

Title of the measure:	POR 9 – Taxation on the purchase of passenger’s vehicles
------------------------------	--

General description

Under the Ministries Council Resolution n°161/2005, October 12th, the current vehicle tax was amended. From the 1st of July 2006, the tax calculation formula¹ includes also an environment component part, besides the cylinder capacity (CC) component.

The purchase tax on vehicles begins to be weighted according to engine size and CO₂ emissions, being the weighting of the last, raised over time. So, the integration of the environment part in the tax calculation formula will be made annually progressively, reducing the cylinder capacity component, favouring the less pollutant vehicles. This environmental component, represented by CO₂ emissions, will be differentiated according to the type of fuel used, taking into consideration the environmental damages and harmful for the public health caused by the respective fuels consumption.

Initially, the CO₂ emissions will have a weigh of about 10% on the purchase tax vehicle. However, it is expected that gradually the weigh will be increased:

- 2007 CO₂ emissions represent about 30%
- 2008 CO₂ emissions represent about 60%

In order to avoid any negative impact in the market, the Government will establish the suitable calendar for the beginning of the tax model to be in force, taking into consideration the adaptation of the representatives of vehicle’s brands to these new rules.

The annual tax changes are to be included in the annual national budget legislation. Specifically, in what respects the 2006 budget, changes are in force from 1st of July 2006, under Law 60-A/2005, December 30th, in what respects the 2007 budget, changes are in force under Law n°53-A/2006 of 29 December 2006.

Impact evaluation

This legislation was included as one of the measures to be taken in the scope of the National Strategy for Climate Change (PNAC) and it is predicted that potential reductions on GHG emissions from this sector could result from its implementation. Assuming that trends remain unchanged, the estimates for the impact of this instrument points out at a reduction of 1,5-1,9 MtCO₂ compared to a business-as-usual scenario.

Interaction of measures

Not applicable.

Historical data

The vehicle tax is regulated by Decree Law 40/93 of 18th February, with all changes annually considered in the national budget legislation. Currently, through Law 60-A/2005, 30th December (National budget for 2006), the vehicle tax system is amended.

¹ Tax calculation formula was originally based only on the cylinder capacity;
IA (€) = Vehicle CC (cm³) X Tax by CC (€/cm³, legally fixed according to the CC bracket)

References

- PNAC (2001), Programa Nacional para as Alterações Climáticas, Comissão Interministerial para as Alterações Climáticas, IA, Lisboa: http://sniamb.apambiente.pt/infos/geoportaldocs/Consulta_Publica/DOCS_QEPIC/150515_PNAC_Consulta_Publica.pdf
- <http://www.acap.pt>
- <http://www.dge.pt>
- <http://www.portugal.gov.pt>
- Decree law nº 40/93, February 18th: <https://dre.pt/application/file/656325>
- RCM nº 161/2005, October 12th: <https://dre.pt/application/file/156151>