Single Market: simplifying the transfer of motor vehicles registered in another Member State

2012/0082(COD) - 04/04/2012 - Legislative proposal

PURPOSE: to improve the functioning of the single market through the simplification of the procedures for re-registration of motor vehicles registered in another Member State.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the obligation to register, in the receiving Member State, a motor vehicle registered in the Member State of origin has been a source of complaints and court cases for many years. As a result, **motor vehicle registration problems have negative impacts on the free movement of goods.**

When a motor vehicle is registered in one Member State and frequently used in another, **two main problems frequently occur:**

1) Citizens who move to another Member State, cross-border workers, car-rental companies and people leasing a motor vehicle in another Member State are often **obliged to register it on the territory where they live or where the vehicle is used**, although the motor vehicle is already registered in another Member State. However, this is a tedious problem for citizens that live part of the year in one Member State and the other part in another, as well as for cross-border commuters who use, in their own Member State, a motor vehicle registered by their employer in another Member State.

2) **The formalities of re-registration** for a motor vehicle being transferred from one Member State to another are often very burdensome and lengthy. Transferring a motor vehicle for a longer period to another Member State leads to new paperwork in the receiving Member State and, usually, also to additional paperwork to cease the registration of the vehicle in the Member State of origin.

In the 2010 EU Citizenship Report "Dismantling the obstacles to EU citizens rights", the Commission identified vehicle registration problems as **one of the main obstacles faced by citizens** when exercising their rights under EU law in their daily lives. Among the actions envisaged to remove such obstacles, the Commission announced the simplification of the formalities and conditions for the registration of vehicles registered in another Member State.

In its opinion of 11 March 2011, the High Level Group of Independent Stakeholders on **administrative burdens** supported a possible Commission initiative to simplify registration conditions and formalities.

IMPACT ASSESSMENT: according to the impact assessment undertaken by the Commission, the proposal would lead to a very substantial administrative simplification for businesses, citizens and registration authorities. The reduction of the administrative burden would **amount to savings of at least EUR 1,445 million per year.**

LEGAL BASIS: Article 114 of the Treaty on the Functioning of the European Union.

CONTENT: the proposal aims to improve the functioning of the single market through the elimination of administrative barriers related to the re-registration procedure of motor vehicles, which currently hinder the free movement of goods.

The operational objectives to be accomplished by this initiative are the following:

- to determine in which Member State a motor vehicle transferred between Member States should be registered;

- to reduce the time of re-registration procedures;

- to reduce the administrative burden on citizens and undertakings by limiting the number of documents necessary to carry out the re-registration procedure and by facilitating data exchange between national registration authorities.

The main points of the proposal are as follows:

Place of registration of a vehicle registered in another Member State: the proposal states that a Member State may only require the registration on its territory of a vehicle registered in another Member State **if the holder of the registration certificate has his normal residence on its territory.** Several criteria for determining the normal residence for both natural persons and companies.

Registration procedure: where the holder of the registration certificate moves his normal residence to another Member State, he should request the registration of his vehicle within a period of **six months following his arrival**. During that period, the use of the vehicle may not be restricted by the Member State of arrival.

The proposal also contains a drastic **simplification** of the registration procedures for motor vehicles that were registered in another Member State. It applies the settled case-law of the Court of Justice on the free movement of goods, according to which Member States should facilitate intra-EU trade by recognising the proof issued in another Member State showing, for example, that a vehicle registered in the territory of that State has passed a roadworthiness test.

Refusal to register: the proposal sets out the cases where registration authorities are entitled to refuse the registration of a motor vehicle that was registered in another Member State. The main objective is to **prevent fraud and to ensure road safety** since the re-registration of a motor vehicle registered in another Member State is sometimes used for legalising stolen vehicles or vehicle documents. Vehicle registration authorities may refuse to register if the vehicle is seriously damaged, stolen or destroyed, or if the vehicle registration documents are stolen or if the date of the next mandatory roadworthiness certificate has passed.

Temporary registration: the proposal ensures that the **intra-EU trade of second-hand vehicles is made easier,** by harmonised rules on the temporary registration of motor vehicles. A temporary registration system is indispensable to improve the functioning of the market of second-hand motor vehicles and to ensure that the gap between the registration in the first Member State and the new registration in the second is temporarily bridged.

It is proposed to limit the validity of the temporary registration to 30 days so that it is compatible with Directive 2009/103/EC relating to insurance against civil liability in respect of the use of motor vehicles.

Exchange of information: the proposal authorises the Commission to adopt implementing acts for the common procedures and specifications for the software application, including the format for the data exchanged, the technical procedures for electronic consultation of, and access to the national electronic registers, access procedures and security mechanisms. The electronic exchange of vehicle registration data between Member States should take place in accordance with the European Interoperability Framework (EIF).

Professional registration: the objective is to bring an end to the obstacles to the intra-EU trade of second-hand motor vehicles, through a common system whereby 'professional registrations' granted to manufacturers, assemblers, distributors and dealers established in one Member State would be recognised in the other Member States. The proposal authorises the Commission to adopt implementing acts for laying down the format and the model of the professional vehicle registration certificate.

Vehicle registration authorities: the proposal requires Member States to **inform the Commission of the names and contact details of the vehicle registration authorities** that are responsible for managing the official registers of vehicles on their territory and for the application of the Regulation. The Commission will then publish a list of vehicle registration authorities and any updates to that list on its website. In addition, vehicle registration authorities must ensure that the information on the registration of vehicles in the Member State of the relevant authority and the name and contact details of the authority are easily accessible to the public.

BUDGETARY IMPLICATIONS: **EUR 1.5 millions over the period 2014-2018**. The proposal only requires administrative appropriations. It does not require the use of operational appropriations.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.