

Green Tax "Could Increase Motor Loan Costs"

The introduction of new 'green taxes' could increase the cost of motoring substantially.....

June 19, 2007 (FPRC) -- The introduction of a new tax may impact upon the amount of money motorists have to take out via car loans, it has been revealed.

Under Government proposals, the 'carbon price' duty will not only increase petrol costs but could add thousands of pounds to the cost of vehicles - this in turn could well affect drivers' attempts at debt management and making repayments on personal loans, home loans, credit cards and other forms of borrowing.

According to the Department for Transport such a tax could be in place within six years and will "sit alongside other forms of direct intervention such as fuel duty", reports the Daily Mail.

The report indicated that petrol companies will be subject to an allocation of how much CO2 can be in their fuels.

As a result, firms could be forced to switch to petrol which contains lower carbon emissions or buy extra 'allowances' and pass extra carbon price costs on to consumers.

Petrol Retailers' Association spokesperson Ray Holloway told the publication: "Petrol prices could soar. It could be anything from a few pence to an unlimited sum."

Mr Holloway suggested that under such a tax there will be no limit to how high the cost of fuel may rise.

"If the Government falls short of their environmental targets they simply give another turn of the screw. And it is the industry that will bear the cost of administering this," he added.

Currently an average litre of both petrol and diesel costs 97p, with motorists paying 70p out of every pound in tax at the pumps and up to Â£300 a year via road tax.

Meanwhile, Duncan Bowker, public relations manager at Co-operative Financial Services, claimed that drivers are increasingly using money from their motor loan to not only buy vehicles kinder to the environment, but also to take out eco-friendly financial products such as green insurance.

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