



COMMISSION OF THE EUROPEAN COMMUNITIES
CUSTOMS UNION AND INDIRECT TAXATION

**QUESTIONNAIRE
ON TAXATION
ON HYDROCARBONS
IN THE MEMBER STATES**

PART I and Part II



COMMISSION OF THE EUROPEAN COMMUNITIES
CUSTOMS UNION AND INDIRECT TAXATION

**QUESTIONNAIRE
ON TAXATION
ON HYDROCARBONS
IN THE MEMBER STATES**

PART I

a) Hydrocarbons used for industrial purposes

Are hydrocarbons (liquid or gaseous) used for industrial purposes other than motor propelling, heating or lubrication exempted or taxed?

If taxed, at what rate is the excise duty levied?

b) Liquid petroleum gas

Are gaseous hydrocarbons when used as a motor propellant taxed?

If so, at what rate is the excise duty levied?

Is any additional taxation levied on passenger vehicles propelled by LPG?

c) Natural gas/methane

Is this product taxed?

If so, at what rate is the excise duty levied?

d) Heating fuel

Are hydrocarbons (liquid or gaseous) used for heating purposes exempted or taxed?

If so, at what rate is the excise duty levied?

Is any distinction, for taxation purposes, drawn between professional and domestic use?

e) Motor diesel

In the taxation of this product is any distinction drawn between its use by private or professional users?

Is any additional taxation levied on passenger vehicles propelled by motor diesel?

f) Lubricants

Are these products taxed?

If so, how are lubricants defined and at what rate is the excise duty levied?

g) Other exemptions/reduced rates

Please supply details of any other exemptions, drawbacks or reduced rates applied, particularly in the following fields:

- commercial scheduled air navigation, domestic and international;
- commercial non-scheduled air navigation, domestic and international;
- private air navigation, domestic and international;
- navigation on inland waterways;
- coastal navigation;
- coastal fishing;
- agriculture and horticulture;
- public passenger transport, road and rail;
- consumption within premises where hydrocarbons are produced or refined, distinguishing where necessary between consumption for the production of energy and consumption for propelling vehicles.

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Member States	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Belgium	No excise duty (1)	No excise duty (2)	No excise duty	No excise duty	<p>(a) Subject to excise duty when used in vehicles circulating on the public highway other than agricultural and forestry machinery and tractors.</p> <p>(b) Subject to excise duty regardless of whether for private or professional use.</p> <p>(c) Passenger vehicles are not liable to additional tax.</p>	No excise duty	<ol style="list-style-type: none"> 1. Commercial scheduled and non-scheduled air navigation on domestic and international flights: Medium mineral oils are not subject to excise duty. Light mineral oils are subject to full-rate excise duty. 2. Private air navigation on domestic and international flights: Light mineral oils are subject to full-rate excise duty. 3. Navigation on inland waterways, coastal navigation, coastal fishing: See answer at 2 above. 4. Agriculture and horticulture: Light mineral oils used for driving agricultural and horticultural machinery are subject to excise duty. Gas oil is totally exempt from excise duty provided that it is used to drive motors, machinery or tractors for agricultural, horticultural, arboricultural or forestry use. 5. Public passenger transport by road: Light or medium mineral oils and gas oil used for public passenger transport by road are not exempt from excise duty. However, a partial refund of excise duty is granted for the gas oil used to drive the buses of six intercommunal transport companies. 6. Public passenger transport by rail: See answer at 2 above. 7. Consumption within premises where hydrocarbons are produced or refined: Mineral oils used as an aid to production (energy production, for example) are not subject to excise duty. As regards oils used as motor propellants, see answer at 2 above.

Member States	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/ methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Denmark	Excise duty is repaid to firms registered in accordance with the VAT Law	(LPG): Excise duty of DKR 128/ litre (12)	No excise duty	Heavy fuel oil: DKR 208/kg Gas oil: DKR 185/ litre Fuel tar: DKR 188/kg LPG: DKR 237/kg	(12) Excise duty of DKR 185/ litre Excise duty is repaid to firms	No excise duty	Oil used in the operation of aircraft, railways, ferries, motor coaches and buses is exempt from tax. Horticulture and agriculture: duty repaid to firms registered in accordance with the law. Oil used in the production of electric power is exempt, as there is a separate tax on electric power.

Member States	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/ methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Federal Republic of Germany	No excise duty (1)	Gaseous hydrocarbons used as a motor propellant are taxed at a rate of DM 61.25 per 100 kg. (15)	When used as a motor propellant duty is levied at a rate of DM 61.25 per 100 kg (15)	<p>Reduced rate for: light heating oil (DM 2/100 kg) heavy heating oil (DM 1.50/100 kg)</p> <p>Gaseous hydrocarbons used for heating are exempted. (No distinction is drawn between professional and domestic use).</p>	<p>No distinction for tax purposes between use by private or professional users.</p> <p>No additional taxation levied on vehicles propelled by motor diesel.</p>	Lubricants are taxed according to the proportion of mineral oil they contain (16)	<ol style="list-style-type: none"> 1. Domestic and international scheduled air navigation is exempt from excise duty. 2. International non-scheduled air navigation is exempt from excise duty. 3. Private air navigation is not exempt from duty. 4. Commercial navigation is exempt from excise duty (17). 5. Commercial coastal navigation is exempt from excise duty (17). Private coastal navigation is not exempted. 6. Full-time fishing activities are exempt from excise duty (17). 7. Gas oil used in agriculture qualifies for relief of DM 41.15 per 100 litres (17). 8. Public passenger transport by road and rail: no tax exemption or refund. 9. Hydrocarbons used in mineral oil production are exempted (18).

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/ methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other Exemptions
France	No excise duty (1)	(4) Excise duty is charged on liquefied petroleum gas (special mixture of butane and propane) at the rate of FF 167.40/100 kg net and on compressed natural gas motor fuel at the rate of FF 475.56/1000 m.	(5) (a) Excise duty is levied if more than 5 million Kwh have been delivered to the same user over a period of 12 months. The rate of tax is FF 0.59/100 Kw. (b) Deliveries for domestic heating purposes and deliveries of gas used as a raw material in the manufacture of chemical products are exempt from tax.	Domestic fuel is taxed at a reduced rate of FF 36.73/hl. Heavy fuel is taxed at a reduced rate of FF 17/100 kg. There is no difference between the rates for professional or domestic use.	(6) The same excise duty is levied whether the vehicles are for private or professional use. The rate is FF 131.150/hl.	No excise duty (7)	<ol style="list-style-type: none"> 1. Commercial scheduled and non-scheduled air navigation on international flights: this is exempt from excise duty. 2. Commercial scheduled and non-scheduled air navigation on domestic flights: excise duty is levied at the reduced rate of FF 7.39/hl for jet fuel and at the full rate of FF 150.80/hl for aviation gasoline. 3. Private air navigation on domestic and international flights: excise duty is levied at the reduced rate of FF 7.39/hl for jet fuel and at full rates of FF 150.80/hl for aviation gasoline and FF 268.19/hl for other petrol (premium grade). 4. Navigation on inland waterways: there is no exemption or reduction for pleasure or racing boats; commercial vessels may use the coloured and marked gas oil (domestic fuel) taxed at the reduced rate of FF 36,73/hl. 5. Coastal navigation and coastal fishing: these are exempt from excise duty except for pleasure and racing boats, for which there is no exemption or reduction. 6. Agriculture and horticulture: (8) (9) ordinary petrol benefits from a reduced rate of FF 24.47/hl. The following qualify for use of reduced-rate petrol: traction and harvesting equipment, mobile engines, crosscut saws. 7. Public passenger transport: Road: no general exemption for reduction applies. (10). Rail: locomotive engines may use the coloured and marked gas oil (domestic fuel) taxed at a reduced rate of FF 36.73/hl. 8. Consumption within premises where hydrocarbons are produced or refined, distinguishing where necessary between consumption for the production of energy and consumption for propelling vehicles: <ul style="list-style-type: none"> - There is exemption from excise duties for hydrocarbons used as heating fuels, motor fuels and lubricants in the production of energy consumed within premises where hydrocarbons are produced or refined. - There is no exemption or reduction for hydrocarbons used in propelling machinery or vehicles in these same premises.

