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

2001/0266(CNS) - 07/11/2001 - Legislative proposal

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.