

Green tax to be imposed on older vehicles

January 26, 2021

In news : The Union Minister for Road Transport and Highways has approved a proposal to levy a “Green Tax” on old vehicles which are polluting the environment. The proposal will now go to the states for consultation before it is formally notified.

What is a green tax?

It has been proposed to dissuade people from using vehicles that damage the environment, motivate them to switch to newer, less polluting vehicles and to reduce overall pollution level and make the polluter pay for it.

In general, a green tax is imposed on the environment polluting goods or activities, to discourage people from anti-ecological behaviour and make them sensitive towards the environment.

Key principles of levying Green Tax

The main principles to be followed while levying the Green Tax are:

- Transport vehicles older than 8 years could be charged Green Tax at the time of renewal of fitness certificate, at the rate of 10 to 25 % of road tax
- Personal vehicles to be charged Green Tax at the time of renewal of Registration Certification after 15 years
- Public transport vehicles, such as city buses, to be charged lower Green tax
- Higher Green tax (50% of Road Tax) for vehicles being registered in highly polluted cities
- Differential tax, depending on fuel (petrol/diesel) and

type of vehicle

- Vehicles like strong hybrids, electric vehicles and alternate fuels like CNG, ethanol, LPG etc to be exempted
- Vehicles used in farming, such as tractor, harvester, tiller etc to be exempted
- Revenue collected from the Green Tax to be kept in a separate account and used for tackling pollution, and for States to set up state of-art facilities for emission monitoring

Benefits of Green Tax

The benefits of the “Green Tax” could be :

- To dissuade people from using vehicles which damage the environment
- To motivate people to switch to newer, less polluting vehicles
- Green tax will reduce the pollution level, and make the polluter pay for pollution.

Deregistration and Scrapping of vehicles

- The Minister also approved the policy of deregistration and scrapping of vehicles owned by Government department and PSU, which are above 15 years in age.
- **It is to be notified, and will come into effect from 1st April, 2022.**

Do you know?

- It is estimated that commercial vehicles, which constitute about 5% of the total vehicle fleet , contribute about 65-70% of total vehicular pollution.
- The older fleet, typically manufactured before the year 2000 constitute less than 1 % of the total fleet but contributes around 15% of total vehicular pollution.
- These older vehicles pollute 10-25 times more than

modern vehicles.