



REPUBLIC OF UGANDA

AIR QUALITY, CLEAN VEHICLES AND SUSTAINABLE MOBILITY ROADMAP, NAIROBI, 24 – 25 AUGUST 2015

**FISCAL POLICIES TO REDUCE IMPORT OF OLD
VEHICLES IN UGANDA**

BY

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BACKGROUND

- Uganda is a low income country edging towards middle income status
- Most vehicles imported are used vehicles from Japan and Europe (about 95%)
- Number of motorcycles is probably double the number of vehicles
- Vehicle population is still low and this provides a good opportunity for interventions
- No single new vehicle assembling plant in the country or region (small ones do exist)



FISCAL POLICY

- Uganda has no specific policy on importation of used vehicles (no age limits at all)
- No policy on disposal of old vehicles
- So the policy in place to reduce importation of old vehicles is fiscal and may not necessarily achieve the objective of reducing importation of used vehicles
- The policy is more a tax policy to increase revenues to finance all government programmes



FISCAL POLICY CONT'D

(from July 2015)

- Used Vehicles of between 5 and 10 years are required to pay 35% of CIF value as Environmental Levy
- Used Vehicles of above 10 years are required to pay 50% of CIF value as Environmental Levy
- It does not apply to Goods Vehicles (3.5t and above)
- No specific measure encourage purchase of new vehicles (no reduction in taxes etc)



CONSEQUENCES

- Reduction in number of old vehicles imported and purchased by consumers
- However, no significant corresponding increase in purchased new vehicles
- Might be because there is no assembling plant that can supply new and safe vehicles at an affordable price
- Population is therefore pushed to use an inefficient public transport system (consisting of boda-bodas, matatus and buses)



FINANCIAL COMPARISON

- **TOYOTA RAV4**

- 2005 Model (11 years old – 50%)
- CIF Value - \$ 4,337
- Taxes - \$ 4,906

- **TOTAL COST - \$ 9,243**

- **TAXES ON VEHICLES**

- Import Duty
- VAT
- Withholding Tax
- Environmental Levy
- Infrastructure Levy
- Registration Fees

- **TOYOTA RAV4**

- 2010 Model (6 years old - 35%)
- **CIF Value – \$ 15,140**
- **Taxes – \$14,220**

- **TOTAL COST – \$29,360**

- **TOYOTA RAV4**

- 2014 model (2 years old 0% level)
- **CIF – \$ 23,392**
- **Taxes – \$13,216**

- **TOTAL COST - \$36,608**



SAFETY Vs POLLUTION

- Dangers of talking just about age
- New Vehicles without basic passive safety features such as:
 - Air Bags
 - Anti Lock Braking Systems
 - 3 – Point Seat Belts
 - Laminated Windshields
 - Crumple Zones
 - Cargo Barriers
 - Pedestrian Protection Systems



WAY FORWARD

- Set Up National Vehicle Safety and Environmental Pollution Standards as opposed to “Code of Practice for Inspection of Used Vehicles”
- Establish proper systems for managing pollution from vehicles while in use
- Develop a uniform Air Quality Standard at the EAC Level and ensure it is implemented by member countries
- Establish Vehicle Inspection Facilities for safety and emissions



THANK YOU
FOR YOUR ATTENTION