



General Audit Chamber
Algemene Rekenkamer

Mini Audit on the income from **Motor Vehicle Tax**

JULY
2020



This document is an English translation of the original Dutch language report entitled: "*Mini-audit naar de inkomsten uit wegenbelasting*". In the event of textual contradictions or any other differences, the original Dutch text will prevail.

July 23rd, 2020
General Audit Chamber, Juancho Yrausquin Blvd #10, unit 4 & 5

CONTENTS

INTRODUCTION	3
1. INCOME DERIVED FROM MOTOR VEHICLE ROAD TAX	3
2. COMPARISON OF 2019 FIRST QUARTER INCOME	4
2.1 Difference in income.....	4
2.2 Status: issuance of stickers	4
3. WITHHOLDING OF CIVIL SERVANT SALARY	5

INTRODUCTION

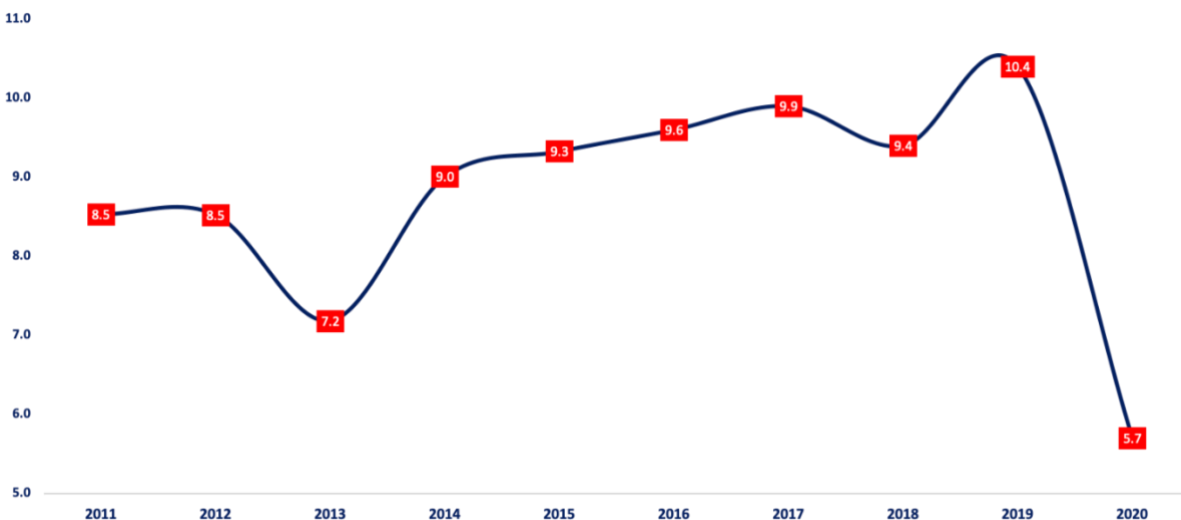
Our objective for this report is to provide insight into the evolution, in recent years, of motor vehicle tax income. With the exception of 2013 and 2018 (after Hurricane Irma), revenues have increased. The first quarterly report of 2020 (Q1-2020) shows income falling sharply compared to Q1-2019.

Based on this, we put several questions to the Minister of Finance and conducted the following analysis.

1. INCOME DERIVED FROM MOTOR VEHICLE ROAD TAX

Figure 1 shows the realized income from motor vehicle road tax from 2011 until the end of Q1-2020.

Figure 1: Realized income motor vehicle road tax (in million ANG)



Government indicated in the first quarterly report of 2020 that the lower realization was caused by delivery problems with the license plates. The schedule for payment of the motor vehicle tax was extended. Another reason cited by Government is the lockdown resulting from the corona crisis. We note that (with the exception of a difference of ANG -0.3 million in transfer tax), all other taxes show a higher realization as compared to 2019. The lockdown took effect on March 22nd, 2020.

The lockdown occurred after persons were required to pay (the deadline was initially [February 29th, 2020](#). Thereafter it was extended to [March 13th, 2020](#), along with the option to pay online). The revenues should have been collected prior to the lockdown.¹ We suspect the lag in realization is because of the absence of physical license plates.

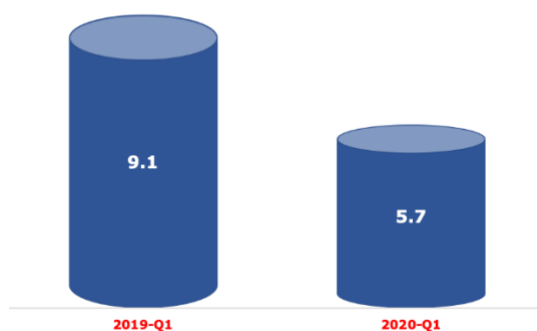
¹ Confirmed in the Ministry of Finance's response dated July 9th, 2020.

2. COMPARISON OF 2019 FIRST QUARTER INCOME

2.1 Difference in income

The difference between Q1-2020 (ANG 5.7 million) and Q1-2019 (ANG 9.1 million) is ANG 3.4 million.² Figure 2 provides a graphical comparison between Q1-2019 and Q1-2020.

Figure 2: Quarterly comparison of motor vehicle tax income (in millions ANG)



With the exception of 2018 (due to Hurricane Irma), 2013 is the only other fiscal year with a lower realization in terms of income derived from motor vehicle taxes. In 2013, there was a decision to not purchase new license plates. Instead, control stickers, applicable for that [fiscal year](#), were preferred (see link, page 28).

The historical data appears to show a relationship between the use of new license plates and the amount of income derived from motor vehicle taxes. Of course, the current fiscal year is not over. We hope that the budgeted income can, to some extent, still be realized; taking into account the consequences of the corona crisis. After all, the difference in income could run into the millions of guilders; revenues that, in times of austerity, are needed.

2.2 Status: issuance of stickers

The Ministry of Finance, in its response to the Audit Chamber, stated that there have been several delays in the production, transportation and delivery of the license plates. Given the late delivery (estimated to occur sometime in the second half of 2020), the Minister decided to purchase stickers for use until the end of 2020, and to use the previously ordered license plates for fiscal year 2021. Work is currently underway to draft the legally required ministerial regulation that will make this possible. It is expected that the stickers will be delivered in the week of July 27th. After publication of the ministerial regulation, distribution of stickers to the public will quickly take place.

Should it be the case that no new license plates are issued for this fiscal year, we advise the Minister to develop a solution to accommodate those who have paid for the physical license plates in 2020.

² Government's first quarterly report of 2020, page 7.

3. WITHHOLDING OF CIVIL SERVANT SALARY

Government workers are given the option each year to pay the motor vehicle tax in three instalments. A proportionate amount is withheld from their salaries for three consecutive months. In 2020, the deduction was set to take place in the months of March, April and May. We note that the Minister of Finance set a deadline (no later than [March 13th, 2020](#)) for payment of the motor vehicle tax. It is unclear why this deadline would be different for government workers.

We suspect that the first installment did not occur in March, but in May. This deviates from the agreement made with participants. We believe it would have been appropriate for Government to inform each participant in advance / or asked their permission to withhold salary starting in the month of May, in part because of the uncertainty about potential future salary reductions.



General Audit Chamber
Algemene Rekenkamer