



## Press Release

### **A NEW RECORD FOR TAXATION CHARGED ON MOTOR VEHICLES IN ITALY DURING 2017: 74.4 BILLION EUROS (+2%)**

**While the percentage of total revenue remained stable at 16%, the percentage of GDP was 4.3% compared with a European average of around 3%. According to available data, Italian automotive revenues are continuing to rise in 2018**

*Turin, 7<sup>th</sup> November 2018* - The overall tax liability on the Italian motor industry increased again in 2017, reaching **74.4 billion euro**, an increase of **2%** compared to the previous year.

There was an increase of **1.9%** in total national tax revenues compared to 2016 - reflecting an upward trend in indirect taxes (+4.2%) based on consumption. Direct taxes however, were in line with 2016 - **the proportion of tax revenue from the automotive sector out of total revenue calculated on a cash basis remained stable at 16%**, as was the case in 2015 and 2016.

*"A new record was set for the tax levied on our sector in 2017 - the third consecutive year of real recovery in the motor industry, albeit with a slowing down in growth rates - reaching 74.4 billion euros"* - commented Aurelio Nervo, President of ANFIA. *Revenues from the purchase of vehicles - VAT and IPT<sup>1</sup> - were up by 6.2% and 6.3% respectively.*

*The percentage of tax revenue resulting from our sector as a percentage of GDP was 4.3%, the highest among the major European countries, given that the average was around 3%<sup>2</sup>.*

*Revenues from the purchase and ownership of vehicles grew by 6.2% and 4% respectively, totalling 9.4 billion euro and 6.8 billion euro respectively. However, income from the used car sector represented, as usual, the most noteworthy figure, accounting for 78.2% of the total income from the sector and amounting to 58.2 billion euro, an increase of 1.1% compared to 2016.*

*With regards to the tax contribution for the used car sector, we would like to point out - continued Mr. Nervo - that any changes to the current arrangement of excise duties on fuels, would have a negative effect, as it would encourage the use of less performing*

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<sup>1</sup> Provincial Transcription Tax.

<sup>2</sup> Based on the latest data available, the average tax impact of the automotive sector has been calculated on the GDP of the main European countries (France, Germany, Spain, UK and Italy). The 5 major markets, in fact, represent about 77% of the total revenue of the sector in Europe (estimated by ACEA at 413 billion Euros in the EU15). Italy ranked third after Germany and France (the latter being just above Italy) with a contribution close to 20% of the total.

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*technologies in terms of CO<sub>2</sub> emissions reduction, which is now subject to rigorous European regulations.*

*The current setting of excise duties, compensating for the higher cost of some technologies, has allowed, so far, a sufficient spread of the most efficient fuels in terms of reducing climate-changing gases, such as diesel.*

*A possible remodelling of excise duties between conventional fuels would however, cause a shift in sales towards less performing technologies for CO<sub>2</sub> emissions and in particular would penalise the new Euro 6 Diesel vehicles, which have lower CO<sub>2</sub> emissions of 15% to 20% depending on the model, as well as the now minimal polluting emission versions. According to the latest Euro 6d-TEMP road tests, NOx emissions are 85% lower than they were in the Euro 5.*

*Furthermore, any increases in excise duty to cover past events or extraordinary situations would result in an increase in transportation costs which would have to be passed on to road users immediately, particularly for those sectors for which transportation is a profession. In the light commercial vehicle market, which uses mainly diesel as its primary fuel source, any increase in excise duty would have a negative impact on products that are considered to be genuine working vehicles. Additionally, there would be a negative impact on the used car market as well, due to a loss of residual value for vehicles”.*

In the analysis concerning the distribution of levies calculated for the various tax periods of the "contribution life cycle" of motor vehicles, and after taxes deriving from the used car market during the year, the share of contributions made at the time of purchasing motor vehicles (payment of VAT and IPT), equalled 12.6%, and totalled 9.4 billion euro, the sector remained in second place. This figure increased by 6.2% compared to 2016 (which was already 14.5% higher on its previous year), due to the number of increased new car registrations, which recorded their third consecutive year of growth, albeit at a slower pace: the car market closed 2017, +8% compared to 2016 figures.

Finally, ownership of vehicles represented a share of 9.1%: 6.8 billion Euros deriving from ownership tax - known as "car tax" - with an increase of 4% (about 260 million Euros more compared to 2016). This trend could have been due not only to the growth of vehicle fleets (+1.7% in 2017), but also to the implementation of greater controls to reduce tax evasion. In this regard, we recall that from 1st January 2017, the Region of Lombardy introduced<sup>3</sup> the possibility to pay the tax due by debiting a current account using RID and obtaining a 10% discount on the total amount due. The Stability Law 2018 introduced the possibility of extending this to all regions and the right to apply discount on the stamp duty if payment is made by bank direct debit.

