

Taxation of energy products and electricity

1997/0111(CNS) - 27/10/2003 - Final act

PURPOSE: to present a new Community system for the taxation of energy products.

LEGISLATIVE ACT: Council Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity.

CONTENT: The proper functioning of the internal market and the achievement of the objectives of other Community policies require minimum levels of taxation to be laid down at Community level for most energy products, including electricity, natural gas and coal. In addition, the taxation of energy products and, where appropriate, electricity is one of the instruments available for achieving the Kyoto Protocol objectives. This Directive widens the scope of the Community minimum rate system, currently limited to mineral oils, to all energy products, chiefly coal, gas and electricity, as well as updating the minimum rates for mineral oils which have not been revised since 1992. For all these products, only their uses as motor fuel or heating fuel are taxed, and not their use as raw materials, or in chemical reductions or for electrolysis. Furthermore, energy products used as motor fuel for certain industrial and commercial purposes and those used as heating fuel will normally be taxed at levels lower than those applicable to energy products used as motor fuel. Specific provisions are proposed concerning the taxation of diesel used by hauliers engaged in international activities, in order to limit the distortion of competition operators are confronted with. Member States are allowed to differentiate between commercial and non-commercial diesel, in particular in order to reduce the gap between the use of non-commercial gas oil used as propellant and petrol. Business use of energy products may be taxed at a lower rate than non-business use. Member States are also allowed to apply other exemptions or reduced levels of taxation where this will not be detrimental to the proper functioning of the internal market and will not result in distortions of competition. The introduction of more efficient transport pricing instruments is also facilitated by authorisation for corresponding reductions in the tax levels.

DATE OF TRANSPOSITION: 31/12/03.

DATE APPLICABLE: 01/01/04.

ENTRY INTO FORCE : 31/10/03.