



Ministry of Road Transport and Highways Introduces 'Green Tax'

January 25, 2021

On 25.01.2021, the Minister of Road Transport and Highways, Shri Nitin Gadkari, approved the levy of 'Green Tax' on old vehicles which contribute to the pollution in the environment. This tax has been introduced with the intent of dissuading people from using vehicles which are harmful to the environment; to switch to newer, less polluting vehicles. It has been introduced to ensure that those polluting the environment shall bear the consequences of the same.

The principles to be followed under the new tax are as follows:

- Transport vehicles older than 8 years may be charged at the rate of 10 – 25% of Green tax at the time of renewal of fitness certificate.
- Personal vehicles are to be charged Green Tax during the renewal of Registration Certificate after 15 years.
- Public transport vehicles are to be charged lower Green Tax.
- Vehicles registered in highly polluted cities shall be levied a higher Green Tax, i.e., 50% of Road Tax.
- Differential tax shall be levied depending on fuel and type of vehicle
- Vehicles such as strong hybrids, electric vehicles, and alternate fuels like CNG/ethanol/LPG are to be exempted.
- Vehicles used in farming such as tractor, harvester, etc. are to be exempted.
- Revenue collected from Green Tax shall be kept in a separate account and used for clearing pollution. States shall also use the revenue to set up state-of-the-art facilities for emission monitoring.

Apart from the approval of Green Tax, scrapping off vehicles owned by Government departments and Public Sector Undertaking (PSU) which are older than 15 years. This shall come into effect from 01.04.2022.

Please find link to Press Release [here](#)