



EUROPEAN COMMISSION

Brussels, 4.4.2012
SWD(2012) 82 final

COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

**Proposal for a Regulation of the European Parliament and of the Council on simplifying
the transfer of motor vehicles registered in another Member State within the Single
Market**

{ COM(2012) 164 final }

{ SWD(2012) 81 final }

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1. PROBLEM DEFINITION - OBJECTIVES

Motor vehicle registration problems are a typical example of the bottlenecks referred to in the Europe2020 Strategy for smart, sustainable and inclusive growth¹. These problems were identified in the first EU Citizenship Report² as one of the main obstacles faced by citizens when exercising their rights under EU law in their daily lives. Moreover, they were also highlighted as one of the 20 main concerns with the Single Market as it stands now, in a list compiled by the Commission³.

The impact assessment identifies two major problems regarding the registration of motor vehicles registered in another Member State:

- (1) When a motor vehicle is registered in one Member State and frequently used in another, the question of which Member State the motor vehicle should be registered in arises. Citizens who move to another Member State, cross-border workers, car-rental companies and people leasing a motor vehicle in another Member State are often obliged to register it on the territory where they live or where the vehicle is used, although it is already registered in another Member State. Traders of second-hand motor vehicles, which are usually SMEs, are confronted with the same problem when they purchase a motor vehicle in another Member State. Leasing companies also face registration problems, at least if they are the holder of the registration certificate and the motor vehicle is used by a person established in another Member State. Finally, car-rental firms that wish to move a part of their fleet to another Member State for a short period to meet seasonal demands, are usually obliged to register the motor vehicles concerned in that Member State.
- (2) If a motor vehicle needs to be re-registered in another Member State, the administrative formalities to obtain the registration in the receiving Member State are often burdensome and cause delays. The additional burden is principally caused by the fact that the registration authorities of the receiving Member State have little or no information about the motor vehicle, except the information found on the registration certificate. If the vehicle were to be re-

¹ COM(2010)2020 of 3.3.2010.

² COM(2010)603 of 27.10.2010.

³ See http://ec.europa.eu/internal_market/strategy/docs/20concerns/publication_en.pdf.

registered in the same Member State, registration authorities could rely on the information in their national databases. Currently, the re-registration of a motor vehicle registered in another Member State involves a number of administrative steps and, more importantly, various new controls and checks, such as the submission of a certificate of conformity and national roadworthiness tests.

The general objective of this initiative is to improve the functioning of the single market through the elimination of administrative barriers related to the re-registration procedure of motor vehicles, which currently hinder the free movement of goods.

The specific objectives of this initiative are:

- To harmonise, streamline, and simplify the procedures for re-registration of motor vehicles previously registered in another Member State, for citizens, employees, employers, car-rental and leasing companies, and registration authorities;
- To consequently reduce the administrative burdens of all actors involved without hindering road safety or the prevention of crimes and fraud.

The operational objectives of this initiative are the following:

- To determine in which Member State a motor vehicle transferred across borders within the EU should be registered;
- To reduce the time of re-registration procedures;
- To reduce the administrative burden on citizens and undertakings by limiting the number of documents necessary to carry out the re-registration procedure and by facilitating data exchange between national registration authorities.

2. SUBSIDIARITY

The cross-border aspects of motor vehicle registration continue causing problems within the internal market. For example, there were 17 judgements and orders of the Court of Justice on the obstacles, caused by motor vehicle registration related matters, to the free movement of goods, services and persons.

Current problems and differences in administrative rules at national level as regards the re-registration of motor vehicles previously registered in another Member State impede the free movement of these vehicles within the EU. The EU has therefore the right to act on the basis of Article 114 TFEU, in order to ensure the proper functioning of the single market for second-hand motor vehicles purchased in another Member State, for citizens transferring a motor vehicle to another Member State of residence, for citizens using a motor vehicle registered in the Member State of employment, as well as for car-rental firms (and to a lesser extent leasing firms) which, due to registration requirements for themselves or their client, encounter barriers for the cross-border use of these vehicles. In order to comply with the subsidiarity principle, the initiative should however not consider options concerning

the re-registrations within the same Member State, or the transfer of a motor vehicle within the same Member State.

During the public consultation, a significant majority in each category of stakeholders considered that action should be taken at EU level to improve the current situation. All public authorities that contributed to the consultation are in favour of action being taken at EU level.

