



Procedure file

Basic information		
CNS - Consultation procedure Directive	2007/0023(CNS)	Procedure lapsed or withdrawn
Fuel taxes: adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and coordination of taxation of unleaded petrol and gas oil used as motor fuel		
Subject 2.70.02 Indirect taxation, VAT, excise duties 3.20.05 Road transport: passengers and freight		

Key players		
European Parliament		
Council of the European Union		
European Commission	Commission DG Taxation and Customs Union	Commissioner ŠEMETA Algirdas

Key events			
12/03/2007	Legislative proposal published	COM(2007)0052	Summary
26/04/2007	Committee referral announced in Parliament		
29/01/2008	Vote in committee		Summary
05/02/2008	Committee report tabled for plenary, 1st reading/single reading	A6-0030/2008	
12/03/2008	Debate in Parliament		
13/03/2008	Results of vote in Parliament		
13/03/2008	Decision by Parliament	T6-0099/2008	Summary
26/04/2012	Proposal withdrawn by Commission		Summary

Technical information	
Procedure reference	2007/0023(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Treaty on the Functioning of the EU TFEU 113
Stage reached in procedure	Procedure lapsed or withdrawn

Documentation gateway

Legislative proposal	COM(2007)0052	13/03/2007	EC	Summary
Document attached to the procedure	SEC(2007)0170	13/03/2007	EC	
Document attached to the procedure	SEC(2007)0171	13/03/2007	EC	
Committee draft report	PE394.151	04/10/2007	EP	
Economic and Social Committee: opinion, report	CES1466/2007	24/10/2007	ESC	
Committee report tabled for plenary, 1st reading/single reading	A6-0030/2008	05/02/2008	EP	
Text adopted by Parliament, 1st reading/single reading	T6-0099/2008	13/03/2008	EP	Summary
Commission response to text adopted in plenary	SP(2008)2060	09/04/2008	EC	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Fuel taxes: adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and coordination of taxation of unleaded petrol and gas oil used as motor fuel

PURPOSE: to reduce the distortions of competition related to excise differentials affecting haulage markets by amending the Energy Tax Directive (ETD) 2003/96/EC.

PROPOSED ACT: Council Directive.

BACKGROUND: fuel, including taxes, accounts for between 20 and 30% of the running costs of a road haulage business, with VAT alone accounting for between 6 and 18% of the running costs. Differences in operating costs resulting from national taxes and levies have a great impact on the competitiveness of road haulage companies. Trucks can now carry tanks that cover between 1 500 and 3 000 kilometres in a single tank. This makes it financially interesting for hauliers, located near the border of a low taxing country, to tank cross-border. The practice is known as 'fuel tourism'. Fuel tourism has three negative side effects. Firstly, it distorts competition. Operators from Luxembourg and Austria have increased their market shares over most of their competitors whereas the United Kingdom has registered a loss on all markets. Tax differences for gas oil appear to be the main factor accounting for 40% of the market share variations observed. Secondly, detours have a negative impact on the environment. A 1990 study concerning the Netherlands established that 10 million extra kilometres were driven to refuel across the border. Thirdly, it leads to losses in budgetary resources for those Member States applying a relatively high excises duty in gas oil. Germany estimates that tax losses resulting from fuel tourism in 2004 cost it ? 1 915 000 000.

CONTENT: the purpose of this Regulation, therefore, is to reduce the distortion of competition related to excise differentials which affect haulage markets. The proposal meets common transport policy objectives and will provide better protection for the environment. In summary, the proposed amendments will modify the Energy Tax Directive by:

- increasing the minimum levels of taxation for gas oil set out at Community level. From 2012 onwards the minimum level of taxation would be identical to the minimum level that will already be applicable to unleaded petrol (? 359/1000 l)
- increasing the minimum level, from 2014 onwards, to ? 380/1000 l;
- making the decoupling of the duty on commercial and non-commercial gas oil optional and not obligatory;
- enabling all Member States to reduce their taxation levels below their 1 January 2003 level, provided they respect the minimum level of taxation and provided they apply or introduce a system of road user charges, so that the overall tax burden remains broad equivalent;
- maintaining and supplementing the transition periods granted upon the accession of the Republic of Bulgaria and Romania to the European Union. For every Member State benefiting from transitional periods, increases should take place very two years; and
- applying the commercial gas oil tax rate at Member State level by means of a refund mechanism, the practicalities of which will be defined at Community level.

On a final point, the proposal has no implications on the Community budget.

Fuel taxes: adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and coordination of taxation of unleaded petrol and gas oil used as motor fuel

The Committee on Economic and Monetary Affairs adopted the report by Olle SCHMIDT (ALDE, SE), amending, under the consultation procedure, the proposal to amend Directive 2003/96/EC on the adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and the coordination of taxation of unleaded petrol and gas oil used as motor fuel.

The proposal submitted to the European Parliament aims to raise the minimum excise duty rate on gas oil to the minimum level applied to petrol (€359/1000 litres). The committee approved this principle while requesting that the increase of minimum excise duties on gas oil be applied at a slower pace than that proposed by the Commission: these taxes should increase from today's minimum level of €302/1000 litres to €330/1000 litres on 1 January 2010, then to €340/1000 litres on 1 January 2012 and finally to €359/1000 litres in 2015 (instead of 2012). In addition, Latvia, Lithuania, Poland, Bulgaria and Romania should have until 2016 to reach this objective.

