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

2007/0023(CNS) - 29/01/2008

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.