3. POLICY OPTIONS

The policy options were developed on the basis of the following assumptions:

- The first registration of a new motor vehicle in the EU usually takes place in the Member State of residence/establishment of the applicant (i.e. the future holder of the registration certificate) although new motor vehicles are sometimes registered by a motor vehicle dealer in one Member State and subsequently purchased by a customer residing in another Member State.
- Member States remain free to exercise their power of taxation with respect to motor vehicles on the basis of the territory on which the vehicle is actually used, or the residence of the driver, in accordance with EU law. For example, circulation taxes are levied by the Member State in which the motor vehicle is registered or the Member State where the vehicle is essentially used.
- None of the options concerns re-registrations within the same Member State, or the transfer of a motor vehicle within the same Member State.

The policy options to be assessed against the baseline option (i.e. pursuing infringement proceedings and publishing interpretative communications) would be the following:

3.1. Option 1: Single registration for the entire life-cycle of the motor vehicle (“Single Registration”)

Under this option, the motor vehicle is registered once in the EU for its entire life-cycle. Motor vehicles keep their original registration until they reach the end-of-life status. When the vehicle is transferred to a new holder, the original registration is maintained.

This option would have vast negative impacts on road safety (roadworthiness tests), traffic enforcement and motor vehicle crime, motor vehicle insurance, the second-hand market and the levying of registration and circulation taxes. It would have positive impacts on the other target groups.

Option 1 would remove the administrative costs for businesses and citizens as well as for public authorities that exist in the baseline scenario. This would deliver savings of EUR 1,500 million annually. The profit loss would also be eliminated, because the vehicle could now be used without interruption. This would allow savings of around EUR 336 million annually. The specific costs for car-rental companies would also disappear with this policy option (EUR 636 million) as they would be able to transfer motor vehicles across borders without constraints.

3.2. Option 2: the holder keeps his/her registration throughout the EU but a transfer of the vehicle to a new holder requires a new registration

Under this option, every holder (i.e. the holder of the registration certificate) keeps his/her own registration until the vehicle is transferred to another holder. In other words, motor vehicles should not be re-registered when the holder changes his/her residence to another Member State. In that case, however, he/she should inform the authorities of their new Member State which in turn should inform their counterparts in the Member State of registration. A transfer of the vehicle to another holder, however, would require re-registration. This option was subdivided in sub-option 2a (no formalities), sub-option 2b (citizens moving to another Member State could keep their original vehicle registration but would have to inform the registration authorities of the Member State of former residence about their new residence) and sub-option 2c (citizens moving to another Member State could keep their original vehicle registration but would have to inform the registration authorities of their new Member State about their new residence).

This option would have negative impacts on road safety (roadworthiness tests) and traffic enforcement, motor vehicle insurance and motor vehicle taxation. However, this option would have positive impacts on citizens moving to another Member State, cross-border workers, leasing companies, car-rental companies and registration authorities. It would have a neutral impact on the market of second-hand motor vehicles and on vehicle crime.

The estimated savings vary between EUR 2,472 million (sub-option 2a), EUR 2,385 million (sub-option 2b) and EUR 2,343 million (sub-option 2c) annually.

3.3. Option 3: registration in the Member State of the holder of the vehicle and simplified re-registration

When the holder moves his/her residence to another Member State or when the vehicle is transferred to another holder in another Member State, the motor vehicle would have to be re-registered but a simplified registration procedure would apply. This simplified procedure would limit the paperwork and the number of controls, through a detailed list of documents which may or may not be requested, and an explicit prohibition to request supplementary documents.

No negative impacts could be identified for this option. It would have a neutral impact on motor vehicle taxation, traffic enforcement, road safety and motor vehicle insurance while it would have a positive impact on the other affected groups.

The administrative costs would be reduced because this option would eliminate the need for de-registration and would reduce the time and costs needed for re-registration. In the short term public authorities would still have to carry out the de-registration procedures.

This option would allow savings estimated at EUR 1,171 million annually.

3.4. Option 4: registration in the Member State where the motor vehicle is primarily used and simplified re-registration

According to this option, the motor vehicle should be registered in the Member State of primary use, even when the holder of the registration certificate resides permanently or is established in another Member State. The registration procedure, however, would be simplified as under option 3.

This option would have positive impacts on car-rental companies and traffic enforcement. The main difficulty of this option is its vagueness and the difficulties that it may cause in practice, especially for persons or businesses that would use vehicles in different Member States. The concepts of ‘essential use on a permanent basis’ or ‘actual use on a permanent basis’ would need further clarification and a very precise definition. Therefore, it would have negative impacts on citizens, cross-border workers, employers, leasing companies and motor vehicle taxation. This option would have neutral impacts on registration authorities, vehicle crime and motor vehicle insurance.

This option would allow savings estimated at EUR 1,171 million annually.

3.5. Option 5: optimising the electronic exchange of information among national registration authorities

This option envisages that the technical information about the motor vehicle and the latest registration details in the Member State of origin would be electronically gathered by the registration authorities in the Member State of destination, through the existing ‘EUCARIS’- system.

