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DJ Brazil's Electric Power Utilities Want To Lower Tax Burden

SAO PAULO (Dow Jones)--Brazil's electric power utilities have joined forces to lobby the government to reduce the "absurd" tax burden on electricity bills, according to Claudio Salles, head of the Brazilian Chamber of Electric Power Investors, or CBIEE.

According to the electric-power regulator, Aneel, taxes imposed on the industry account for up to 51% of the end electric-power bill, Salles said.

At a meeting Wednesday afternoon, representatives from 11 industry associations met to identify a strategy for securing tax breaks, Salles said.

The most pressing issue the industry wants addressed is the changes introduced in 2004 to the PIS-Cofins welfare taxes, which added 3%-4% onto the end-consumers' bills, Salles said.

The government exempted a number of industries such as telecoms, highways, call centers and theme parks from making the changes, saying they were of strategic social importance, Salles said.

However, it did not include the electric-power sector, which the utilities believe is a mistake, given that 96% of Brazil's 180 million inhabitants use this service, Salles said.

"The government has been heavily criticized for raising taxes. Its answer has been that essential items have either stayed flat or been reduced," Salles said. "If that's true, there can be nothing more essential than electric power."

The industry players are also keen to raise awareness among customers of the heavy impact of taxes on their electricity bills.

"The Brazilian consumer certainly doesn't know what he's paying for," Salles said.