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<sup>3</sup> By means of the Simplification Law 2016.

On the basis of this detailed analysis, approximately **€7.59 billion (+6.2%) was paid during the registration** of motor vehicles in 2017, resulting from payments of VAT and registration fees (*item 3 in the table*).

This change was mainly due to the increase in sales of new cars - totalling 6.8% compared to 2016, reflecting cars, light and heavy commercial vehicles and buses - plus used cars. An increase of 4.7% in 'true' ownership of new cars was achieved through an upward move (+2.9%) in the final selling price to consumers. This was achieved by an increase in technology, higher safety standards and more options available on most models. The sales mix, in 2017 on the other hand, saw a fall in the share of cars purchased by private individuals, who paid VAT at the full rate (100%), from 62% in 2016 to 56.5%. Company cars, however, increased (from 18% in 2016 to 21.6% in 2017), as did rental cars (20% in 2016 and 2017).

Also, revenue from the collection of TPI (*item 6*), as mentioned above, showed a **significant increase**, recording a rise of 6.3% and totalling 1.8 billion Euros.

Items relating to the payment of VAT and registration fees in the first eight months of the current year remained essentially stable. Sales of new cars were in line with the same period of 2017, while the second-hand market grew. There was also an increase in the final selling prices of motor vehicles. The sales mix, during the period January-August 2018, shows a decrease in the number of cars purchased by private individuals and an increase in the number of company cars and rental cars purchased. As a result of this situation, revenue should be stabilised. The outcome at the end of 2018 will depend largely on the effective closure of the market, the average final prices and, above all, on how the sales mix is expressed.

As for contributions relating to the use of vehicles, tax revenues on fuels (*item 1*) increased by 0.3% in 2017 after two consecutive years of decline, this totalled **€34.93 billion** compared with €34.82 billion in 2016.

As was the case in 2016, overall fuel consumption in Italy fell in 2017 (-1.6%). The most significant decreases were in the consumption of petrol (-4%) and methane (-3.7%). In the same year average pump prices, with the exception of natural gas (-1.3%), rose sharply compared to 2016: +5.8% for petrol, +8% for diesel, +12.4% for LPG.

**Against an increase in the industrial price of fuels (price of raw materials and gross margin), the impact of tax components (VAT and excise duties) on the final price, with no changes in excise duties and VAT compared to last year, decreased from 68.5% to 65.7% for petrol, 66.2% to 62.6% for diesel and from 44.2% to 41.3% for LPG, while for methane there was no change (18.5%).**

Despite the overall drop in consumption, the increase in the cost of raw materials had a significant impact on the final prices at the pumps, generating an increase in VAT revenue (excise duties remained unchanged).

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If we look at the first eight months of 2018, total fuel consumption grew again: compared to the same period of 2017 (January-August), consumption of diesel increased by 2.9%, while petrol (-1.1%) and LPG (-3.8%) is still decreasing. Overall, consumption in 2018 generated tax revenue that was 917 million euros higher than in the same period of 2017. In addition, the increase at pump prices in the first 8 months of the current year, +4.6% for gasoline, +6.9% for diesel and +6.9% for LPG, led to higher revenues from VAT and excise duties, equivalent to approximately 900 million euro more than in January-August 2017.

Tax revenue from lubricants (*item 2*) increased by 1% in 2017 to €1.01 billion. This trend is due to a combination of a slight increase in consumption<sup>4</sup> (+0,2%), as in the previous three years plus a slight increase in their prices (+0.9%), according to ISTAT data.

**VAT revenues from vehicle maintenance and servicing, plus the purchasing of spare parts, accessories and tyres also increased (*item 4*), closing 2017 at +4.6% with a total estimated value of €10.67 billion, compared to €10.20 billion in 2016.**

In 2017, Italians spent €30.9 billion on maintenance and repairs of cars<sup>5</sup>. Compared to 2016, when spending totalled 29.5 billion representing a growth of 4.8%. This result was affected by a modest increase in the number of Italians using car repair shops (+2%), the aforementioned increase in the number of vehicles in use and the fact that prices for maintenance and repairs increased by an average of 1% in 2017. With the 2017 figures, expenditure for maintaining and repairing cars in Italy continued for the fourth consecutive year to grow, after the contraction that occurred in the two-year period 2012-2013. The activity of maintenance and repairs of vehicles have become more and more important: in a market where, technological innovations and the use of on-board electronics are increasing, activities and repairs that take place daily in the workshops are constantly evolving and require continuous updating for the mechanics, called upon to ensure the best possible service.

