorries and trucks	One lorry/truck every 5 years



# Obligations on authorized dealers

- To be registered and licensed with the Ministry of Industry, Commerce and Consumer Protection
- To own a Showroom for display of cars
- To provide the Ministry with a bank guarantee or security for an amount of MUR 2.5 million (approx. USD 75,000)
- To allow purchasers to test drive motor vehicles
- To produce to purchasers the vehicle inspection certificate



# Obligations on authorized dealers

- To hold spare parts and repair facilities for vehicles imported and sold
- To enter into a sale agreement with the purchaser setting a warranty period for the car sold
- To submit to the relevant Ministry a certified copy of the sale agreement within 3 days showing that the agreement has been executed.



# Introduction of Co2 levy/rebate system

- Introduced in July 2011
  - To reflect the polluters pay principle in vehicle taxation
  - To take into account Co2 emission levels in vehicle importation taxes
  - To bring in an element of environment sustainability in the transportation sector
- The Excise Act was amended in July 2011
- At introduction, the Co2 threshold was 158g/km
- Scheme applied to motor cars, jeeps and SUVs only
- It covered both new and second hand vehicles



# Co2 emission standards used

- Initially only United Nations Economic Commission for Europe Regulations 101 (UN-ECE Regulations No. 101)
- Problem of comparative standards for vehicles not tested as per European Standards
- Legislation amended in 2013 to provide for other standards for vehicles imported from Japan, India, Korea, etc.



# Co2 Levy/Rebate rates

Table 1: CO<sub>2</sub> Levy/Rebate Rates (R)

	Range	Standard UN-ECE Regulations No. 101	Other Standards
Rebate	Up to <b>90</b> g/km	Rs 3,000/g	Rs 1,000/g
Rebate	91 to <b><u>150</u></b> g/km	Rs 1,000/g	Rs 350/g
Levy	151 to <b>190</b> g/km	Rs 2,000 / g	
Levy	191 to <b>225</b> g/km	Rs 3,000 / g	
Levy	226 to <b>290</b> g/km	Rs 4,000 / g	
Levy	> <b>290</b> g/km	Rs 5,000 / g	

Source: MOFED

# Formula for computation of Co2 levy or rebate



$$A = R \times (C - T)$$

where  $A$  – is the amount of the CO<sub>2</sub> levy or CO<sub>2</sub> rebate;

$R$  – is the appropriate rate of the CO<sub>2</sub> levy, or the appropriate CO<sub>2</sub> rebate per gramme per kilometre (km);

$C$  – is the CO<sub>2</sub> gramme per km of the motor car, rounded to the nearest whole number;

$T$  – is the CO<sub>2</sub> threshold in gramme per km



# Computation Example

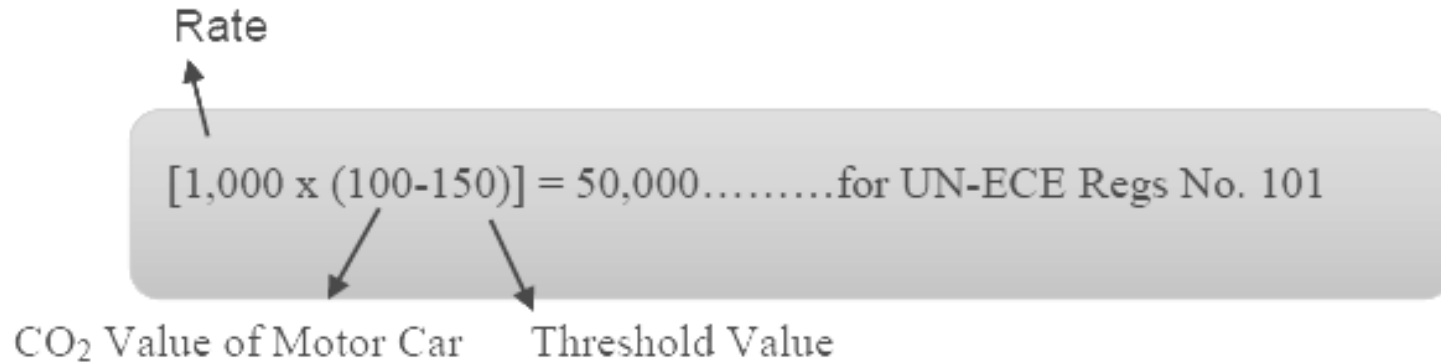
Example: If the CO<sub>2</sub> emission of a motor car is 100g/km, then the rebate is calculated as follows:

