

Procedure file

Basic information		
CNS - Consultation procedure Directive	2001/0266(CNS)	Procedure lapsed or withdrawn
Excise duty: reduced rate on biofuels and on mineral oils containing biofuels		
Subject 2.70.02 Indirect taxation, VAT, excise duties 3.60.02 Oil industry, motor fuels		

Key players			
European Parliament			
Council of the European Union			
Council configuration	Economic and Financial Affairs ECOFIN	Meeting	Date
		2442	20/06/2002
European Commission		Commission DG	Commissioner
		Energy and Transport	

Key events			
06/11/2001	Legislative proposal published	COM(2001)0547	Summary
04/02/2002	Committee referral announced in Parliament		
04/06/2002	Vote in committee		Summary
03/06/2002	Committee report tabled for plenary, 1st reading/single reading	A5-0218/2002	
01/07/2002	Debate in Parliament		
02/07/2002	Decision by Parliament	T5-0345/2002	Summary
17/03/2006	Additional information		Summary

Technical information	
Procedure reference	2001/0266(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC Treaty (after Amsterdam) EC 093
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	ECON/5/15722

Documentation gateway					
Legislative proposal		COM(2001)0547	07/11/2001	EC	Summary
Economic and Social Committee: opinion, report		CES0513/2002 OJ C 149 21.06.2002, p. 0007	24/04/2002	ESC	
Committee of the Regions: opinion		CDR0034/2002 OJ C 278 14.11.2002, p. 0029	16/05/2002	CofR	
Committee report tabled for plenary, 1st reading/single reading		A5-0218/2002	04/06/2002	EP	
Text adopted by Parliament, 1st reading/single reading		T5-0345/2002 OJ C 271 12.11.2003, p. 0030-0168 E	02/07/2002	EP	Summary

Additional information	
European Commission	EUR-Lex

Excise duty: reduced rate on biofuels and on mineral oils containing biofuels

PURPOSE : to amend Directive 92/81/EEC by reducing excise duties so as to promote biofuels. **CONTENT :** The European Community is aware of the important role of biofuels in tackling climate change. Development of biofuels encourages diversity in the Community's energy sources and contributes to the medium and long-term security of its energy supply. As biofuels are subject to taxation under Directive 92/81/EEC, appropriate differentiation of excise rates would contribute to the development of the biofuel industry by lowering the high cost of producing biofuels as compared with fossil fuels. For a period from 1 January 2002 to 31 December 2010, Member States may apply a reduced rate of excise duty under fiscal control on biofuels, under certain conditions, and with specified limits. Those Member States which on 1 January 2001 totally exempted products solely made up of biofuels, may continue to do so until 31 December 2003. There are special provisions for public transport. The reduction will be adjusted to take account of changes in raw material prices to avoid over-compensating for the extra costs involved in the manufacture of biofuels in the event of a sustained rise in the price of crude oil. The reduction may be granted under a multiannual programme by means of an authorisation for more than one year, but it may not be applied for more than six consecutive years. The period is, however, renewable. ?

Excise duty: reduced rate on biofuels and on mineral oils containing biofuels

The committee adopted the report by Miquel MAYOL i RAYNAL (Greens/EFA, E) amending the proposal under the consultation procedure. It said that the exemption applying to intermediate consumption in the oil sector should also apply to the biofuels sector. Another amendment sought to ensure that a total tax exemption could be applied for unblended biofuels, to ensure that biofuels, which have higher production costs, can compete with mineral oils. As regards the differentiated tax rates which Member States may apply to products made up of or containing biofuels, the committee said that particularly low rates should be set for those fuels which meet particularly stringent environmental criteria. It also deleted the provision in the Commission proposal which stipulated that the level of taxation of such products, if intended for use as motor fuel, should not be lower than 50% of the normal rate of duty applied by the Member State on corresponding fuels. The committee argued that a rate of duty of under 50% could in some cases act as a powerful incentive. ?

Excise duty: reduced rate on biofuels and on mineral oils containing biofuels

The European Parliament adopted the resolution drafted by Miguel MAYOL I RAYNAL (Greens/EFA, Spain) and made some amendments to the proposal. (Please refer to the document dated 04/06/02.) With regard to alternative fuels, one amendment pointed out the advantages of pure, cold-pressed vegetable oil, such as rapeseed, which does not undergo any chemical change and can thus be produced in an environmentally friendly way. Parliament also feels that the increased use of biofuels appears desirable only if the environmental impact presents clear advantages by comparison with the use of traditional fuels. A study needs to be carried out into land use, more intensive agriculture, the relationship with alternative sustainable land use, the protection of water courses, energy efficiency, greenhouse gas potential, combustion characteristics and particle formation. Furthermore, research and technological development in the field of biofuel sustainability should be promoted. On the question of taxation, one new recital states that where more favourable national taxation framework conditions already exist or have been submitted before 01/01/03, these should be kept in place until the quantitative objectives for biofuels produced in the EU have been achieved. Finally, the Parliament wants a communication from the Commission by 31/12/07 on differentiated pricing for fuels in order to internalise their ecological, social and economic cost. ?

Excise duty: reduced rate on biofuels and on mineral oils containing biofuels

?Following the screening exercise of proposals pending undertaken as part of its effort for better regulation in the framework of the Partnership for Growth and Jobs in the European Union, the Commission has decided to withdraw certain proposals on which the Legislator has not yet

reached a decision and which were found not to be consistent with the Lisbon and Better Regulation criteria, unlikely to make further progress in the legislative process or found to be no longer topical for objective reasons?. (OJ C64 of 17.03.2006, pages 3-10).