Tax revenues from maintenance and repair activities also includes tax revenue from the pre-screening and overhaul of motor vehicles. It should be noted that from 1st January 2015, the new revision procedures came into force which, with the intention of putting an end to false inspections, require that they be carried out by means of video surveillance and communicated in real time to the DMV. This involves additional costs, but also increased data security, impartiality of results and prevents fraud. It is therefore impossible for operators to change any negative outcomes from the revision.

Not only that: since January 2017, certain innovations regarding the control of revisions have resulted in mandatory voluntary measures so far. The Stability Law 2017 sets out,

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<sup>4</sup> Source: Ministry of Economic Development.

<sup>5</sup> Source: Autopromotec Observatory.

for garages, the obligation to check, during the car overhaul phase that the owner of the vehicle is up to date with their payment of tax and that there are no administrative penalties on it. If this is not the case, the vehicle will be unable to be driven until the tax has been paid in full: only then will it be possible to request a new motor vehicle inspection.

Taxes relating to **motorway tolls (item 5)** totalled **€2.11 billion in 2017, an increase of 3.6%** on 2016. This increase was due to the continued growth in vehicle traffic which began in 2014 after a few years of decline. In 2017 and mirroring 2016, increases were recorded for both light vehicles (+1.8%) and heavy vehicles (+3.5%). Overall, vehicle-kilometres travelled on our motorway networks in 2017 exceeded 83.8 billion, 2.2% more than in 2016.

The increase in toll prices at the beginning of 2017 made a slight contribution to the increase in this item of expenditure, with an average increase of 0.77% compared to 2016.

As far as the current year is concerned, in the first six months of 2018 the number of vehicle-km travelled increased to over 40 billion, 0.8% more than in the first half of 2017 (+0.1% for the light vehicles and +3.2% for the heavy vehicles). Revenues also increased in the period January-June 2018.

Income from insurance **premiums for third party liability, theft and fire (item 8)** **decreased by 0.8%** to a total of **3.85 billion euro (3.88 in 2016)**.

According to ANFIA data, this is the sixth consecutive downward trend. With a largely unchanged fleet of insured vehicles, other factors were responsible for this decrease. On the one hand, the decline in the number of claims was due to both a reduction in the use of private vehicles in the crisis years and the introduction in 2012 of the law on light physical injury which discouraged the proliferation of fraudulent claims. On the other hand, **the progressive and increasingly widespread use of insurance products linked to telematic devices**, capable of reducing premiums for those who are able to make the most of them, has played an important role. In addition, there was increasing competition among companies, which benefited from a long period of reduction in claims that began in 2010 and, therefore an improvement in their accounts.

We remind you that the gradual reductions in average premiums over recent years, due to the higher revenues achieved, were also due to the anti-fraud innovations introduced by Decree-Law No. 1 of 2012 (Liberalisation Decree), converted into law by Law No. 27/2012, whose implementing measure was then issued by IVASS.<sup>6</sup> in May 2015: dematerialisation of insurance certificates and payment documents, **tackling motor liability evasion by means of automatic controls guaranteed by telematic devices** (speed cameras, tutors, accesses to Limited Traffic Areas, Vergilius and others).

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<sup>6</sup> Institute for Insurance Supervision.





Again, according to ANFIA, motorists on the road who have not paid their annual insurance premium in 2017 represent approximately 6.3% of cars on the road, with peaks of up to 13.5% in southern Italy.

Finally, as regards to car parks and fines (*item 9*), in 2017 these were worth €5.65 billion, an increase of 0.5% compared to 2016, mainly due to the growth in the number of vehicles on the roads. The NIC ISTAT index for car parks also showed a slight increase in prices: +1.3% in 2017 compared to 2016.

With reference to fines, we remind you that Law no. 98/2013, which changed the so-called "Doing" Decree no. 69/2013, introduced the possibility of a 30% reduction in the total amount of the fine for payments made within 5 days of the issue of the notice or the deferred notification of the fine. It seems that this type of "discount", in fact, has only benefited motorists who already pay, without making the others more virtuous, given that there has been a loss in revenue.

According to the latest figures available, thanks to fines paid by motorists, motorcyclists and all those who respect the Highway Code, the revenue of municipalities reached 1.7 billion euros in 2015 (+45.6% compared to the previous year)<sup>7</sup>.

From 1<sup>st</sup> January 2017, as provided by the Inter-ministerial Decree of 20/12/2016, the increase in consumer price index for households sanctioned by ISTAT corresponds to an upwards adjustment of administrative penalties provided for by the Highway Code, resulting in an increase of 0.1% for penalties over 500 euros.

Finally, we would like to reiterate that the Highway Code states that a minimum of 50% of the proceeds of the fines collected from local authorities must be used to improve safety in the form of investments of 25% in road maintenance, 12.5% in signage and 12.5% on roadside checks. However, since there is no system for verifying these investments, which local authorities should budget annually, the efforts made by manufacturers to increase vehicle safety standards and further reduce road accidents and deaths are often thwarted by the conditions of the Italian road infrastructure, which is still below European safety standards.

