

## **Irish Taxation Institute publishes survey of car owners on new VRT/Motor tax systems**

**Findings show strong awareness of change but lack of understanding of the details**

### **59% say VRT change will encourage purchase of lower emission vehicles**

*Monday 21 April, 2008:* A survey published today shows that two-thirds (66%) of all car owners/purchasers are aware of an impending change to the Vehicle Registration Tax (VRT) system, with over half saying the change will encourage them to purchase a car with lower emissions. However the majority of those surveyed say they are unaware of the details of the new VRT system (66%).

On changes to the motor tax system, the survey found that 65% of those who planned to buy a car in the next 12-months would be more likely to change to a car with lower emissions if it resulted in motor tax savings.

The ITI survey was conducted as part of Tax Week 2008. The emphasis of Tax Week is to encourage people and businesses to think about their taxes – how they can save money from being informed of tax reliefs and how to make best use of their investments by being advised of the tax system.

The ITI VRT/Motor Tax survey, conducted by Red C, polled 1001 people on April 7-9 last. The survey's findings (full copy available on [www.taxireland.ie](http://www.taxireland.ie)) included:

On VRT:

- 6 in 10 claim that their current car was bought second hand with a quarter claiming they plan to buy a car in the next 12 months
- Two thirds claim awareness of the proposed changes however the majority of those who are aware claim to be unaware of the details.
- 66% are aware of a change to the VRT system, with 18-24 year olds are least likely to be aware of a proposed change.
- 6 in 10 claim the new VRT changes would make them more inclined to purchase a car with lower emissions. Those who bought their current car from second hand are least inclined.

On Motor Tax:

- 55% said they would be more likely to change their car to one with lower CO2 emissions if it means saving money
- 65% of those who plan to buy in the next 12-months said similar

Commenting on the findings, Joan O'Connor, President of the ITI said: "There appears to be a difference in opinion for those who are completely aware of the new proposals compared to those who are aware that changes are coming down the tracks but are unclear as to the detail. Those who have an understanding of the nature of the changes are much more likely to consider choosing a car with lower emissions.

"This suggests that further education of the public about the proposed changes as they come closer to purchase, may lead to an increased demand for lower emission cars.

"The strong showing of those who will move to more fuel efficient cars is particularly encouraging and vindicates the decision to introduce the new VRT and Motor Tax systems. If the environmental benefits of the change are to be truly maximized, a collective effort is required to educate the public on the practical implications of the change."

Commenting on the use of tax policy to tackle national policies, Ms O'Connor said: "What is crystal clear from this survey is that innovative tax policies positively influence behavior. As we have seen in the past, through the slashing corporation tax, the plastic bag levy, business and regeneration incentives, people and businesses respond positively to innovative tax changes. In turn, the economic and social benefits that can be accrued are immense. Policy makers deserve credit for bringing forward such policies and should continue to have the courage to use tax policy to effect positive change."

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