*The difference between 100g/km minus 150g/km, multiplied by the rate of Rs 1,000 if the CO<sub>2</sub> certificate is based on UN-ECE Regulations No. 101 standard or by Rs 350 for Other Standards. Thus, the rebate will be Rs 50,000 or Rs 17,500 depending on the standard of the CO<sub>2</sub> certificate.*

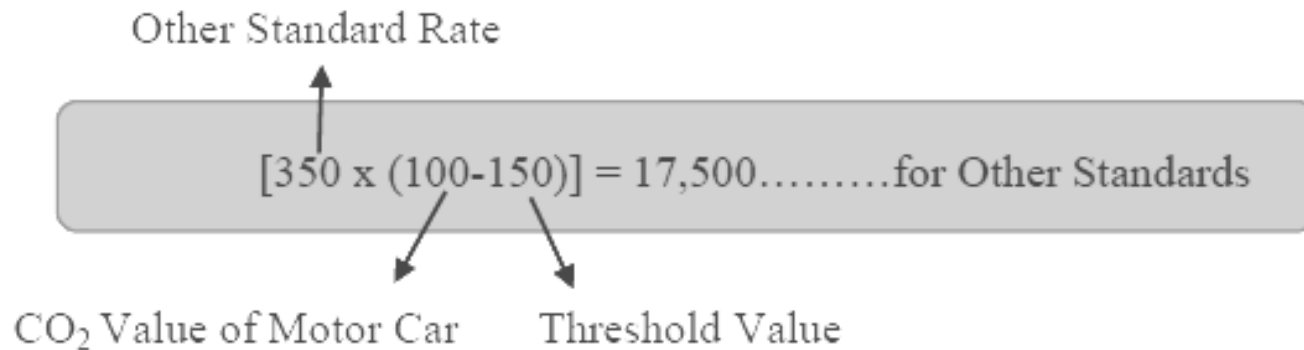




# Computation Example



**Or**





# Analysis of Financial impact of Co2 levy/rebate scheme

Table 2: Yearly Levy/Rebate Collection

YEAR	REBATE Rs M	LEVY Rs M	NET Rs M
2012	360	106	-254
2013	549	93	-456
2014	302	108	-194
2015	348	93	-256

SOURCE: MOFED

- Scheme was originally devised to be revenue neutral
- Analysis shows that amount of rebate granted exceeded the amount of levy collected
- The situation was at its worst in 2013

# Corrective measures taken in November 2013



- The Co<sub>2</sub> threshold was lowered from 158 to 150 (g/km)
- In case of motorcars tested under UN-ECE Regulations No.101, rebates were lowered as follows:-
  - Rs 1,000 per gram instead of Rs 3,000 up to 90 g/km
  - Rs 350 per gram instead of Rs 1,000 between 90-150 g/km

