



# Procedure file

Basic information		
CNS - Consultation procedure Directive	<a href="#">2002/0191(CNS)</a>	Procedure lapsed or withdrawn
Fuels: tax for commercial diesel fuel, excise duties on petrol and diesel fuel		
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		
European Commission		
	Commission DG	Commissioner
	<a href="#">Taxation and Customs Union</a>	

Key events			
23/09/2002	Committee referral announced in Parliament		
10/09/2003	Vote in committee		Summary
09/09/2003	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A5-0383/2003</a>	
17/11/2003	Debate in Parliament		Summary
18/11/2003	Decision by Parliament	<a href="#">COM(2002)0410</a>	Summary
17/12/2003	Results of vote in Parliament		
17/12/2003	Decision by Parliament	<a href="#">T5-0574/2003</a>	Summary
17/03/2006	Additional information		Summary

Technical information	
Procedure reference	2002/0191(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Stage reached in procedure	Procedure lapsed or withdrawn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/5/16667

Documentation gateway					
Legislative proposal		<a href="#">COM(2002)0410</a> <a href="#">OJ C 291 26.11.2002, p. 0221 E</a>	24/07/2002	EC	Summary
Economic and Social Committee: opinion, report		<a href="#">CES0073/2003</a> <a href="#">OJ C 085 08.04.2003, p. 0133-0136</a>	22/01/2003	ESC	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A5-0383/2003</a>	10/09/2003	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T5-0574/2003</a> OJ C 091 15.04.2004, p. 0132-0231 E	17/12/2003	EP	Summary

Additional information	
European Commission	<a href="#">EUR-Lex</a>

## Fuels: tax for commercial diesel fuel, excise duties on petrol and diesel fuel

**PURPOSE** : to set out criteria for establishing a separate tax category for diesel fuel used for commercial purposes. **CONTENT** : tax on fuels and vehicles vary considerably between Member States. On fuels, only the structure of excise duty is harmonised across the Community, whilst the rates themselves still differ a great deal. For vehicles, there is a multitude of national taxes, all of them differing as to scope, method of calculation and rates. The fact that excise duty rates are not harmonised distorts competition in the internal market and reduces Member States' scope for determining taxation policy for energy in general and fuels in particular. On average in the Community as a whole, diesel fuel is taxed less heavily than petrol. The main risk of distortion of competition created by different rates of excise duty on diesel fuel is on international transport markets. This situation also results in negative consequences for the environment. Generally speaking, the environmental costs of petrol have been internalised more thoroughly than those of diesel fuel, mainly because taxes on diesel fuel are lower than those on petrol. A better balance between petrol and diesel fuels needs to be achieved. The White Paper, "European transport policy for 2010: time to decide" stresses the need to do more to confront transport users with real costs and to change price structures. It initiates a discussion on the need to create a separate category of fuel used for commercial purposes, in order to improve the functioning of the single market. The main aims of the proposal are to: - uncouple the tax arrangements for fuel used for commercial purposes from those for fuels used for private purposes, which would make it easier for Member States wishing to do so to increase the excise duty on diesel fuel used for private purposes to bring it into line with excise duty levied on petrol. The proposal aligns the rates for diesel fuel used for commercial purposes with a view to their harmonisation in the medium term. This will improve the functioning of the internal market and significantly reduce distortions of competition in road haulage markets. Indirectly, road hauliers will benefit from more stable cost prices. A central Community rate with a gradually narrowing fluctuation band on either side is set. - Minimum duty rates on non-commercial fuels will be raised and taxes levied on non-commercial diesel fuel and on petrol will be approximated. The proposal provides better environmental protection by applying the polluter pays principle. There are also the following provisions: - separate provision for Member States with atypical tax arrangements for diesel fuel; - provision for indexing the central Community rate; - the definition of commercial undertaking is intended to ensure that undertakings of all size benefit from the measures, including the carriage for hire or reward or on own account sectors.?

## Fuels: tax for commercial diesel fuel, excise duties on petrol and diesel fuel

The committee adopted the report by Piia-Noora KAUPPI (EPP-ED, FIN) rejecting the Commission proposal under the consultation procedure. It was unconvinced that "gasoline tourism" was really a problem of such magnitude as to warrant total harmonisation as proposed by the Commission. The rapporteur also questioned whether it was actually desirable to eliminate tax differences between Member States, saying that "an element of tax competition is quite healthy". Another of the committee's concerns was the impact the proposal might have on the candidate countries, some of which currently apply much lower taxes than those in the EU. The proposed harmonisation would result in higher taxes in most cases, which would place tremendous burdens on the new Member States. Lastly, the committee pointed to a number of practical problems which would result from a system of differentiated tax rates for commercial and non-commercial diesel (potential fraud, extra red tape if a refund system were introduced, etc.).

## Fuels: tax for commercial diesel fuel, excise duties on petrol and diesel fuel

Parliament rejected the Commission proposal on diesel taxes by a large majority. It therefore agreed with the committee responsible and its rapporteur, Piia-Noora KAUPPI (EPP-ED, FIN), that this harmonisation was not justified either environmentally or in terms of competition. The rapporteur invited the Commission to submit a new proposal that would deal more appropriately with this issue and be better coordinated with the directives recently adopted on energy taxation. For procedural reasons, the amendments had to be voted on in plenary and were all rejected. The report was referred to committee.

## Fuels: tax for commercial diesel fuel, excise duties on petrol and diesel fuel

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The European Parliament rejected the proposal, and asked the Commission to present a new proposal which dealt with the matter in a way that was better coordinated with the recently adopted directives on energy taxation. The rapporteur was Piia-Noora KAUPPI (EPP-ED, FIN).?

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?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).