

Consumer to cough up tax to cover loss to councils

BY LYNDA LOXTON

Business Report

A tax on the electricity you use could be on the way.

A report handed to Finance Minister Trevor Manuel by the Financial and Fiscal Commission (FFC), said municipalities could be allowed to tax electricity under the new distribution system which is to come into effect from mid-2006.

In terms of the new system, electricity distribution, a major

source of income for cash-strapped municipalities, will instead be regulated by regional electricity distribution authorities, resulting in a loss of income to municipalities.

To compensate for that loss of income for municipalities, the government is considering allowing municipalities to tax electricity sales within their boundaries.

The government could also give municipalities a specific grant as another way for them to make up the loss of previous revenue.