# Financial Assessment of corrective measures taken



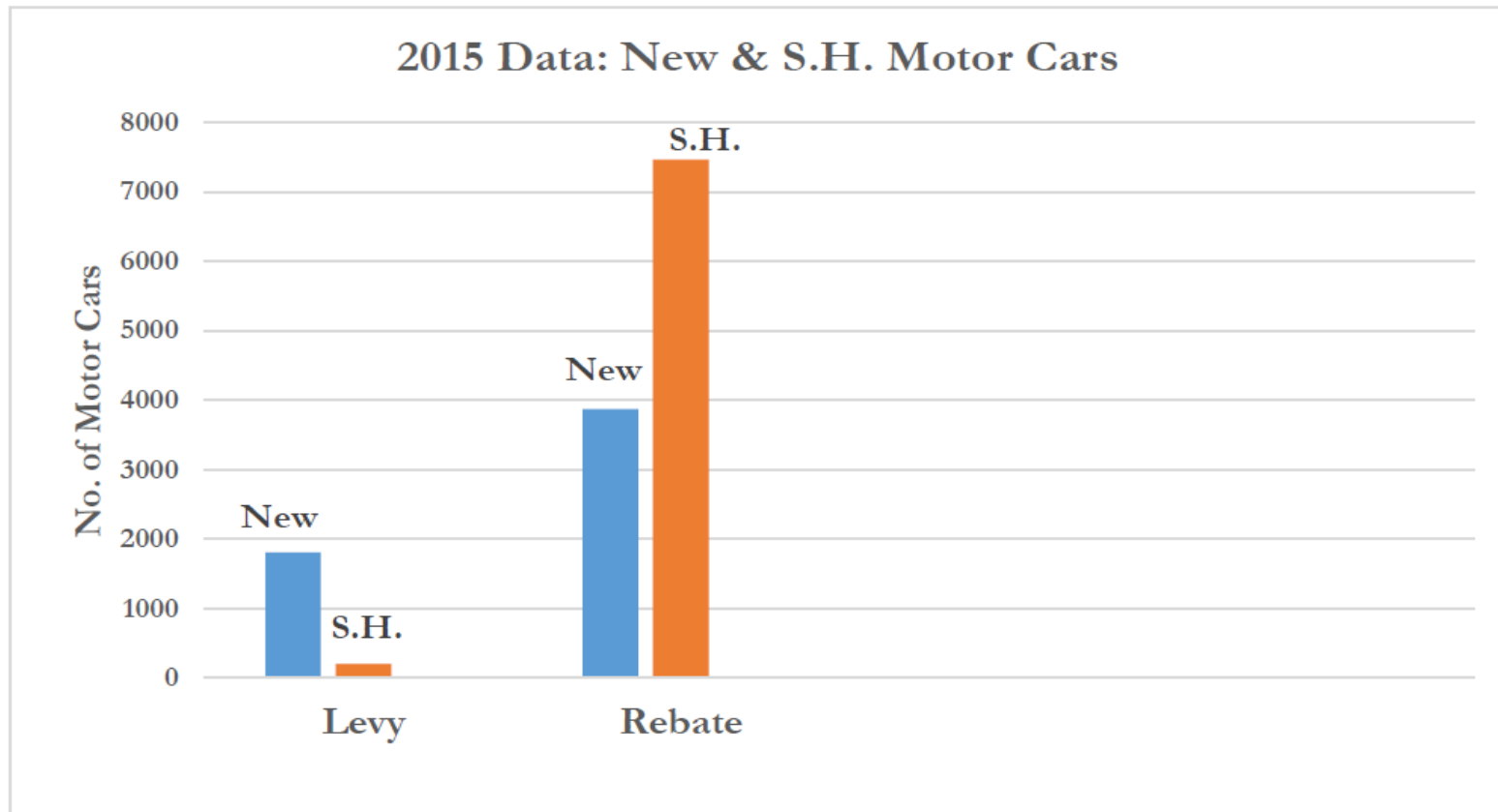
**Table 3: Analysis of 2015 data from MRA Customs**

	2015 (Jan-Dec)	
<b>Cars with UN-ECE Regulations No. 101 Standard</b>	<b>Number</b>	<b>Amount (Rs M)</b>
Levy	1,806	+83
Rebate	3,869	-82
Net		<b>+1</b>
<b>Cars with other standards</b>		
Levy	199	9
Rebate	7,463	266
Net		<b>-257</b>
<b>TOTAL Net</b>		<b>-256</b>

Source: MOFED



# Data for 2015 illustrated



Source: MRA

# Financial Assessment of corrective measures taken



- 13,337 cars imported in 2015
- 11,332 benefitted from rebate (i.e. 85%)
- Average rebate to cars under UN-ECE standard (MUR 21,000)
- Average rebate to cars under other standards (MUR 35,000)
- Scheme revenue neutral for cars under UN-ECE standard
- Virtually all motor cars under other standards benefitted from rebate
- Financial deficit mainly from cars imported under other standards



## Reaction from car dealers

- Since the introduction of the Co2 levy/rebate system, the sale of second hand vehicles has increased significantly
- Peak of sales in 2015
- Sale of new vehicles declined sharply
- Representation from new car dealers to the MOFED
- Data indicates clearly that scheme was promoting second hand cars more than new cars, which were more environmentally friendly

# Committee to look into scheme for revenue neutrality



- Whether the threshold should be lowered to 140 or even 130 g/km
- Abolishing the Co2 rebate while keeping the Co2 levy as in South Africa and UK
- Committee found that lowering threshold will penalize cars with UN-ECE standards which are mostly new cars
- Cars with other standards (mostly second hand ones) will continue to benefit highly from rebates
- With the abolition of Co2 rebate, 85% of cars will no longer be covered by the scheme
- Out of 15% cars subject to levy, 14% will be from new car segment



# Suspension of Co2 levy/rebate scheme



- Budget speech of July 2016 resulted in the suspension of the scheme for the following reasons:-
  - A number of operational and litigation issues have hindered its proper functioning
  - Different standards for Co2 emissions are used
  - There is no formal arithmetical equivalence to compare the two standards
  - Unreliable Co2 values have been used for computation of the levy or rebate
  - The suspension will remain effective until a harmonized Co2 measurement becomes effective under the World Harmonised Light Vehicles Test Procedure



