

Most of relevant ministries, agencies, localities, organizations and individuals have thrown their weight behind a draft resolution to increase environmental protection tax on fuels prepared by the Ministry of Finance, according to news site Vietnamnet.



The ministry had earlier consulted entities about the draft resolution to hike the environmental protection tax on gasoline from the current VND3,000 to VND4,000 per liter from July 1 and has received feedback from 14 ministries and agencies, 42 localities and four associations and organizations. Most of them have basically agreed with the draft resolution, saying it is necessary.

In addition to gasoline, the ministry is looking to raise the tax to VND2,000 a liter of diesel oil, heavy fuel oil and lubricants. The ministry plans to submit the draft resolution to the National Assembly Standing Committee at a session in May for approval.

Some relevant agencies have proposed a roadmap to gradually raise the tax until 2020 suitable to economic growth and consumer spending. However, according to the ministry, adjustments to the environmental protection tax on commodities including fuels are in line with provisions of the Law on Environment Protection Tax and socio-economic development policies in the period.

The ministry says the environmental tax hike may send the consumer price index (CPI) in July rising by 0.27-0.29% over June and the average CPI this year by 0.11-0.15%.

It affirmed the tax hike would encourage the economical and effective use of energy and natural resources. Thus, the country can reduce environmental pollution, ensure sustainable economic development and implement international commitments on environmental protection.

In addition, some proposed raising the environmental protection tax on kerosene from VND300 to VND3,000 per liter, equivalent to the tax on jet fuel. The country now needs 4,500-5,000 cubic meters of kerosene a month, mainly used by manufacturing enterprises.

Upon this proposal, the Ministry of Finance suggested raising the tax from VND300 to VND2,000 per liter of kerosene.

Besides, the tax on heavy fuel oil was proposed to be VND1,200 to VND1,500 a liter instead of the current VND900 so as not to affect the selling prices of finished products of those sectors such as power, glass and ceramic production plants that have high demand for heavy fuel oil. However, the ministry sought to raise the environmental protection tax hike on heavy fuel oil to VND2,000 per liter as in the draft resolution as the product can cause severe environmental pollution through the discharge of an extremely poisonous gas.

The Ministry of Finance had earlier given explanations on the need to raise the tax, saying it is in line with a resolution of the Politburo on solutions to restructure the State budget to ensure public debt safety and financial sustainability.

Vietnam has entered into 11 free trade agreements and will have to gradually cut import duties on fuels to 0%. Therefore, an increase in environment protection tax revenue will help offset the State budget decline caused by the fuel import tax fall.

In addition, fuel prices in Vietnam are still lower than in 122 other countries, according to the ministry.

According to the Ministry of Finance, the tax hike will help raise State budget revenues by nearly VND15.6 trillion including VND8 trillion from gasoline. Part of the money will go to environmental protection projects.

Source: **VietNamNet**