

# EUROPEAN PARLIAMENT

2004



2009

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*Committee on Economic and Monetary Affairs*

**2007/0023(CNS)**

4.10.2007

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## **DRAFT REPORT**

on the proposal for a Council directive amending Directive 2003/96/EC as regards the adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and the coordination of taxation of unleaded petrol and gas oil used as motor fuel  
(COM(2007)0052 – C6-0109/2007 – 2007/0023(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Olle Schmidt

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission.)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	11



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council directive amending Directive 2003/96/EC as regards the adjustment of special tax arrangements for gas oil used as motor fuel for commercial purposes and the coordination of taxation of unleaded petrol and gas oil used as motor fuel**

**(COM(2007)0052 – C6-0109/2007 – 2007/0023(CNS))**

**(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2007)0052),
  - having regard to Article 93 of the EC Treaty, pursuant to which the Council consulted Parliament (C6-0109/2007),
  - having regard to Rule 51 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A6-0000/2007),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
  3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
  4. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
  5. Instructs its President to forward its position to the Council and the Commission.

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Text proposed by the Commission

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Amendments by Parliament

Amendment 1  
RECITAL 7

(7) Certain Member States have been granted transitional periods in order to smoothly adapt to the levels of taxation set out in Directive 2003/96/CE. For ***the same reasons***, these transitional periods should be supplemented with regard to this Directive.

(7) Certain Member States have been granted transitional periods in order to smoothly adapt to the levels of taxation set out in Directive 2003/96/CE. For ***some of those Member States***, these transitional periods should be supplemented with regard to this Directive.

Amendment 2  
RECITAL 10

(10) The possibility for Member States to fix a reduced rate on gas oil for commercial purposes below the national level in force on 1 January 2003, when introducing or applying a system of road user charges which results in a broadly equivalent overall tax burden, should be extended. To this end and in the light of experience, it is appropriate to no longer maintain the requirement whereby the national level of taxation in force on 1 January 2003 for gas oil used as propellant must be at least twice as high as the minimum level of taxation applicable on 1 January 2004.

(10) The possibility for Member States to fix a reduced rate on gas oil for commercial purposes below the national level in force on 1 January 2003, when introducing or applying a system of road user charges which results in a broadly equivalent overall tax burden, should be extended. ***It should also be made possible for Member States to promote the use of non-petroleum based propellants through tax incentives.*** To this end and in the light of experience, it is appropriate to no longer maintain the requirement whereby the national level of taxation in force on 1 January 2003 for gas oil used as propellant must be at least twice as high as the minimum level of taxation applicable on 1 January 2004.

*Justification*

*It should be possible to use all tax instruments to promote and reward environmentally conscious behaviour.*

Amendment 3  
RECITAL 10 A (new)

***(10a) While fully acknowledging the principle of subsidiarity, Member States that gain additional revenues from the implementation of this Directive should be encouraged to reinvest them primarily in infrastructure and new environmental measures aimed at reducing CO<sub>2</sub> emissions.***

Amendment 4

ARTICLE 1, POINT 1, POINT (A A) (new)  
Article 7, paragraph 3, point (a) (Directive 2003/96/EC)

***(aa) Point (a) of paragraph 3 is replaced by the following:***

***“(a). the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road and with a maximum permissible gross laden weight of not less than 3,5 tonnes;***

*Justification*

*This will align Directive 2003/96/EC with other Community Directives.*

Amendment 5

ARTICLE 1, POINT 1, POINT (B)  
Article 7, paragraph 4 (Directive 2003/96/EC)

“4 Member States which apply or introduce a system of road user charges to motor vehicles using commercial gas oil as defined in paragraph 3, may apply a reduced rate to such gas oil that goes below the national level of taxation in force on 1 January 2003, as long as the overall tax burden remains broadly equivalent, and provided that the Community minimum level applicable to gas oil is observed.”

“4. Member States which apply or introduce a system of road user charges to motor vehicles using commercial gas oil as defined in paragraph 3 **or in order to promote the use of non-petroleum based propellants**, may apply a reduced rate to such gas oil that goes below the national level of taxation in force on 1 January 2003, as long as the overall tax burden remains broadly equivalent, and provided that the Community minimum level applicable to gas oil is observed.”

*Justification*

*It should be possible to use all tax instruments to promote and reward environmentally conscious behaviour.*

Amendment 6

ARTICLE 1, POINT 1, POINT (C)

Article 1, paragraph 5, subparagraph 2 (Directive 2003/96/EC)

*The* Commission shall establish common rules as to the mechanisms referred to in the first subparagraph, in accordance with the procedure referred to in Article 27(2).

***No later than 6 months after the adoption of this Directive, the*** Commission shall establish common rules as to the mechanisms referred to in the first subparagraph, in accordance with the procedure referred to in Article 27(2).