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Greece	Excise duty charged according to use (13)	Gaseous hydrocarbons used in motor vehicles are subject to excise duty (14)	No excise duty	Excise duty is charged regardless of whether for business or private use	No excise duty charged regardless of whether for business or private use	Subject to excise duty (13) - Lubricants and other oils: duty is charged at a rate of 16 drachmas/kg. - regenerated oils: duty is charged at a rate of 12 drachmas/kg.	Exemptions from excise duty: - commercial scheduled air navigation, domestic and international; - commercial non-scheduled air navigation, domestic and international; - navigation on inland waterways; - coastal navigation; - coastal fishing; - petrol for agricultural uses; - consumption within premises where hydrocarbons are produced or refined. No exemption for: - private air navigation, domestic and international; - public passenger transport by road and rail.

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Ireland	The rate of duty is nil if the hydrocarbon oils (24) are used in, or in connection with the manufacture of alumina: this applies to fuel oil and all other hydrocarbon oils (25) (1)	(a) LPG used as a motor propellant is subject to excise duty at the rate of £IR 0.785 per gallon (b) No additional tax levied on passenger vehicles propelled by LPG	Exempt from excise duty	(a) See footnotes (24) (25) (26) (b) No distinction drawn between professional and domestic use	(a) No distinction drawn between private and professional use (b) No additional taxation for vehicles propelled by diesel (c) Special re-payment provision for licensed operators of road passenger transport services	Subject to duty at the rate of £IR 3.73/hl	<ol style="list-style-type: none"> 1. Air navigation: international flights, scheduled, non-scheduled, are exempt from duty. 2. Domestic flights: commercial, scheduled, non-scheduled and private: duty levied at the rate of £IR 3.73/hl (aviation turbine kerosene) and £IR 14.035/hl (aviation gasoline). 3. Private aircraft on international flights: exempt from duty. 4. Navigation on inland waterways: see footnote (25). 5. Coastal navigation: see footnote (25). 6. Agriculture: hydrocarbon oils (24) for use for combustion in the engines of agricultural tractors, harvesters and other non-road vehicles are subject to duty at the rate of £IR 3.73/hl. 7. Horticulture: hydrocarbon oils used in horticultural production are subject to duty at the rate of £IR 0.44/hl. 8. Sea fishing: Nil rate of duty for hydrocarbon oils used for combustion in the engines of registered sea-fishing boats. 9. Road passenger transport services: rate of duty of £IR 1.79/hl. 10. Rail passenger transport services: rate of duty of £IR 3.73/hl. 11. Consumption in refineries: hydrocarbons used to produce hydrocarbons are not taxed; they are taxed if used as fuel.

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Italy	Generally subject to the full rate of tax (27)	<p>(a) LPG used as a motor propellant subject to a manufacturing tax of Lit 26220/100 kg.</p> <p>(b) Special surcharge on vehicles driven by LPG</p> <p>(c) Special surcharge reduced by 505 for vehicles used for public transport (28)</p>	<p>(a) Consumption tax of Lit 30/m³ on methane used as fuel (29)</p> <p>(b) Methane used as a motor propellant is exempt from duty</p>	(a) Reduction in duty for hydrocarbons used for heating fuel (30)	<p>(a) subject to tax at a rate of Lit 26239/hl.</p> <p>(b) no distinction drawn between private and business use.</p>	<p>(a) subject to manufacturing tax of Lit 40000/100 kg when used for combustion or as a motor propellant</p> <p>(b) special surcharge when used by vehicles for general and passenger transport</p>	<p><u>Exemptions in the following sectors:</u></p> <ol style="list-style-type: none"> 1. Commercial scheduled air navigation on domestic and international flights. 2. Commercial non-scheduled air navigation on domestic and international flights. 3. Coastal fishing. 4. Agriculture and horticulture. 5. Rail transport: petrol and diesel oil used to drive locomotives. 6. Consumption of hydrocarbons: <ul style="list-style-type: none"> (a) in refineries producing fuel for furnaces and boilers (b) reduced rate of tax for heavy fuel oils used in the production of heating fuel.

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Luxemburg	No excise duty (1)	Excise duty of LFR 90/hl	No excise duty	Liquid hydrocarbons: - are exempt from excise duty when for domestic use - are subject to duty of LFR 45/hl (11) when for professional use	Subject to excise duty of LFR 430/hl	Excise duty of LFR 10/100 kg	1) commercial scheduled air navigation domestic: non-existent commercial scheduled air navigation international: exempt 2) commercial non-scheduled air navigation domestic: non-existent commercial non-scheduled air navigation international: exempt 3) private air navigation, domestic: non-exempt " " " international: exempt 4) navigation on inland waterways: non-exempt 5) coastal navigation: non-existent 6) coastal fishing: non-existent 7) agriculture and horticulture: non-existent 8) public passenger transport, road and rail: non-exempt 9) consumption within premises where hydrocarbons are produced or refined, distinguishing where necessary between consumption for the production of energy and consumption for propelling vehicles.

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Netherlands	No excise duty (1)	<p>(a) No excise duty is charged on gaseous hydrocarbons used as a motor propellant</p> <p>(b) Passenger vehicles propelled by LPG are subject to an additional road tax</p>	<p>(a) No excise duty</p> <p>(b) A tax is levied on natural gas used as a motor propellant</p>	<p>(a) Excise duty is charged on gas oil, light fuel oils and medium oils (petroleum) at a rate of HFL 10.26/hl</p> <p>(b) Heavy fuel oil used for heating or power is taxed at a rate of HFL 3.424/100 kg</p> <p>(c) No distinction is made between business and domestic use</p>	<p>(a) No distinction is made between private and business users but a distinction is made as regards the use of the product, i.e. as a propellant for motor vehicles used on the public highway or for other purposes (23)</p> <p>(b) Cars propelled by diesel are subject to additional duty</p>	Excise duty rate of Hfl: 10/100 kg.	<ul style="list-style-type: none"> - Excise duties are refunded on mineral oils used in aircraft employed on international routes; Such refunds are granted on a minimum of 250 litres of light oil and 500 litres of medium oil per refuelling operation. - No exemption, refund or reduced rate is applied to fuels used in aircraft on domestic flights. - No exemption, refund or reduced rate is applied to inland waterway transport. (22). - Excise duties are refunded on mineral oils used as a propellant for vessels on international routes or used on board such vessels for navigational purposes. - Excise duties are refunded on mineral oils used by coastal fishing and coastal navigation vessels which leave territorial waters. - No exemption is applied to agriculture or horticulture. - Mineral oils used by refineries to generate power for the purpose of producing mineral oils are not taxed. Those used as a propellant for motor vehicles or for heating purposes are, however, subject to tax.

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
United Kingdom	Exempt from excise duty (20) (1)	(a) LPG is subject to duty at a rate equal to half of that applied to light oil when used as a motor propellant for road vehicles (b) No additional tax for passenger vehicles	Subject to the same duty as LPG	(a) Reduced duty on fuel oil and gas oil (b) Nil rate of duty for kerosene and other heavy oils (c) No distinction between domestic and business use.	(a) No distinction drawn between private and business use: subject to same excise duty as vehicles driven by other motor propellants	Nil rate of duty for heavy oils other than fuel oil or gas oil Low viscosity oils fall into the same category as gas oil and are therefore dutied.	<ol style="list-style-type: none"> 1. Domestic and international air navigation: No duty charged on aviation turbine fuel used by jet aircraft. Aviation gasoline for piston-engined aircraft is dutied at half the rate applicable to light oil. 2. Aviation gasoline used on domestic flights is dutied. Duty is refunded in the case of aircraft on international flights (scheduled, non-scheduled, commercial or private). 3. Navigation on inland waterways: normal reduced duty rates apply. 4. Coastal navigation (except for pleasure boats) is exempt from duty on heavy oil. Duty on oil used by fishing and rescue vessels is refunded. 5. Agriculture: reduced rate applicable to motor propellants and heating fuels based on heavy oil used for heating, tractors and other agricultural machinery. Horticulture: duty refund for heating fuel. 6. Heavy oils for use by railways: normal reduced rates apply; regular public passenger transport services by road: taxed at the full rate but received special assistance from the Exchequer. 7. On approved premises (refineries), the hydrocarbons used to produce the energy required for the treatment of oil are exempt from duty if more than a third of the energy is used for that purpose. There is only partial exemption if no more than a third of the energy is used for that purpose.