Option 5 would have positive impacts on citizens bringing their vehicle into the country of residence, registration authorities, vehicle crime and the market of second-hand motor vehicles. Negative impacts could not be identified. Finally, this option would have neutral impacts on cross-border workers, leasing companies and car-rental companies, motor vehicle taxation, traffic enforcement and motor vehicle insurance.

This option would allow annual savings estimated at EUR 274 million.

4. COMPARING THE OPTIONS

The impacts of the various options on the reduction of the administrative burden can be summarised as follows:

Options	1	2a	2b	2c	3	4	5
Citizens and Businesses	1,400	1,400	1,359	1,360	890	890	133
Public authorities	100	100	78	56	776	53	29
Total administrative costs (A)	1,500	1,500	1,437	1,416	943	943	162
Profit loss (B)	336	336	336	336	224	224	112
Savings on one-way rentals costs	418	418	409	407	0	0	0
Savings on loss of demand	202	202	188	169	0	0	0
Peak seasonal demand savings	16	16	15	15	4	4	0
Total additional savings car rental companies (C)	636	636	612	591	4	4	0

TOTAL (A+B+C)	2,472	2,472	2,385	2,343	1,171	1,171	274
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The baseline scenario generates significant administrative costs and other costs for citizens, companies and public authorities. From this perspective all options would lead to a significant improvement of the situation and a reduction of costs (especially administrative burden) for all actors.

The qualitative impacts of the options can be summarised as follows in this qualitative comparison table:

Options	1	2a	2b	2c	3	4	5
Target groups							
Citizens transferring residence	+	+	+	+	+	0	+
Second-hand market	+	0	0	0	+	0	+
Cross-border workers	+	+	+	+	+	-	0
Leasing firms	+	+	+	+	+	-	0
Car-rental firms	+	+	+	+	+	+	0
Registration authorities	+	+	+	+	+	0	+
Other impacts							
Roadworthiness checks	-	-	0	0	0	0	0
Traffic enforcement	-	-	0	0	0	+	0
Motor vehicle insurance	-	-	-	-	0	0	0
Taxation issues	-	-	-	-	0	0	0
Vehicle crime	-	0	0	0	+	0	+
+ = positive impact - = negative impact 0 = neutral impact							

The table shows that none of the options address all the problems.

A comparison of the quantifiable and the non-quantifiable impacts leads to the following results, compared to the baseline option:

Comparison of all impacts							
Options	1	2a	2b	2c	3	4	5
Savings (millions €)	2,472	2,472	2,385	2,343	1,171	1,171	274

This leads to the preliminary finding that all options lead to considerable savings but also that, notwithstanding those savings, options 1, 2a, 2b and 4 show very important negative impacts, especially as regards motor vehicle insurance and motor vehicle taxation.

Therefore, it is recommended to select only the policy options that present only positive and neutral impacts, namely:

- Option 3: registration in the Member State of the holder of the vehicle and simplified re-registration.
- Option 5: Optimising the electronic exchange of information among national registration authorities.

The combination of options 3 and 5 would create relatively high savings of at least EUR 1,445 million and would at the same time have a positive or neutral impact on all target groups.

As regards the form of the legislative instrument, the impact assessment recommends a regulation.

5. MONITORING AND EVALUATION

The different problems outlined in this impact assessment are not yet subject to secondary EU law. Therefore, they are governed by the provisions of the TFEU. The national systems and the problems encountered by citizens and businesses are very different, especially for vehicles that were previously registered in another Member State. Therefore, it is important to put in place a coherent monitoring and evaluation scheme without, however, creating an additional administrative burden for citizens, businesses and national registration authorities. Currently, there are hardly any precise statistics about certain target groups directly affected by the current problems on motor vehicle registration, especially on citizens transferring their vehicles across borders or about the second-hand market. There are also no precise statistics about the amount of difficulties and the time required for re-registration in another Member State. However, the ‘EUCARIS’ software application delivers statistics that could be used as indicators.

It is suggested to use the following indicators and monitoring methods in view of an evaluation of the legislative instrument, within four years following the deadline for its implementation:

Who was affected by the problems?	Indicators/ method for monitoring
Citizens purchasing a second-hand motor vehicle in another Member State	- Number of complaints; - Number of SOLVIT cases;
Citizens moving to another Member State with their vehicle	- Number of court cases; - Number of requests to the European Consumers Centres;
Citizens living part of the year in another Member State	- Number of re- and de-registrations;
Citizens working across borders with a company car	-Public consultation in particular on administrative burdens
Leasing and car-rental enterprises	Survey specifically addressed to this sector
National registration authorities	Survey specifically addressed to national registration authorities
All target groups	EUCARIS statistics.