# Budget measures 2016-2017

Table 14: Rates of Excise Duty prior and after 2016-17 Budget Measure

Type of Motor Car and cylinder capacity (c.c.)	Rates of Excise Duty prior to 2016-17 Budget	Rates of Excise Duty after 2016-17 Budget
<b>Conventional Motor Cars:</b>		
Up to 550 c.c.	15%	0%
551 - 1,000 c.c.	55%	45%
1,001 – 1,600 c.c.	55%	50%
1,601 – 2,000 c.c.	75%	75% (no change)
Above 2,000 c.c.	100%	100% (no change)
<b>Hybrid Motor Cars:</b>		
Up to 1,600 c.c.	55%	25%
1,600 – 2,000 c.c.	75%	45%
Above 2,000 c.c.	100%	70%
<b>Electric Cars:</b>		
Up to 180 kW	25%	0%
Above 180 kW	25%	25% (no change)

Source: MOFED

- New rates of excise duty favouring cleaner vehicles
- Significant lowering of excise duty for cars with low engine capacity, hybrid and electric



# Impact of budget measures 2016-2017

## IMPACT OF MEASURES TAKEN IN BUDGET 2016/17

Table 15: Analysis of hybrid and electric vehicles imported after 2016/17 budget measure.

Year	Total Number of Vehicles registered during the year	Share of cars (all types of cars)	Share of hybrid and electric cars to total number of vehicles	Share of hybrid and electric cars to total number of cars
2011	20,463	46.8%	0.8%	1.6%
2012	24,654	49.6%	1.6%	3.2%
2013	25,371	54.2%	2.7%	5.0%
2014	25,556	55.0%	1.7%	3.1%
2015	25,149	60.3%	2.4%	4.0%
2016	25,766	59.1%	5.3%	8.9%
2017 (Jan –Apr)	8,900	57.1%	7.4%	12.9%

- Share of hybrid/electric cards jumped from 4% in 2015 to 12.9% of total no. of vehicles registered up to April 2017



# Other fiscal instruments (1)

Table 11: RATES OF DUTY ON MOTOR VEHICLES (Before 2016/17 BUDGET)

Types of Motor Vehicle	Excise Duty	Registration Duty	Road Tax
<b>Motor Cars</b>	<p><b>Conventional Cars (including hybrid cars), except electric cars</b></p> <p>&lt;550cc ..... 15%</p> <p>551cc – 1,600cc ..... 55%</p> <p>1,601cc – 2,000cc ..... 75%</p> <p>&gt;2,000cc ..... 100%</p> <p><b>Plus</b></p> <ul style="list-style-type: none"> <li>• CO<sub>2</sub> rebate if the CO<sub>2</sub> emission is less than 150g/km</li> <li>• CO<sub>2</sub> levy if the CO<sub>2</sub> emission is more than 150g/km</li> </ul>	<p>New motor cars and imported second hand motor cars (first entry in Mauritius) pay the same rate depending on the cylinder capacity, ranging from Rs 3,300 to Rs 195,000.</p> <p>Subsequent transfer of vehicles on the local market: depreciating rate.</p>	<p><b>All cars (excluding hybrid and electric cars.)</b></p> <p>Rs 3,500 to Rs 13,000 yearly depending on a cylinder capacity (company pays an additional amount Rs 1,000/Rs 2,000)</p>



# Other fiscal instruments (2)

Types of Motor Vehicle	Excise Duty	Registration Duty	Road Tax
	<p><b>Hybrid Cars</b></p> <p>&lt;550cc ..... 15%</p> <p>551cc – 1,600cc ..... 55%</p> <p>1,601cc – 2,000cc ..... 75%</p> <p>&gt;2,000cc ..... 100%</p> <p><b>Plus</b></p> <ul style="list-style-type: none"> <li>• CO<sub>2</sub> rebate if the CO<sub>2</sub> emission is less than 150g/km</li> <li>• CO<sub>2</sub> levy if the CO<sub>2</sub> emission is more than 150g/km</li> </ul>	<p>50% of normal rate depending on engine capacity and age</p> <p>Subsequent transfer of vehicles on the local market: depreciating rate.</p>	<p>50% of normal rate depending on engine capacity</p>



# Other fiscal instruments (3)

Types of Motor Vehicle	Excise Duty	Registration Duty	Road Tax
	<b>Electric Cars</b> Up to 180Kw ..... 0% Above 180Kw ..... 25%	25.5 to 70 Kw .....Rs 8,100 70.1 to 95 kW ..... Rs 16,300 95.1 to 125 kW ..... Rs 26,000 125.1 to 150 kW .....Rs 32,500 150.1 to 180 kW .....Rs 39,000 > 180 kW .....Rs 97,500	50% of normal rate



# Questions & Answers



Thank you