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Spain	No general exemption (19) (1)	Excise duty of 7.4 pesetas/kg	No excise duty	Gas oil used as heating fuel is taxed at a rate of 5.60 pesetas/litre. The rate is the same for business and private use.	No distinction for tax purposes between private or professional users	These are taxed on the basis of the oil they contain	<ul style="list-style-type: none"> - international air navigation, scheduled, non-scheduled and private: exempt - domestic air navigation: there is no exemption, but the rate applied to aviation kerosene is zero - coastal fishing: exempt or qualifies for refund - agriculture: refund - energy consumption within premises: exempt, but only in respect of those products intended for use as heating fuel by manufacturers themselves, in processes used to obtain products falling within headings 27.10 to 27.16 of the Customs Tariff. (20) - an exemption applies to motor fuel for cars with Diplomatic Corps registration plates and to motor fuels carried in the tanks of vehicles which cross the border.

Member State	(a) Hydrocarbons used for industrial purposes	(b) Liquid petroleum gas	(c) Natural gas/methane	(d) Heating fuel	(e) Motor diesel	(f) Lubricants	(g) Other exemptions
Portugal	Exemption for hydrocarbons used for industrial purposes (21) (1)	An excise duty is applied to such hydrocarbons (21) The use of LPG in passenger vehicles is not allowed	Natural gas is not distributed	(a) Excise duty is applied to such hydrocarbons (21) (b) The rate of tax is the same for business and private use	No distinction for tax purposes between private or professional users	No excise duty	The following are exempt from excise duty: - domestic and international air navigation, scheduled, non-scheduled and private - coastal fishing - consumption on the premises of the refinery The following are not exempt from tax: - navigation in inland waterways - coastal navigation - where subsidies have been granted (Law No. 185/87) (21) - public passenger transport by road and by rail.

- (1) Hydrocarbons used for industrial purposes other than motor propelling, heating or lubrication.
- (2) Estate cars and minibuses driven by liquid petroleum gas or other liquid gaseous hydrocarbons are subject to an additional road tax of BFR 3 600, BFR 6 000 or BFR 8 400 respectively, depending on whether their engine rating is 7, 8 or 13 hp.
- (3) Energy production, for example.
- (4) Passenger vehicles propelled by LPG or compressed natural gas are not subject to any additional taxation.
- (5) Chemically pure methane is exempted. A monthly abatement of 400 000 Kwh applies to the taxable quantity.
- (6) No additional tax is charged on passenger vehicles propelled by motor diesel.
- (7) A parafiscal charge, introduced with effect from 1 April 1986, is levied in accordance with Directives 74/439/EEC and 87/10/EEC on waste oils. This is levied at a rate of FF 70/tonne.
- (8) The reduced rate is restricted to a total volume of petrol set by the Finance Act each year. For 1987 the total volume was set at 400 000 hl and relief at FF 230.08/hl.
- (9) Farmers may use as fuel unlimited quantities of the coloured and marked gas oil (domestic fuel) which is taxed at a reduced rate of FF 36.73/hl.
- (10) Motor fuel used by taxi drivers is fully exempt from excise duty up to a limit of 5 000 litres per year and per vehicle.
- (11) Commercial use, such as in horticultural establishments, swimming pools, etc.
- (12) An equalization tax is payable on cars equipped to use LPG. On cars with an unladen weight of up to 2 000 kg, the tax payable is from DKR 408.20 to DKR 1 632.90 per six-month period. Where the unladen weight is over 2 000 kg the tax payable is DKR 90.70 per 100 kg per six-month period.
- (13) Special provisions for shipyards operating in free customs zones.
- (14) No additional taxation is levied on passenger vehicles propelled by LPG.
- (15) No additional taxation is levied on vehicles propelled by this fuel.
- (16) If the proportion of mineral oil is 95% or more, the rate of tax applied is DM 53.25 per 100 kg.
- (17) No exemption for private vessels, private coastal navigation, part-time fishing activities and horticulture.
- (18) - The tax concession covers consumption of hydrocarbons as energy and as a raw material or auxiliary material in the course of production, but not consumption as motor fuel.
 - Where no tax concession is granted, the following rates are applied:

Diesel fuel	DM 53.25	per 100 kg
Aviation gasoline	DM 53	per 100 litres
from 1 April 1989	DM 51	per 100 litres
Aviation petroleum	DM 51	per 100 litres
- (19) Some exemptions apply where hydrocarbons are to undergo a chemical process within the meaning of Additional Explanatory Notes 5 and 6 to Chapter 27 of the Customs Tariff.
- (20) There is never any exemption applied to consumption for propelling vehicles.
- (21) Laws No 310/87 and 185/87.
- (22) A bill which proposes to exempt mineral oils used for professional inland waterway shipping in the Netherlands is currently before Parliament.
- (23) Diesel oil used in public road passenger transport is taxed at a rate of HFL 25.46 per hectolitre. Diesel oil used in rail transport is taxed at a rate of HFL 10.26 per hectolitre.
- (24) The expression "hydrocarbon oil" includes petroleum oil and oil produced from coal, shale, peat or any other bituminous substance; fuel oil is commonly known as residual fuel oil.
- (25) - Fuel oil is subject to duty at the rate of £ IR 1.53/hl if used for the purpose of generating electricity and at the rate of £ IR 0.76/hl if used for other purposes.
 - Other hydrocarbon oils and liquid gaseous hydrocarbons are subject to duty at the rate of £ IR 3.73/hl.
- (26) Liquid gaseous hydrocarbons used for heating purposes are subject to duty at the rate of £ IR 3.73/hl.
- (27) There are some tax exemptions or reductions depending on the use of the hydrocarbons.
- (28) LPG used for other purposes than combustion or motor propulsion is not subject to excise duty but the manufacturing tax (Lit 2 000/100 kg) is applicable in some cases (urban gas, refineries).
- (29) The duty is also applied to mixtures of air and pure methane where the proportion of pure methane is at least 70% (exemption for the Mezzogiorno region).
- (30) Paraffin: Lit 24 812/hl; gas oil: Lit 26 239/hl; low viscosity fuel oil: Lit 10 127/100 kg; liquid petroleum gas: Lit 2 000/100 kg.



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PART II



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PART II

Questionnaire on taxation of hydrocarbons : Control

- a) What controls are exercised on the production, storage, processing and transport of mineral oils ?
- b) What use is made of fiscal warehousing ?
- c) What methods are used for marking or colouring products so as to prevent improper use ?

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II. CONTROL

BELGIUM

- (a) Controls on mineral oils are carried out continuously by staff from the excise authorities, from the start of the production process up to the point when the products are released for consumption. The excise authorities provide a round the clock service to supervise the refineries. Furthermore, even after the products have been released for consumption, the authorities can carry out checks to determine whether identification substances (or denaturing substances) are present in fuels which should not contain them.

The quantities of taxable mineral oils produced in refineries or imported are checked by excise staff who record the amounts produced or imported. This is done by measuring the quantities of mineral oils produced or imported in a measuring tank. The amounts recorded by the staff are then noted in a register kept by the excise collector and in the stock account which the manufacturer is obliged to keep.

Control of the quantities leaving refineries or dispatched from bonded storage facilities is effected by means of additions to and deductions from the stock registers kept by the depositaries for each type of taxable mineral oil and also by entry in the stock-accounts kept for these products by the authorities.

