

Taxation of energy products and electricity

1997/0111(CNS) - 13/04/1999 - Text adopted by Parliament, 1st reading/single reading

Under consultation procedure, the European Parliament approved the legislative resolution by Patrick Cox (ELDR,IE), which approves the Commission proposal for a Council directive on restructuring the Community Framework for the taxation of energy products, subject to amendments in the following areas:

- suggesting that the long-term objective should be a Europe-wide ecological tax reform, with a particular emphasis on taxation of CO₂ emissions;
- noting that, as party to the United Nations Framework Convention on Climate Change, the European Union has undertaken not only to stabilise, but in time to reduce greenhouse gas concentrations in the atmosphere and further underlining the importance of energy taxation as a key instrument for achieving these objectives;
- requiring that the minimum levels of taxation must reflect not only the competitive position but also the environment and public health effects of the different energy products;
- proposing that, pending the adoption of common rules on a carbon dioxide /energy tax, Member States should be encouraged to apply other parameters (notably carbon content) to their national systems of energy taxation without the consequent differences in fiscal treatment being in breach of single market rules;
- proposing a constant increase in real terms (rather than a schedule of biennial increases) of the minimum levels of taxation for energy products other than renewable sources of energy (rather than energy products other than mineral oils);
- allowing Member States to apply other exemptions of reduced levels of taxation below the Community minimum levels where it would enhance environmental, public health or other benefits (rather than where it would not distort competition);
- requiring the Commission to seek an abolition of the exemption of energy products used in commercial aviation from taxation on fuel in future international agreements;
- extending the scope for Member States to be authorised to grant tax refunds to cover amortisation (as well as investment) expenditure aimed not only at improving energy efficiency but also at reducing emissions that damage the environment and public health;
- providing that the general provisions of directive 92/12/EEC will continue to apply;
- rewording the recital regarding the application of the directive with regard to electricity and heat;
- deleting the Commission's own proposals for full exemptions from the proposed directive and instead setting out its own exemption proposals, namely: energy products used for the technological development of more environment-friendly products or to develop energy products from renewable sources, products falling within CN codes 2207 20 00 and 2905 11 00, all products produced from renewable sources, electricity generated from hydrogen-based or other fuel cells and gas from biomass or waste origin and heat generated during electricity production;
- fixing the minimum levels of taxation for motor fuels from 01/01/2000 (rather than 01/01/98) as follows: EURO 450 (instead of ECU 417) per 1000 litres for petrol, EURO 343 (instead of ECU 310) per 1000 litres for gas oil and kerosene, EURO 174 (instead of ECU 141) per 1000kg for liquid petroleum gas and EURO 3.5 (instead of ECU 2.9) per gigajoule for natural gas;
- fixing the minimum levels of taxation for products used as fuel for certain industrial and commercial purposes as follows: EURO 37 (instead of ECU 32) per 1000 litres for gas oil, EURO 35 (instead of ECU 30) per 1000 litres for kerosene, EURO 48 (instead of ECU 41) per 1000 kg for liquid petroleum gas and EURO 0.6 (instead of ECU 0.3) per gigajoule for natural gas;
- fixing the minimum levels of taxation for heating fuels from 01/01/2000 (rather than 01/01/98) as follows: EURO 23 (instead of ECU 21) per 1000 litres for gas oil, EURO 23 (instead of ECU 18) per 1000 kg for heavy fuel oil falling within CN code 2710 00 74, EURO 28 (instead of ECU 22) per 1000 kg for other heavy fuel oil falling within CN code 2710, EURO 16 (instead of ECU 7) per 1000 litres for kerosene, EURO 22 (instead of ECU 10) per 1000 kg for liquid petroleum gas and EURO 0.45 (instead of ECU 0.2) per gigajoule for natural gas and solid energy products;
- as from 01/01/2000 (instead of 01/01/98) fixing the minimum level of taxation on electricity and heat at EURO 2 (instead of ECU 1) per megawatt hour and requiring Member States to apply a supplementary tax based on the carbon content of the fuels used for the production of electricity;
- proposing that the minimum levels of taxation for the products listed in the directive (with the exception of those in the exemption list already mentioned) be indexed to increase automatically at the beginning of each year following the implementation of the directive, at a rate of the latest available figure for the annual rate of inflation for the EU as a whole plus 2 percentage points until

such times (and not before 5 years after the implementation of the directive) as the Council adopts a new system for energy taxation; - requiring the Commission, in calculating the indexation formula, to give special priority to the achievement of Member States' climate change commitments; - deleting the derogation accorded to Member States, allowing them to maintain the amounts of taxation in force at the time of the annual fixing of the value of the ECU (to be replaced by the EURO in the Parliament's proposal) in relation to national currencies (for those Member States, the Parliament adds, not participating in the single currency), if the conversion of the amounts of the level of taxation from one currency to the other would result in an increase of less than 5% or ECU 5 (whichever is lower) in the level of taxation expressed in national currency; - with regard to products which Member States may totally or partially exempt or for which they may reduce the level of taxation, the European Parliament (having transferred many of those proposals to its own list of full exemptions) deletes all of the Commission proposals in this area, with the exception of three, namely: energy products used for the carriage of goods and passengers by rail or for navigation on inland waterways other than in private pleasure craft, and natural gas in Member States whose gas market is in the process of actual development for as long as the share of gas in the domestic and industrial market is less than 10% and for a period of no more than 10 years after the directive's entry into force; - in turn the Parliament adds to the aforementioned list energy products used for local transport purposes, bio-gas obtained by organic recycling of animal residues, energy products supplied for use as fuel for the purposes of navigation within Community waters (including fishing) and fuel additives sold in packages containing not more than 1 litre and intended for use by the final consumer; - allowing for the authorisation of Member States (subject to certain conditions laid down in the Parliament's amendment) to refund all or part of the tax paid by individual firms where the firms are able to demonstrate that the tax burden is leading to a serious competitive handicap; - deleting the provisions made by the Commission with regard to refunds.