

Fuel tax not so high after all

Even after finance minister Nhlanhla Nene slapped motorists with a huge tax bill, filling up at local petrol stations is cheaper here than in most other countries...



(Image: Wikimedia Commons)

The minimum tax rate on unleaded petrol in the EU is R4,80/litre, according to PwC partner Kyle Mandy, but most countries in Europe charge far above this. Tax on a litre of 98 octane unleaded petrol in Belgium is about R8 at current exchange rates. In Italy, that climbs to about R9,50 and reaches almost R10 in the Netherlands.

In comparison, SA motorists are expected to pay about R4,13 for a litre of 93 octane petrol when tax hikes come into effect next month. At the moment, tax on a litre is about R3,32. "It's a historical hangover. SA has never sought to fundamentally increase fuel taxes in line with the international trend to do so," says Mandy.

Nene raised fuel taxes by 80,5c/litre. The new rates place SA's taxation of fuels in line with Australia and Chile.

Mexicans paid just US41c on a gallon of gasoline in 2010/2011. A gallon is equivalent to about 3,8-litres. US consumers pay 49c/gallon. But in Turkey, consumers pay 5,52/gallon. "SA's tax rate would equate to about \$1,301,40/gallon," Mandy says.

Source: *Financial Mail*, via I-Net Bridge