Taxable mineral oils may be stored, with suspension of duties, in warehouses approved by the authorities. Taxable mineral oils may be transferred from a refinery to an approved warehouse under cover of an excise document. The oils are not examined on leaving the refinery, nor on storage in an approved warehouse. The amounts declared on leaving the refinery are entered in the

dispatcher's stock register and stock-account. When the goods arrive at the approved warehouse the person concerned must fill in a section of the excise document covering the transfer, certifying that he has received and stored on his premises the quantities of mineral oils referred to in the accompanying document. The amounts stored are entered in a stock register kept by the concessionnaire of the approved warehouse. On receipt of the excise document covering dispatch of the oils the excise collector deducts the amount on the document from the stock-account kept in the name of the concessionnaire of the approved warehouse.

A regular physical check is made on the level of oil in the measuring tanks in order to compare the result with the balance worked out on the basis of the excise collectors' calculations.

Controls during the processing of mineral oils involve a detailed examination of the oils to be processed and also, in some cases, entries in the excise accounts (when mineral oils are reprocessed, for example).

Transport of taxable oils in bond (for example, removal of mineral oils from a refinery or approved warehouse free of excise duty for export or delivery treated in the same way as export) is covered by an excise document.

- (b) In the case of mineral oils only open warehouses are used. On importation, taxable mineral oils may be stored under the supervision of Customs and Excise in open warehouses until an

authorized destination is found (release for consumption, transit, dispatch to another open warehouse).

(c) Products which are likely to be exempt from excise duties are generally marked (and coloured, if necessary) in order to check that they are being put to their lawful use.

1. In the case of motor fuel used for other purposes than driving engines, denaturing agents are used. These are added in the following amounts per hectolitre at a temperature of 15°C:

2 litres ethylene dichloride;

1.5 litres trichloroethylene or tetrachloroethane;

1.3 litres perchloroethylene;

1.2 litres carbon tetrachloride;

4 litres dichloro ether;

1 kg gum dammar, rosin or erythritol gum.

2. In the case of light mineral oils other than motor fuel used for other purposes than driving engines; medium mineral oils and gas oils used for other purposes than driving engines of vehicles circulating on the public highway (other than agricultural machinery and agricultural and forestry tractors), one of the following processes takes place:

- furfural or, in the case of gas oil, furfural and red dye, is added in the following proportions:

(a) furfural: 10 g per 1,000 litres oil;

(b) red dye: in sufficient quantity to give the oil a distinct and permanent red colour.

The products are added:

- by an automatic injection system when the oil leaves the refinery or factory;
- when the oil leaves the approved warehouse: this involves using an automatic injection system or transferring the oil by means of a fixed pipeline into a "cleared" tank which already contains oil of the same type to which furfural and, where appropriate, red dye has been added.
- according to the denaturation procedure c.f. sub. 1

II. CONTROL

DENMARK

- (a) Hydrocarbons are taxed under the Laws providing for excise duties on certain petroleum products, on gas and on motor spirit, and these Laws lay down detailed rules for inspections of the taxable hydrocarbons used and of the firms within the scope of the Laws.

The Customs Directorate' powers of inspection are outlined below.

1. Firms registered under the Laws

Firms producing taxable hydrocarbons (refineries) must register with the Customs Directorate.

Firms trading in taxable hydrocarbons may be registered if they have at their disposal storage capacity for taxable hydrocarbons of not less than 1 000 m³.

Firms consuming hydrocarbons taxable under the Laws on excise duties on certain petroleum products and on gas may also be registered if they satisfy the same test of capacity.

A firm will be registered under the Laws on excise duties on certain petroleum products and on motor spirit only if its production and storage facilities are approved by the Customs Directorate.

The Customs Directorate may conduct inspections on premises used by registered firms (e.g. production plant, storage plant, offices, shops, etc).

The Customs Directorate may check the firm's stocks, business records and other accounting material, and correspondence.

2. Firms approved for purposes of exemption or repayment

Examples of such firms are power stations and district heating stations which use taxable petroleum products to produce electric power, and non-registered firms which sell taxable hydrocarbons to registered firms or abroad.

The Customs Directorate is entitled to carry out inspections on the premises of approved firms, to check stocks and to examine business records, accounts, correspondence etc.

3. Other firms using taxable hydrocarbons

These are for the most part firms registered under the VAT Law which use taxable hydrocarbons in their business.

These firms must state their purchase of taxable hydrocarbons upon request by the Customs Directorate.

The Customs Directorate is entitled to inspect stocks, accounts, etc. on the firms' premises.

In the exercise of these powers inspections are carried out at the production, storage, processing and transport stages. On-the-spot investigations are conducted to ensure that tax is being calculated and paid correctly and that the relevant rules are being complied with.

Both papers and premises are inspected; inspections are conducted by district customs offices, and form an integral part of those offices' general control activities.

- (b) In Copenhagen Free Port there is an installation for the storage of lubricating oils which is not subject to tax under the Law on excise duty on certain petroleum products.
- (c) The tax exemption for spirit used to operate motors by firms registered under the VAT law or by public bodies and the like may be made subject to the condition that specially-coloured spirit be used. the exemption for spirit for other special uses may be made subject to the condition that the spirit be denatured so as to be unusable in motors.

Where tax-free motor spirit is supplied by a firm registered under the Law on excise duty on motor spirit, a colouring is first added which among other things includes a blue substance. This colouring must not be removed in whole or in part. It is not permissible to mix tax-free specially-coloured spirit with other spirit.

The Customs Directorate may inspect the premises of firms which the Directorate has authorized to deal in tax-free specially-coloured spirit and of firms and public bodies which the Customs Directorate has authorized to purchase and use such spirit.

In practice, no use is made of the possibility of requiring motor spirit for other purposes, to be denatured.

The Laws on excise duties on certain petroleum products and on gas make no provision for the marking or colouring of the hydrocarbons to which they apply.

II. CONTROL

GERMANY

- (a) Stock-accounts must be kept of additions and disposals of mineral oils. Other accounts may also be required to be kept. The transport of untaxed mineral oils is supervised by means of a special tax transit procedure. The possession of mineral oils is subject to supervision by the tax authorities. Manufacturing companies, fiscal warehouses and users of large quantities of tax-reduced mineral oils must undergo a formal external audit once a year.
- (b) There are currently some 920 fiscal warehouses reserved for the wholesale trade and the supply of users with tax-reduced mineral oils. The provision of a guarantee may be required in individual cases.
- (c) At present, it is only gas oil intended for use as light heating oil which, for tax purposes, is marked or coloured in approved marking plants with red dye or furfural - the exact quantity being prescribed by law.

II. CONTROL

FRANCE

- (a) Production, processing, storage and transport of mineral oils takes place under supervision by the tax authorities, giving rise to duty suspension schemes for processing in special warehouses and for domestic transit so long as these are not cleared for home use or supplied for exempt use (export or duty free stores on boats and aircraft).

Tax control also applies to mineral oils qualifying for an exemption or reduction in tax because of special use.

This takes the form either of tax exemption at the time the mineral oils are cleared for home use (under individual prior authorizations for receipt and use or through the colouring and marking of products) or of reimbursement.

These schemes and controls are the responsibility of the Customs and Indirect Taxation authorities.

- (b) Fiscal warehousing (as provided for in the proposal for a Council regulation in COM(85) 766 final) is virtually only used for imports of crude oils (Heading 27.09 of the Common Customs Tariff) in harbour installations pending reshipment to domestic oil refineries.
- (c) Marking and colouring are used for:
- (i) gas oil (called domestic fuel) intended for use in heating and as motor fuel in certain types of engine and equipment (locomotives, barges, farm machinery, and public works equipment).

The red colouring and the marking are carried out under supervision of the tax authorities before clearance for home use; the following products are added:

Description of colouring products and tracer agents	Dosage
<p>I. Scarlet red colouring (orthotoluene, azo orthotolene, azo beta naphthol) or any other colouring known by another name but chemically identical).</p> <p>II. Tracer agents: Diphenylamine Furfurol</p>	<p>1 gram of chemically pure product per hectolitre</p> <p>5 grams of chemically pure product per hectolitre</p> <p>1 gram of chemically pure product per hectolitre.</p>

(ii) Fuels and gas oil intended as duty-free stores of boats.

