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

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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.