Taxes: taxation of passenger cars calculated on the basis of their emissions of carbon dioxide

2005/0130(CNS) - 05/09/2006 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Karin **RIIS-JØRGENSEN** (ALDE, DK) by 385 votes in favour to 139 against with 109 abstentions, and made several amendments to the Commission's proposal.

Parliament backed the Commission's general approach, though it felt that the environmental aspect should be broader. Accordingly, in addition to the carbon dioxide-based element introduced by the Directive, the Member States may introduce differentiated taxation based on pollutant emissions and the Euro classification into their national motor vehicle taxation systems.

In addition:

- the Commission should produce, by 31 December 2006, a study "on the weight that should be given to other possible factors in setting the tax base for passenger car taxes";

- in the interest of preserving classic and old vintage vehicles, nothing in the Directive should inhibit the right of Member States to exempt vehicles of at least 20 years of age from circulation taxes;

- it is recommended that the relevant provisions be extended to the EEA-EFTA countries;

- until 31 December 2015, where registration taxes have been maintained, graduated progressive tax differentiation shall be applied to each particular passenger car on the basis of its carbon dioxide and pollutant emissions, measured in grams per kilometre, and its fuel consumption, calculated in litres per 100 kilometres in accordance with the parameters laid down by Directive 1999/100/EC;

- Member States shall communicate to the Commission any measures taken to differentiate company car taxation based on fuel efficiency. The Commission shall facilitate the exchange of best practice by publishing, on-line, a comparative report of the approaches taken by each Member State;

- Parliament introduced an amendment to one of the recitals stipulating that the changes introduced by the directive should be "in accordance with the principle of budget neutrality", i.e. the replacement of the registration tax by the annual circulation tax should not result in a loss of revenue for certain Member States;

- another amendment urged Member States to refrain from imposing double taxation in the case of registration taxes during the transitional period, particularly for EU citizens returning to their country of origin after spending more than 2 years in another Member State;

- in order to reduce the transaction costs associated with the payment and refund of registration taxes, Member States will, under the coordination of the Commission, set up a joint one-stop online solution for the calculation, refund and payment of car registration taxes available to EU residents moving to any Member State.