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Maharashtra Government Hikes Vehicle Tax



The Maharashtra Government's move to hike motor vehicle tax has caught premium carmakers and dealers off guard. Quite unlike the past, when it was 7% for all vehicles, it has now been revised as a three-tier tax structure in the recent State Budget. The 7% will now be applicable to vehicles costing under Rs 10 lakh, going up to 8% for those between Rs 10-20 lakh and 9% for vehicles priced at over Rs 20 lakh.

"This takes away a substantial part of the benefits that came with the Centre's stimulus package. We were just beginning to see the momentum set by the excise duty cut and are very disappointed by this move," said Mr Suhas Kadlaskar, Director (Corporate Affairs), Mercedes-Benz India.

Maharashtra, largely led by Mumbai and Pune, accounts for 30% of total sales of Mercedes cars. Prices, on an average, range from Rs 26 lakh to Rs 70 lakh, which means that they will now be dearer by Rs 52,000 to Rs 1.40 lakh thanks to the hike in motor vehicle tax. This hike will impact sales of high-end cars. Other luxury carmakers such as Audi and BMW also will see prices of their models increase.

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