Moreover, the committee opposed the proposal to raise minimum excise duty on the two types of fuel to €380/1000 litres in 2014. In order to avoid growing differences between levels of taxation, MEPs believe that:

- Member States that are required under Community legislation to increase the excise duty rate on gas oil to €340/1000 litres by 1 January 2012 must impose a rate of at least €359/1000 litres by 1 January 2015;
- Member States in which the excise duty rate exceeds €400/1000 litres for gas oil and €500/1000 litres for unleaded petrol on 1 January 2008 shall not increase that rate further until 1 January 2015.

In order to ensure the consistency of Directive 2003/96/EC with the common transport policy and avoid potential distortions of competition within the haulage markets, MEPs believe that the definition of gas oil used as propellant should be amended. In their view, the definition of commercial use concerns the transport of goods by road carried out by vehicles with a maximum permissible gross laden weight of no less than 3.5 tonnes.

An amendment calls for the non-support of the automatic prolongation regime of the transitional period. In this context, the Commission is called upon to report, in 2010, on the extent to which those Member States that are approaching the end of the transitional period have fulfilled their obligations.

No later than six months after the adoption of this Directive, the Commission shall establish common rules applicable to the refund mechanism.

Lastly, Members emphasise that:

- it should also be made possible for Member States to promote the use of non-fossil and low-carbon based propellants through both tax incentives and schemes aimed at guaranteeing a certain level of consumption of those propellants;
- Member States that gain additional revenues from the implementation of this Directive should be encouraged to reinvest them primarily in infrastructure, biofuels and new environmental measures aimed at reducing CO₂ emissions.

Fuel taxes: adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and coordination of taxation of unleaded petrol and gas oil used as motor fuel

The European Parliament adopted, by 447 in favour to 64 against with 39 abstentions, a legislative resolution amending the proposal to amend Directive 2003/96/EC on the adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and the coordination of taxation of unleaded petrol and gas oil used as motor fuel.

The report had been tabled for consideration in plenary by Olle SCHMIDT (ALDE, SE), on behalf of the Committee on Economic and Monetary Affairs.

The main amendments adopted under the consultation procedure are as follows:

-from 2012 the minimum level of taxation for gas oil should equal the minimum level of taxation applicable to unleaded petrol. From 2015 (rather than 2014) the minimum level of taxation should be EUR 359 (rather than EUR 380) per 1000 litres;

-Member States that are required under Community law to increase the excise duty rate on gas oil to EUR 340 per 1 000 litres by 1 January 2012 must impose a rate of at least EUR 359 per 1 000 litres by 1 January 2015;

-Member States in which the excise duty rate on gas oil exceeded EUR 400 per 1 000 litres on 1 January 2008 must increase that rate no further until 1 January 2015;

-Member States in which the excise duty rate on unleaded petrol exceeded EUR 500 per 1 000 litres on 1 January 2008 must increase that rate no further until 1 January 2015;

-Spain, Austria, Belgium, Luxembourg, Portugal and Greece will no longer have a transitional period. Parliament stated that Member States that avail themselves of the transitional periods tend, regrettably, not to take steps to catch up with the minimum excise duty standards, contrary to the commitments that they have made. Any automatic prolongation of the transitional period is, therefore, wholly unacceptable;

-Latvia and Lithuania may apply a transitional period until 1 January 2012 to adjust its national level of taxation on gas oil and kerosene used as propellant to the new minimum level of EUR 302 per 1000 l, until 1 January 2013 to reach EUR 330 and, for gas oil used as propellant, until 1 January 2016 to reach EUR 359;

-Poland may apply a transitional period until 1 January 2012 to adjust its national level of taxation on gas oil used as propellant to the new minimum level of EUR 302 per 1000 l, until 1 January 2013 to reach EUR 330 and until 1 January 2016 to reach EUR 359;

-Bulgaria and Romania may apply a further transitional period for gas oil used as propellant until 1 January 2016 to reach EUR 359;

-the Commission shall report on the fulfilment of the obligations of those Member States in which a transitional period expires in 2010;

-in order to ensure the coherence of Directive 2003/96/EC with the common transport policy and avoid potential distortions of competition within the haulage markets, the definition of gas oil used as propellant should be modified. The definition of commercial use concerns the transport of goods by road carried out by vehicles with a maximum permissible gross laden weight of no less than 3,5 tonnes;

-no later than six months after the adoption of the Directive, the Commission shall establish common rules applicable to the refund mechanism.

-lastly, a new recital states that, while regard should be had to the principle of subsidiarity, Member States that obtain additional revenue through the implementation of this Directive should be encouraged to reinvest them primarily in infrastructure, biofuel and new environmental measures aimed at reducing CO₂ emissions.

Fuel taxes: adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and coordination of taxation of unleaded petrol and gas oil used as motor fuel

As announced in Official Journal C 156 of 2 June 2012, the Commission decided to withdraw this proposal, which had become obsolete.