*Justification*

*Common rules for a refund mechanism are essential to ensure that refunding under conditions that are equal, transparent and simple. Moreover, common rules will prevent distortions of the single market.*

Amendment 7

ARTICLE 1, POINT 2

Article 18 (Directive 2003/96/CE)

***(2) Article 18 is amended as follows:***

***deleted***

***(a) In paragraph 3, the first sentence is replaced by the following:***

***“The Kingdom of Spain may apply a transitional period until 1 January 2007 to adjust its national level of taxation on gas oil used as propellant to the new minimum level of EUR 302, until 1 January 2012 to reach EUR 330, until 1 January 2014 to reach EUR 359 and until 1 January 2016 to reach EUR 380.”***

***(b) In paragraph 4, the first sentence is replaced by the following:***

***“The Republic of Austria may apply a transitional period until 1 January 2007 to adjust its national level of taxation on gas oil used as propellant to the new minimum level of EUR 302, until 1 January 2012 to reach EUR 330, until 1 January 2014 to reach EUR 359 and until 1 January 2016 to reach EUR 380.”***

***(c) In paragraph 5, the first sentence is replaced by the following:***

***“The Kingdom of Belgium may apply a transitional period until 1 January 2007 to adjust its national level of taxation on gas oil used as propellant to the new minimum level of EUR 302, until 1 January 2012 to reach EUR 330, until 1 January 2014 to reach EUR 359 and until 1 January 2016 to reach EUR 380.”***

***(d) In paragraph 6, the first sentence is replaced by the following:***

***“The Grand Duchy of Luxembourg may apply a transitional period until 1 January 2009 to adjust its national level of taxation on gas oil used as propellant to the new minimum level of EUR 302, until 1 January 2012 to reach EUR 330, until 1 January 2014 to reach EUR 359 and until 1 January 2016 to reach EUR 380.”***

***(e) In paragraph 7, in the second subparagraph, the first sentence is replaced by the following:***

*“The Portuguese Republic may apply a transitional period until 1 January 2009 to adjust its national level of taxation on gas oil used as propellant to the new minimum level of EUR 302, until 1 January 2012 to reach EUR 330, until 1 January 2014 to reach EUR 359 and until 1 January 2016 to reach EUR 380.”*

*(f) In paragraph 8, in the third subparagraph, the first sentence is replaced by the following:*

*“The Hellenic Republic may apply a transitional period until 1 January 2010 to adjust its national level of taxation on gas oil used as propellant to the new minimum level of EUR 302, until 1 January 2012 to reach EUR 330, until 1 January 2014 to reach EUR 359 and until 1 January 2016 to reach EUR 380.”*

*Justification*

*There is no need to change all transitional arrangements agreed under Council Directive 2003/96/EC of 27 October 2003 merely because minimum rates are adjusted.*

Amendment 8  
ARTICLE 1, POINT 5  
Annex I (Directive 2003/96/EC)

Text proposed by the Commission

	1 January 2004	1 January 2010	1 January 2012	1 January 2014
Unleaded petrol (in euros per 1 000 l) CN Codes 2710 11 31, 2710 11 41, 2710 11 45 and 2710 11 49	359	359	<b>359</b>	<b>380</b>
Gas oil (in euros per 1 000 l) CN codes 2710 19 41 to 2710 19 49	302	<b>330</b>	<b>359</b>	<b>380</b>

Amendment by Parliament

	1 January 2004	1 January 2010	1 January 2012	1 January 2014
Unleaded petrol (in euros per 1 000 l) CN Codes 2710 11 31, 2710 11 41, 2710 11 45 and 2710 11 49	359	359	<b>380</b>	<b>400</b>
Gas oil (in euros per 1 000 l) CN codes 2710 19 41 to 2710 19 49	302	<b>335</b>	<b>380</b>	<b>400</b>

*Justification*

*Minimum rates should be sufficiently high to promote sustainable consumption of petrol and gas oil.*

## EXPLANATORY STATEMENT

Generally your draftsman agrees with the Commissions objective to reduce the distortion of competition in the haulage market. The best way to address the problem of competition would be through full harmonisation. In this context, it should be underlined that the existence of price differences on petrol and gas oil across the internal market is not in itself an indication of a distorted haulage market.

Your draftsman recognises that the Commissions proposal contribute very limited to reducing environmental damage through transport related tax policy. It is clear that such policies can, if tough enough, bring about behavioural change among consumers and businesses and thereby ensure that CO<sub>2</sub>-emissions are lowered. However, your draftsman questions whether the Commissions proposal will significantly help the Community in meeting its environmental commitments, including the Kyoto-protocol.

Your draftsman considers that given the significant environmental challenges climate change pose not only to the Community but to the globe that the Commission must play a much stronger role in promoting the use of environmentally friendly products through bold and innovative "green" EU measures, including the area of taxation. In this context tax competition, used to promote sustainable consumption and protection of the environment, should be encouraged e.g. through linking the revenue gained from "green" taxes to promotion of development of "green" products and production processes. Therefore your draftsman favours allowing Member States to use tax measures to promote the use of non-petroleum based propellants.

Against that background, your draftsman is of the opinion that the Commission's proposal does not allow Member States the flexibility required to promote the use of non-petroleum based propellants.

Member States should, in line with the principle of subsidiarity, be given more flexibility by allowing them inter alia to reduce the tax rates for propellants used in the most energy efficient engines, for non-petroleum based propellants. This would provide legal certainty for businesses while at the same time allowing for competition. It would provide Member States with opportunities to promote the use of cleaner technologies in pursuit of reducing CO<sub>2</sub> emissions and meeting other international environmental commitments.

Moreover, your draftsman considers that higher minimum rates would have a more positive impact on the consumption pattern of consumers and businesses. Existing transitional regimes should not be extended and no new transitional arrangements should be introduced.