

## PRESS RELEASE

One-year car tax exemption for those who buy retreads  
**TIRES: MP TOMMASO FOTI PROPOSES BILL TO FIGHT IMPORT FRAUDS  
AND BOOST ECOLOGICAL CONSUMPTION**

To fight VAT evasion on tire imports and devote part of the revenue recovered thereby to environmental protection by boosting the purchase of retreads. This is the goal of a new bill proposed to Italy's new parliament by MP Tommaso Foti (PdL party).

The project includes tires in the scope of a rule introduced in 2004 according to which tax authorities are allowed to collect taxes on imports from buyers when sellers do not pay VAT. The 2004 rule establishes that this provision should apply not to all sectors, but only to those indicated in a specific decree by the Minister of Economy and Finance. The Minister issued this decree in 2005, including following trade sectors: motor vehicles, trailers, telephony products and accessories, personal computers and accessories, livestock products and raw meats. The bill proposed by MP Foti adds the tire sector to the aforementioned ones.

The figures in the report following Foti's bill show that 1,675 million euro's worth of tires were imported in 2007, with the equivalent VAT totaling up to 335 million euros. If the bill is passed, there should be a revenue increase of 67 million euros. Part of this increased revenue, according to the bill provisions, should be devoted to environmental protection, including a one-year car tax exemption for those who buy at least four retreads.

Since this provision would generate a state revenue of 45 million euros, passing the bill would result in increased proceeds of 22 million euros. Not only: it would introduce an important moralizing element into the tire trade, where, as far as imports are concerned, honest operators are currently being penalized by those who can have additional profit margins through VAT evasion.

Finally, passing the bill, with no taxation for the Revenue Agency, that would actually yield higher proceeds, would mean boosting the purchase of retreads, which, as is known, have a significant ecological value, for tire retreading allows reducing disposal of potentially polluting scrap tire casings.

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