The blue colouring and the marking are carried out under supervision of the tax authorities, prior to the goods being declared as stores; the following products are used:

Description of colouring and tracer agents	Dosage
<p>I. Colouring: Blue, chemical composition: 1-4 di-n-butyl</p> <p>II. Tracer agents: Diphenylamine Furfurol</p>	<p>1 gram of this chemically pure colouring per hectolitre</p> <p>5 grams of this chemically pure tracer agent per hectolitre</p> <p>1 gram of this chemically pure tracer agent per hectolitre.</p>

II. CONTROL

GREECE

- (a) The production and processing of petroleum products are carried out by the refineries, which operate under direct customs supervision.

The storage of petroleum products is done in free customs zones, which operate in the continuous presence of the customs authorities, and in fuel tanks which operate in accordance with the conditions laid down in the rules governing customs warehousing.

The transport of petroleum products takes place in accordance with the transit procedure.

- (b) Fiscal warehousing is used on the same conditions as are provided for customs warehousing on the basis of Directive 69/74.
- (c) Premium petrol is coloured green and regular is coloured yellow.

Oil is coloured in accordance with its sulphur content as follows:

- Up to 0.3% green
- From 0.3% up to 0.5% red.

Liquid gases are mixed for preventive purposes with ethyl-methyl-mercaptan.

II. CONTROL

IRELAND

- (a) The controls exercised on the production and processing of hydrocarbon oils are those ordinarily applicable to a refinery. The proprietor of a refinery must:
- (i) take out an annual refiner's licence;
 - (ii) make entry of (i.e. formally record with the Excise authorities details of) every place, still, vessel and utensil used for the purpose of producing or storing hydrocarbon oil;
 - (iii) enter into a general bond guaranteed by an acceptable surety to secure the payment of excise duty on any hydrocarbon oils produced in the refinery. The bond is also designed to cover removals from the refinery for warehousing elsewhere;
 - (iv) the refiner is required to keep accounts and to make periodic returns of the quantities produced and sent out or used for purposes other than the manufacture of hydrocarbon oil. He must furnish balanced period stock accounts and facilitate inspection by Excise officers of all records and accounts as necessary.

Refinery premises are surveyed by Excise officers who have legal powers to enter and search premises, inspect records and take samples. Inspections are also carried out at irregular times and intervals for the purpose of imposing random checks.

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Storage of bulk oils is confined to main oil terminals ordinarily - and almost exclusively - sited at ports. There is, however, provision for the approval of "branch" warehouses at inland locations. Virtually all oils - both home refined and imported - are warehoused, i.e. lodged in large storage tanks collectively approved as "warehouses" which must be prior approved by the Customs and Excise authorities and which are under excise control. The approvals of warehouses are subject to the Customs and Excise authorities being satisfied as to the needs of the oil industry, the security and suitability of premises, and the provision of adequate security, in the form of a bond, for the payment of excise duty at risk.

The method of controlling the receipt, storage and delivery of oils is dependent on whether the oils involved are "high duty" (e.g. petrol, gas oil) or "low duty" (most other types of oil, e.g. kerosene, lubricating oil, heavy fuel oil, white spirit). In the case of "high duty" oils where the potential revenue risk is great, a physical account is officially taken of every consignment of such oil warehoused. The quantity landed is ascertained by dipping storage tanks both prior to commencement and after completion of discharge of the importing vessel. All storage tanks are calibrated and all inlet and outlet valves of tanks and all lines either to or from discharging vessels or to or from other storage tanks are capable of being effectively secured. Duty is charged on the basis of officially taken weekly period accounts of the decreases in tank since the previous account, less any allowances for losses. "Low-duty" oils are, however, allowed to be warehoused, stored and delivered on the basis of the warehousekeeper's accounts and periodic returns. The warehousekeeper must furnish, in respect of these oils, a period return - generally on a weekly basis - showing

- (i) the quantities, descriptions and origin of all oil received into warehouse;
- (ii) the quantities removed to other warehouses;
- (iii) The quantities delivered for home consumption and appropriate excise duty paid.

A monthly balanced stock account must also be furnished. The charge for duty is raised on the basis of the returns furnished subject to subsequent checks by Customs and Excise on the traders' accounts and record.

Transportation of oils is mainly by road and rail tankers and by coasting vessels. Duty on oils removed duty-free from main warehouses or from refinery to warehouse is secured by surety bond.

- (b) The fiscal warehousing system is used for virtually all oils - both home-produced and imported. The exceptions to this general rule are occasional and relatively small importations of oils by road which are generally duty paid on import and consignments of oils of various descriptions imported in drums and other receptacles of a kind suitable for immediate retail distribution and sale.
- (c) Gas oil intended for use for a purpose other than combustion in the engine of a motor vehicle qualifies for a reduced rate of excise duty provided that there is added to the oil, before delivery and in a prescribed proportion, each of two specified markers. The markers must be added in the following proportions, namely to every 5,000 hl of gas oil:

- a) not less than 0.875 kg of 1:4 di-hydroxyanthranquinone, and
- b) not less than 2 kg of C.I. Solvent Red 24.

The markers may be added separately or in the form of a composite solution containing both markers.

Marking of diesel oil takes place only at approved premises under direct fiscal supervision and is normally effected by mechanical means while the oil is being conveyed to the approved storage tanks. Generally, the mechanical device used is that known as "in-line injector", which injects the composite solution at a present rate, designed to mark up to the required standard, into the oil flowing through the delivery pipe. Stock accounts of markers/marker solution are required to be kept at each place approved for marking of gas oil and these are subjected to periodic checks to reconcile physical stocks held with quantities received and used, and to verify that quantities used are commensurate with the quantity of gas oil marked. Control over marked gas oil is exercised by extensive check-sampling for visual examination, for gravity test and for analysis of fuel oil contained in the tanks of diesel-powered road vehicles or carried on road tankers for delivery to distributors.

Marked gas oil must be stored separately from other oils.

II. CONTROL

ITALY

- (a) Production plants (refineries, petrochemical establishments) are
and
(b) under permanent and continuous supervision by the financial
authorities.

Supervision of these plants involves both physical and accounting checks, to ascertain both the quality (through laboratory analyses) and the quantity (using instruments of measurement) of inputs and of outputs released for home use.

As to the storage of oil products (including LPG), Italian law provides for raw materials and finished products subject to duty to be stored in privately-owned warehouses subject to the provisions of customs law and to permanent supervision by the financial authorities. Goods in these stores may be in one of the following tax positions:

- outside customs territory;
- untaxed, for export;
- free, tax paid for home use.

The purpose of controls on the stores is to ascertain quantities and qualities of inputs and outputs for various purposes.

There are also commercial warehouses for products on which duty has been paid or which are to be used for exempt purposes (agriculture, fishing boats) and industrial warehouses attached to factories, laboratories, or works using oil products on which duty has been paid, or which are exempt from duty, in their productive processes.

These warehouses are subject to special tax requirements (declaration of establishment, tax licence, loading and unloading records etc.) and to accounting controls, as well as physical spot checks. Moreover, financial controls are carried out for mineral oils used for industrial purposes subject to reduced rates of duty. Petroleum products and LPG circulating within Italy must be accompanied by the appropriate tax documents issued by the financial authorities or, where appropriate, authorized firms, so that products can be checked in transit to establish their origin and destination.

- (c) Colouring substances (varying with the type of product) and adulterants are added to petroleum products intended for specific uses benefitting from a special regime. The substances serve to identify products intended for purposes eligible for reductions, thus preventing their use for other purposes. Two additives are required because, while the colourant enables the product to be immediately identified, it can easily be eliminated; the adulterant, on the other hand, cannot be eliminated without subjecting the product to complex physical and chemical treatments which are difficult for normal users to carry out.

Adulteration is carried out under the supervision of the financial authorities in refineries and customs warehouses, using suitable apparatus and methods (safe from the technical and tax points of view) whereby the components of the product can be completely homogenized.

II. CONTROL

LUXEMBURG

- (a) Continuous supervision of the registers of goods entering and leaving the depots.

Annual physical inventory.

Detailed checking plus sealing in the case of export.