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<sup>7</sup> Data from AdnKronos.

National Association of Automotive Industry (ANFIA)



ANFIA - Italian Association of the Automotive Industry - is one of the leading Italian Trade Associations, members of CONFINDUSTRIA.

Born in March 1912, over these one hundred years, ANFIA mission has always been to represent the interests of its associate members and ensure effective communication between the Italian motor vehicle industries on the one hand, and the Public Administration and Italian political bodies on the other, with regard to all technical, economic, fiscal, legal, statistical and quality-related issues referred to the automotive sector. The Association is structured in three product-based Groups, each one chaired by a President.

Components: motor vehicle parts and components manufacturers; Car Coachbuilders and Designers: companies working in the sector of design, engineering and style of motor vehicles and/or parts and components for the automotive sector; Motor vehicles: motor vehicles manufacturers in general, including trucks, trailers, camper vans, special means of transport.

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**CARICO FISCALE SULLA MOTORIZZAZIONE IN ITALIA**  
*FISCAL TAXATION ON MOTOR VEHICLE SECTOR*  
(MILIARDI DI EURO)

<b>Voci di prelievo fiscale / Fiscal taxation items</b>	<b>2016 def</b>	<b>2017</b>	<b>Var.% 2017/2016</b>
1. CARBURANTI / <i>Fuels</i>	<b>34,82</b>	<b>34,93</b>	0,3
2. LUBRIFICANTI / <i>Lubricants</i>	<b>1,00</b>	<b>1,01</b>	1,0
3. IVA - ACQUISTO AUTOVEICOLI e DIRITTI MOTORIZZAZIONE <i>Vehicles acquisitions</i>	<b>7,15</b>	<b>7,59</b>	6,2
4. IVA - MANUTENZIONE E RIPARAZIONE/ACQUISTO RICAMBI, ACCESSORI E PNEUMATICI <i>Vehicles maintenance and repairing/Acquisitions of spare parts, accessories and tyres</i>	<b>10,20</b>	<b>10,67</b>	4,6
5. PEDAGGI AUTOSTRADALI / <i>Motorway tolls</i>	<b>2,03</b>	<b>2,11</b>	3,6
6. IMPOSTA PROVINCIALE DI TRASCRIZIONE (IPT) <i>Registrations / Transfer acts</i>	<b>1,69</b>	<b>1,80</b>	6,3
7. POSSESSO ( <i>Bollo Auto</i> ) / <i>Vehicles ownership</i>	<b>6,54</b>	<b>6,80</b>	3,9
8. PREMI ASSICURAZIONE RC, FURTO, INCENDIO <i>Insurance prime (civil liability, coverage against fire and theft)</i>	<b>3,88</b>	<b>3,85</b>	-0,8
9. ALTRO (PARCHEGGI-CONTRAVVENZIONI etc.) / <i>OTHERS (Parking fees- Fine-etc.)</i>	<b>5,62</b>	<b>5,65</b>	0,5

<b>(A) TOTALE / Total</b>	<b>72,93</b>	<b>74,40</b>	<b>2,0</b>
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<b>(B) TOTALE ENTRATE TRIBUTARIE NAZIONALI / Domestic fiscal income</b>	<b>456,83</b>	<b>465,59</b>	<b>1,9</b>
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<b>% CARICO FISCALE / Taxation (A) SU ENTRATE TRIBUTARIE NAZIONALI on domestic fiscal income (B)</b>	<b>16,0</b>	<b>16,0</b>
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**CARICO FISCALE SULLA MOTORIZZAZIONE IN ITALIA**  
**SECONDO IL CICLO DI VITA CONTRIBUTIVO**  
(MILIARDI EURO)

<b>Voci di prelievo</b>	<b>2016</b>	<b>2017</b>	<b>% sul totale</b>	<b>VAR.% 2017/2016</b>
A. ACQUISTO	<b>8,84</b>	<b>9,39</b>	12,6	6,2
B. POSSESSO	<b>6,54</b>	<b>6,80</b>	9,1	4,0
C. UTILIZZO	<b>57,55</b>	<b>58,21</b>	78,2	1,1
<b>TOTALE</b>	<b>72,93</b>	<b>74,40</b>	<b>100,0</b>	<b>2,0</b>

Elaborazione ANFIA su dati e stime ACI, AISCAT, ANIA, AUTOPROMOTEC, ISTAT, MEF, MiSE, MiT, UP e altri organismi di settore  
ANFIA elaborations. Data/estimates source: ACI, AISCAT, ANIA, AUTOPROMOTEC, ISTAT, MEF, MiSE, MiT, UP and other Italian sector institutions