

Energy products, taxation of motor fuels: temporary exemptions or reductions for Cyprus

2004/0067(CNS) - 22/03/2004 - Legislative proposal

CONTENT : to amend Directive 2003/96/EC as regards the possibility for Cyprus to apply, in respect of energy products and electricity, temporary exemptions or reductions in the levels of taxation. PURPOSE : the proposed tax Directive puts forward reasoned and proportionate transitional arrangements in favour of Cyprus. It should be dealt with as quickly as possible by the European Parliament, the Council and the European Economic and Social Committee, in order to avoid any legal vacuum at the time of enlargement. To recall, current Member States were granted transitional periods on motor fuels. Moreover, the requests submitted by Cyprus are similar to those presented by several other Acceding States. The lengthiest transitional periods granted in the Directive regarding gas oil and unleaded petrol are respectively 1 January 2012 and 1 January 2010. The proposal of 28 January 2004 contains transitional arrangements which are even longer in some cases. According to estimates made by the Commission, the implementation of the new minimum rates on gas oil and unleaded petrol would lead to an increase of the general price index, which would be higher than the ones expected for most present Member States enjoying a transition period until 2012 and similar to the ones of acceding States. The Commission is of the view that the Cyprus request is proportionate. The Commission concludes that Cyprus should be authorised to apply : - a transitional period until 1 January 2008 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 and until 1 January 2010 to reach EUR 330; - to apply a transitional period until 1 January 2010 to adjust its national level of taxation on unleaded petrol used as propellant to the new minimum level of EUR 359 per 1000 l.