- (b) Seven depots (Shell, Esso, K.P.L., BP, Texaco, Tanklux and Total)
Light and medium oils are stored with suspension of common and autonomous excise duties until their removal for release for consumption.

- (c) Light oils

One of the following substances is added, in the amount specified to each hectolitre of oil at a temperature of 15°C:

2 litres of ethylene dichloride;

1.5 litres of trichloroethylene or tetrachloroethane;

1.3 litres of perchloroethylene;

1.2 litres of carbon tetrachloride;

4 litres of dichloro ether;

1 kg of gum dammar, rosin or erythritol gum.

Medium oils

The minimum amount of furfural which must be added to light or medium mineral oils and gas oil exempt from excise duties and special excise duties on removal from the factory, approved depot or open depot, or on importation, is 10 g per 1,000 litres of oil.

The quantity of red dye which must be added to gas oil in order to make it exempt from excise duties and special excise duties must be sufficient to give a distinct, permanent red colour.

II. CONTROL

NETHERLANDS

(a) No physical checks are made on mineral oil producers or processors. Mineral oil manufacturers and traders send the tax authorities monthly returns on incoming, processed and outgoing mineral oils. Those removed for purposes other than consumption or transport under an excise bond must be covered by the relevant documents. Authorized persons may issue such documents themselves. Requirements are laid down by the inspector regarding taxpayers' accounting arrangements. Periodical checks are carried out on the accounts and monthly returns by the Government auditors' department or officials from the tax inspectorate.

(b) Manufacturers and the majority of traders are authorized to make use of unbonded warehouses with administrative controls. Such warehouses are not supervised by the authorities; the controls take the form outlined in paragraph (a).

Such warehouses may be deemed to include all stores belonging to the permit-holder within the Netherlands with the exception of filling-station tanks.

A small proportion of traders still work with an unbonded warehouse without administrative controls or with a private bonded warehouse, i.e. one where physical checks are carried out.

(c) Gas oils and light oils declared for a purpose other than road vehicles are subject to a rate of HFL 10.26 per hectolitre where no less than 1 gram and no more than 1.5 grams of furfural has been added per hectolitre for identification purposes and, in the

case of light-coloured gas oils, where a sufficient quantity of colouring agent has been added to render the oils a distinctive permanent red colour.

In order to prevent medium oils being mixed with light oils, furfural must be added to medium oils at the abovementioned rate.

II. CONTROL

UNITED KINGDOM

- (a) Undutied product may only be stored in premises and plant approved as a fiscal warehouse by the tax authority, and the potential duty liability of the product is financially secured by a bond given by the warehousekeeper. All production of refined oil is carried out in premises approved by the tax authority either as a refinery or as "producer's premises" and (since October 1985) refined oil is with a very few exceptions delivered from those premises or the fiscal warehouse associated with them on payment of the duty due.

In some cases a further duty charge arises where oil duty-paid at reduced or nil rates is, with the approval of the tax authority, mixed, for example in a pipe-line, with oil bearing a higher rate of duty. Duty is also due on deficiencies in duty-free product in storage or transit not proved to arise through natural waste or other legitimate cause.

Distribution warehouses are not generally approved for fiscal purposes, and store their oil duty-paid. Consequently, the tax authority now has only a limited involvement in control of movements of oil between locations.

Little official control is exercised over the actual refining process, the prime concern being the security of, and accounting for, the finished product. UK fiscal law affords officials of the tax authority the power to examine all relevant records of users and suppliers of oil, and those officials verify traders' declarations by scrutiny of commercial accounts.

The methods to be used for measurement and marking must be submitted for official approval, but the tax authority does not itself test the apparatus. Meters used for measurement must be regularly tested for accuracy on behalf of the trader and to the satisfaction of the tax authority.

The physical security of duty-free oil is the responsibility of the warehousekeeper, but tax authority officials evaluate the trader's arrangements and call for improvements where necessary.

- (b) As described in (a) above, UK-produced oils are normally placed in the fiscal warehouse associated with the refinery; following removal from that warehouse, subsequent storage locations are not normally approved by the tax authority for duty-free storage. Exceptions are made for:

- (i) warehouses storing products temporarily removed from refinery but intended for return to refinery;
- (ii) warehouses for products intended to be exported, or used as bunkers for foreign-going or coastal ships;
- (iii) warehouses for the intermediate storage of oil for more than 30 days before subsequent removal on payment of duty to duty-paid distribution terminals for onward delivery to customers; and
- (iv) warehouses storing oil which is to be used duty free, for example by foreign military forces.

Imported oil may be warehoused duty free on first importation but (subject to the above exceptions) may not be transferred duty free between warehouses.

Statistics are not available on the quantities of oil warehoused under the above provisions.

- (c) Gas oil and kerosene which are allowed to be delivered at the reduced or nil duty rates for use other than as fuel for road vehicles must normally be marked before these lower rates can be allowed. This is normally done at the warehouse associated with the refinery, or the warehouse of importation, as the case may be. In some cases, however, for practical reasons, oil intended to be

used other than as fuel for road vehicles has to be delivered from duty-free storage at the full rate of duty. The difference between the full rate and the reduced rate is credited to the trader subsequently, after the oil has been marked at remote premises approved by the tax authority for that purpose (such premises are not approved for duty-free storage). Markers are almost invariably added in the form of a composite solution and with the exception of deliveries over refinery jetties, where the oil may be marked at the time of delivery, marking takes place on receipt into storage.

Gas oil is marked by using a chemical marker (1.75 kgs of 1:4 dihydroxy anthraquinone - "quinizarin" - per million litres of oil) and a red dye (4 kg of Colour Index Solvent Red 24 per million litres of oil). Kerosene is marked chemically (2 kg of 1:2 benzopyrene - "coumarin" - per million litres of oil) but no dye is added.

Marking operations, custody of marker concentrate, and trader's accounts of markings are subject to official scrutiny.

Light oil delivered for use as furnace fuel to persons approved by the tax authority for that purpose is delivered at the same reduced duty rate as fuel oil, in which case it is marked with gas oil marker.

To check against abuse of oils dutied at reduced or nil rates as fuel for road vehicles, tax authority mobile units make spot checks at the roadside throughout the United Kingdom for the presence of the markers in the fuel supply of diesel-engined vehicles. The use of reduced or nil rate oil as fuel for road vehicles is prohibited by law, except with the prior agreement of the tax authority, rarely given (for example in winter emergencies). Where reduced or nil rate oil is used as fuel for a road vehicle, the difference in duty between the full rate of duty and that actually borne becomes due from the user.

II. CONTROL

SPAIN

- (a) Refineries are subject to a permanent form of supervision, meaning that their entire activity is controlled all the time, physically and by checks on documents. Other industries producing dutiable goods and bonded warehouses are also subject to control but in a way which is not permanent.

The transportation of dutiable goods is covered by a traffic document which proves where they legitimately come from and which must be presented on request from the authorities.

- (b) Bonded warehouses, whether independent or manufacturers', are used for the storage and marketing of products; the excise duty does not fall due until the products leave the warehouse.
- (c) This only applies to gas oil B. This type of gas oil has colouring and an indicator added to it which can only be detected by chemical analysis.

II. CONTROL

PORTUGAL

Part of the answer is contained in Laws 185/87 and 210/87 hereafter enclosed.

PORTUGAL

Order No. 185/87 by the Ministers of Finance, Agriculture, Fisheries and Food, 16 March 1987

1...7

1. Subsidies will be granted in 1987 to farmers who use pumped irrigation crop-growing techniques and to owners of the machinery listed in point 2, provided it is in good working condition, is not under-utilized and is used principally to carry out crop-growing tasks inherent in the agricultural activity concerned.

