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Dozens of Domestic Automakers to Pay Salvage Fee

By The Moscow Times

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As many as 170 companies were struck from the list of automakers eligible for an exemption from the salvage fee. **A. Makhonin**

Dozens of domestic automakers may have to pay the new car salvage fee at the same rate as importers after missing a deadline to submit their own recycling plans.

Russian producers were to be exempted from the charge if they could provide their own measures for recycling vehicles at the end of their life time. To qualify for the waiver, companies had to submit proposals to run their own salvage measures in all regions and cities of over 500,000 people by November 1.

The Trade and Industry Ministry listed 371 companies that qualify for an exemption from the recycling tax introduced on Sept. 1.

But 170 of those companies — including big hitters like Kaluga-based heavy truck maker

Volvo Vostok, trailer builder Tonar, ZiL's Petrovsky plant, and Kamaz subsidiary Remdizel — were struck from the list on the November 1 deadline, Vedomosti reported.

Deputy Industry and Trade Minister Alexei Rakhmanov told the paper that the decision was not final and that the companies could be exempted from the charge if they submit their documents in the near future. If not, they will be charged the full salvage fee on all vehicles produced since Sept. 1 at the same rate as importers.

Exclusion from the register could cost the ZiL plant, which turns out about 800 light trucks a year, 120 million rubles ($3.8 million).

The recycling charge, which is ostensibly meant to pay for decommissioning vehicles at the end of their working lives, was introduced as a replacement for customs tariffs that were reduced with Russia's accession to the World Trade Organization earlier this year.

The basic rate for building or importing a light vehicle starts from 20,000 rubles, while the levy for buses and trucks is set at a minimum of 150,000 rubles per vehicle.

The Federal Customs Service said last week that the charge had raised 7.3 billion rubles for the federal budget in the first two months of operation since it was introduced on September 1.

Russia imported 828,000 cars with a value of $25.7 billion in the first nine months of 2012, the Federal Customs Service said Thursday. Truck imports hit 89,900 with a value of $2.7 billion.

The country exported 82,500 cars with a value of $710 million and 13,700 trucks worth 386.7 million in the same period.

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