Fuel taxes: adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and coordination of taxation of unleaded petrol and gas oil used as motor fuel

2007/0023(CNS) - 13/03/2007 - Legislative proposal

PURPOSE: to reduce the distortions of competition related to excise differentials affecting haulage markets by amending the Energy Tax Directive (ETD) 2003/96/EC.

PROPOSED ACT: Council Directive.

BACKGROUND: fuel, including taxes, accounts for between 20 and 30% of the running costs of a road haulage business, with VAT alone accounting for between 6 and 18% of the running costs. Differences in operating costs resulting from national taxes and levies have a great impact on the competitiveness of road haulage companies. Trucks can now carry tanks that cover between 1 500 and 3 000 kilometres in a single tank. This makes it financially interesting for hauliers, located near the border of a low taxing country, to tank cross-border. The practice is known as “fuel tourism”. Fuel tourism has three negative side effects. Firstly, it distorts competition. Operators from Luxembourg and Austria have increased their market shares over most of their competitors whereas the United Kingdom has registered a loss on all markets. Tax differences for gas oil appear to be the main factor accounting for 40% of the market share variations observed. Secondly, detours have a negative impact on the environment. A 1990 study concerning the Netherlands established that 10 million extra kilometres were driven to refuel across the border. Thirdly, it leads to losses in budgetary resources for those Member States applying a relatively high excises duty in gas oil. Germany estimates that tax loses resulting from fuel tourism in 2004 cost it € 1 915 000 000.

CONTENT: the purpose of this Regulation, therefore, is to reduce the distortion of competition related to excise differentials which affect haulage markets. The proposal meets common transport policy objectives and will provide better protection for the environment. In summary, the proposed amendments will modify the Energy Tax Directive by:

- increasing the minimum levels of taxation for gas oil set out at Community level. From 2012 onwards the minimum level of taxation would be identical to the minimum level that will already be applicable to unleaded petrol (€ 359/1000 l)

- increasing the minimum level, from 2014 onwards, to € 380/1000 l;

- making the decoupling of the duty on commercial and non-commercial gas oil optional and not obligatory;

- enabling all Member States to reduce their taxation levels below their 1 January 2003 level, provided they respect the minimum level of taxation and provided they apply or introduce a system of road user charges, so that the overall tax burden remains broad equivalent;

- maintaining and supplementing the transition periods granted upon the accession of the Republic of Bulgaria and Romania to the European Union. For every Member State benefiting from transitional periods, increases should take place very two years; and

- applying the commercial gas oil tax rate at Member State level by means of a refund mechanism, the practicalities of which will be defined at Community level.

On a final point, the proposal has no implications on the Community budget.