2. The agricultural machinery referred to in point 1 and the annual subsidies relating thereto shall be as follows:

Type and category of machinery	Subsidized unit consumption (litres per year)	Annual unit subsidy (Esc)
Tractors		
. Cat. I (upt to 35 hp DIN)	750	16.125
. Cat. II (35+ to 50 hp DIN)	2.200	47.300
. Cat. III (50+ to 80 hp DIN)	3.600	77.400
. Cat. IV (80+ to 100 hp DIN)	5.000	107.500
. Cat. V (over 100 hp DIN)	6.100	131.500
. Combine harvesters	3.000	64.500
. Powered cultivators	300	6.450
. Mechanical hoes	180	3.870
. Mechanical reapers	180	3.870

3. The subsidy granted to pumped-irrigation areas remains fixed at Esc 3 225/ha.

4. Tractors that are more than 25 years old will be subject to mandatory detailed inspection, and the parameters listed in point 1 will be taken into account.

5. Persons hiring machinery will also be entitled to subsidies - to allow farmers without their own machinery to benefit indirectly from the scheme - provided they can show the organization which registers their declaration that the contract price is not greater than the maximum hire prices applicable in 1987 to the various categories of agricultural machinery, allowance having been made for the premium on diesel fuel. These prices are published by the DGHEA (Directorate-General for Water and Agricultural Engineering) and disseminated by the Regional Agricultural Directorates.

6. Entitlement to a subsidy shall be conditional on the machinery mentioned in point 2 and the pumped-irrigation areas having been declared to the Regional Agricultural Directorates or institutions duly accredited for the purpose. The declaration procedure shall be as follows:
 - (a) beneficiaries already on the register for 1986: confirmation or amendment, on a computerized form, of the declaration for that year;

 - (b) new registrations: approval procedure in full.

7. The registration period shall be from 1 April to 15 May 1987.

8. If the machinery is disposed with or dismantled, or if the area under pumped irrigation is reduced, beneficiaries shall be obliged to notify the regional departments holding their declarations, within 30 days of the date when the said disposal/dismantling or reduction took place.

9. The Regional Agricultural Directorates shall check the declarations referred to in points 5 and 6; to this end, they shall carry out inspections of the machinery and irrigated land, selected by nationwide sample, of all potential beneficiaries - save as regards tractors which are more than 25 years old, for which inspection is mandatory under the terms of point 4; they shall also carry out checks on farmers who have infringed the regulations, pursuant to Article 10(c) of Order No. 429/86 of 8 August.

10. A false declaration made by a potential beneficiary on the register referred to in point 6 and any infringement of the provisions of point 5 shall result in:

- (a) the cancellation of any order for payment of the annual subsidy to the beneficiary in question and notification of the facts to the Minister;
- (b) the immediate issue by the National Institute for Agricultural Guarantees (INGA), for tax enforcement purposes, of a debt abstract, in cases where subsidies in pursuance of this Order have been unjustifiably received on the basis of a farmer's declaration;
- (c) a mandatory, detailed check during the two years following that in which the decision to grant the diesel fuel subsidy was taken (the beneficiary having submitted a false declaration).

11. Subsidies shall be paid by transfer to the credit institution notified by beneficiaries to the registration office, after stamp duty and any social security deductions under Article 17 of Decree-Law No. 103/80 of 9 May 1980; in exceptional cases payment may be made by cheque, where this is duly warranted.

12. The additional technical and administrative expenditure incurred in processing the diesel-fuel subsidy will be met from a sum allocated to each Regional Agricultural Directorate and equivalent to a rate of 0.5% of the total net amount of the subsidies paid by that body less an additional tax of 10%, the yield from which, equivalent to 0.05% of the subsidies paid, will be transferred to the DGHEA.

13. The costs of paying the diesel fuel subsidy referred to in point 1, and the technical and administrative expenditure on processing the diesel-fuel subsidies referred to in point 12 shall be met from the appropriate allocations in the INGA budget, other expenditure being borne, in proportion to their respective obligations, by the Regional Agriculture Directorates and the DGHEA.

14. Claims relating to the payment of the subsidy must be lodged with the Regional Agriculture Directorates between 2 and 20 November 1987.

Decree-Law No. 210/87, Ministry of Finance, 8 August

Whereas the denaturing of mineral oils on which the grant of exemption from domestic consumption tax is conditional is the cause of the serious technical and economic difficulties encountered both by companies supplying and industries using petroleum products;

Whereas the amount collected by the State as a result of domestic consumption tax on the said products is inappropriate;

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Article 1

Article 3 of Decree-Law No 133/82 of 23 April is hereby amended as follows:

"Mineral oils coming under headings No. 27.10.A.III.a.1 and No. 27.10.A.III.a.2 of the Import Duties Tariff shall be exempt from tax, where they are intended solely for industrial purposes, except as a fuel, and not put to other use."

Article 2

This Decree-Law shall also apply to cases held over where duties and other taxes are the subject of a guarantee.

Article 3

Article 15 of Decree-Law No 23.801 of 27 April 1934 is hereby repealed.

Questionnaire on taxation of hydrocarbons

Payment of duties

- a) How soon after the taxable event does the duty become payable?
- b) What further periods of deferral of payment are allowed?
What conditions apply to the granting of such periods of deferral?
- c) Please outline the nature of any guarantees or bonds required for access to duty suspension schemes?
- d) In what circumstances is excise duty refunded?

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III. PAYMENT OF DUTY

BELGIUM

- (a) Excise duties are normally payable in cash the moment liability arises, i.e. as soon as taxable mineral oils, whether imported or home-produced, are released for consumption.

The manufacturer or depositary must present to his local excise office a declaration of release for consumption, stating, for each type of oil, the amount of taxable mineral oil released for consumption over a one-week period. This must be done by Thursday of the following week at the latest.

- (b) Against an appropriate guarantee it is possible to obtain a deferral of payment of excise duties. This deferral does not change the date on which liability arises, but defers the date on which payment falls due until the period of deferral expires.

In the case of mineral oils declared for consumption, payment may be deferred by means of a credit account system until the Thursday of the second week after the week during which the declaration of release for consumption must be made to the collector of excise duties.

- (c) For the purposes of duty suspension schemes (when taxable mineral oils are stored in an approved warehouse, for example), the excise duty payable by any depositary of mineral oils must be secured by lodging a permanent guarantee with the collector of excise duty.

The permanent guarantee must secure:

- (a) 10% of the excise duties on balance (i.e. the difference between entries and withdrawals of the stock-account;
 - (b) the excise duties which make up the balance of the credit account.
- (d) In the case of mineral oils, excise duties which are regularly collected have irrevocably accrued to the Treasury and no provision is made for refund.

III. PAYMENT OF DUTY

DENMARK

- (a) Firms registered under the Laws on excise duties on certain petroleum products, gas and motor spirit must declare the taxable volume of hydrocarbons for each tax period, the period being the calendar month.

At the end of each month, and no later than the fifteenth of the following month, registered firms must declare to the Customs Directorate the taxable volume on which tax is to be paid

Tax must be paid to the customs Directorate before the end of the month following the taxable period.

- (b) The Laws on excise duties on certain petroleum products, on gas and on motor spirit make no provision for authorizing registered firms to defer payment any further than the dates just referred to.

- (c) Exemption from the excise duty on motor spirit is generally subject to the condition that specially-coloured spirit be used.

Special authorization by the Customs Directorate is needed before a firm can produce tax-free specially-coloured motor spirit. Such spirit may be bought either directly from a registered firm or through a trader authorized by the Customs Directorate to deal in coloured spirit.

The firms concerned must comply with any directions given by the Customs Directorate as to the storage of the spirit, and on request by the Customs Directorate must supply all useful information regarding the use to which it is put.

In cases where coloured motor spirit cannot be used for the relevant purpose, or where a reasonable supply of such spirit cannot be obtained, the Customs Directorate may allow exemption or repayment for ordinary motor spirit.

Tax-free, specially-coloured spirit may be used, and ordinary motor spirit exempted, only if the annual consumption of motor spirit amounts to at least 200 litres. Tax-free use of ordinary motor spirit may be granted only if the annual consumption is at least 4,000 litres.

- (d) The Laws on excise duties on certain petroleum products and on gas allow firms which are registered under the VAT Law to obtain repayment of duty which they have paid on the relevant products where the products are used for business purposes within the firm for heating, lighting, production processes, etc.

VAT-registered firms can also obtain repayment of the indirect taxation on heat which the firm receives from a district heating station, or other VAT-registered heat producer, and uses for heating or in its production processes.

Under the Law on excise duty on motor spirit, firms and public bodies may obtain repayment of duty in cases where ordinary motor spirit is used in place of tax-free, specially-coloured spirit.

To obtain repayment of duty firms and public bodies must have been authorized for the purpose by the Customs Directorate.

III. PAYMENT OF DUTY

GERMANY

- (a) The excise duty on mineral oils which becomes payable in the course of a particular month due to mineral oil being withdrawn from the manufacturing company or the fiscal warehouse must be paid either half by the last working day of the subsequent month and half by the 20th day of the second subsequent month, or in one sum by the 10th day of the second subsequent month. Excise duty on mineral oils which becomes payable during November must be paid by 27 December. The average time between the point at which liability arises and the date the excise duty is due for payment is 55 days.
- (b) No further periods of deferral of payment are allowed.
- (c) A guarantee is only required where the tax authorities consider that there is reason to believe that the excise duty will not be paid. This is a matter for the discretion of the Financial administration.
- (d) The excise duty on mineral oils is refunded in respect of mineral oils which are taken back by the manufacturing company or fiscal warehouse (e.g. returns, wrong deliveries). It is refunded if, with the authorization of the tax authorities, diesel fuel is mixed with light heating oil taxed at a lower rate and the mixture is then used as light heating oil. Excise duty on mineral oils is also refunded if products containing mineral oils and manufactured using taxed mineral oils are exported. Moreover, a refund is paid if aircraft are tanked by airlines with taxed fuels and an international flight benefiting from tax relief is then made.

III. PAYMENT OF DUTY

FRANCE

- (a) The excise duty becomes payable at the time of clearance for home use; it is in theory payable in cash, i.e. the products cannot be removed until the amounts due have been settled.
- (b) The rule stated at (a) above is modified by the possibility for taxable persons to make payment within 30 days (postponement of payment) on condition that surety is provided for the duties payable.
- (c) Proper application of duty suspension schemes (processing, special warehouse and transit) and of declaration procedures must be ensured.
- (d) Excise duty can be refunded in the following circumstances:
 - 1. Where no duty is chargeable or where the duty collected is higher than that legally due.
 - 2. Where products taxed at the standard rate of excise duty are supplied for exempt or reduced-rate uses.

This method of duty refund is used exclusively in the case of motor fuel intended for diplomatic missions and international organizations and of ordinary petrol used for certain types of farm work.

The method is also used to cover special situations in which a direct duty-free supply is not possible: this is the case for instance when products previously subject to excise duty are delivered as duty-free stores.

3. Where the benefit of a suspension scheme is claimed again for the re-processing of products which were previously charged to excise duty but were made unsuitable for their intended use by a mixing error.

4. Where products subject to the standard rate of excise duty have been accidentally mixed with the same product that has been coloured and marked to qualify for a reduced rate of tax or exemption (for example: gas oil mixed with domestic fuel). The amount reimbursed is then limited to the difference between the standard and the reduced rate; the requisite extra colouring and marking has to be carried out under the supervision of the tax authorities.

III. PAYMENT OF DUTY

GREECE

- (a) The duty becomes payable upon assessment.
- (b) A period of one month is allowed for payment of duties, subject to security, with the possibility of an extension of one month (Directive 78/453 implemented by Law No. 1473/84).
- (c) The form of the security differs according to the nature of the duty suspension scheme (personal guarantee, bank guarantee or evidence of credit-worthiness etc.).
- (d) Excise duty is refunded in accordance with the procedure laid down in Law No. 2861/54.

III. PAYMENT OF DUTY

IRELAND

- (a) Excise duty is payable immediately on delivery from refinery/
bonded warehouse for home use.
- (b) Deferred payment of excise duty is not allowed. Duty is however
allowed to be paid weekly subject to provision of a deposit
sufficient to cover the duty on deliveries during the prescribed
weekly period.
- (c) The refiner/warehousekeeper must provide an insurance company
bond sufficient to cover the excise duty on oils produced/
warehoused and on all removals and export transactions.
- (d) Exemption provided for air navigation: international, national
(scheduled and non-scheduled) services.

III. PAYMENT OF DUTY

ITALY

- (a) Duty becomes payable when the products are removed from the production establishment for home use or when they are imported from abroad.
- (b) Manufacturers and importers are granted deferral of no more than fifteen days, interest being payable, for the payment of excise or customs duties on oil products and LPG, on condition appropriate guarantees are provided.
- (c) Guarantees must be provided according to the Government's current general accounting standards; they amount to 5% of the duty on products stored in refineries and 10% of the duty on products stored in warehouses.
- (d) Excise duty (or the corresponding frontier surcharge) is refunded when it has been paid in error. Moreover, duty is refunded under the special arrangements for certain reductions (for taxis), and in cases where oil products are used to prepare specific goods for export.

III. PAYMENT OF DUTY

LUXEMBURG

- (a) Thursday of the third week after presentation of declaration 591 or 591 L for goods leaving a depot.
- (b) Firms are entitled to group together all imports over a one-month period provided they present global declaration 136 L by the fifth working day of the following month.
- (c) Article 287 of the general law requires guarantees to be lodged.
- (d) In the case of the common excise duty, a refund is granted for products released for consumption which are exported outside Luxemburg via a customs frontier.

In the case of autonomous excise duty, exports to Belgium also qualify for a refund of excise duty.

III. PAYMENT OF EXCISE DUTY

NETHERLANDS

- (a) Excise duties must be paid by the fifteenth day of the month following that in which the mineral oils were removed for consumption.
- (b) No further periods of deferral of payment are allowed.
- (c) Refiners and other manufacturers of mineral oils need not provide security. Traders who fall within the scope of administrative control are required to provide a security equivalent to half the excise duty which is or is liable to fall due.

The most common forms of security are: cash deposits, pledging of securities, mortgages, bank guarantees and personal sureties.

- (d) Excise duty may be refunded only if the goods are re-exported under certain conditions or are destroyed.

III. PAYMENT OF DUTY

UNITED KINGDOM

- (a) Duty becomes payable as soon as the taxable event takes place.
- (b) However, virtually all excise duty is paid under the deferred duty arrangements. Deliveries for dutiable use between the 15th of one month and the 14th of the next are accounted for by rendering a return to the tax authority in time for the duty due to be credited to the tax authority account at the end of the latter month. No further period of deferment is permitted.
- (c) The trader must provide the tax authority with a financial guarantee from an approved independent source (for example bank or insurance company) in sufficient amount to safeguard the maximum liability which is to be outstanding under deferment at any one time.
- (d) Refunds are made when duty-paid oil has been shown to be put to a use qualifying for relief or exemption for example in an industrial process, in horticulture, use by coastal and foreign going shipping and foreign going aircraft, or when duty-paid oil is proved to be exported. Refunds are also made where overpayments are shown to have been made as a result of taxpayer error, where duty-paid oils are shown to have become contaminated or accidentally mixed and are disposed of to the satisfaction of the tax authority, and in some cases where duty-paid oils are necessarily mixed, while being transported by pipe-line, with oils which have borne duty at a lower or nil rate.

III. PAYMENT OF DUTY

SPAIN

- (a) The general rule is that payment is made when the revenue declaration is filed within 20 days following the end of each month, with payment to cover all the sums that became due that month.

For imports, the time limit is 30 days from the date liability arose.

- (b) There is no specific procedure for deferral of payment applying to taxation of hydrocarbons; because of this the general provisions are applied in this matter, whereby Treasury officials may authorize deferrals of payment up to a maximum of one year, with interest due on delayed payment.

- (c) In the taxation of hydrocarbons it is not customary to require guarantees except in the case of bonded warehouses which are independently owned.

These guarantees may normally be in the form of a joint and several obligation of a credit institution, a property mortgage or a charge on movables or other collateral whether removed from the owner or not.

- (d) A refund of excise duty is made in the following circumstances:

- on export and like transactions
- rejection of goods
- consumption of gas oils for agricultural purposes.

III. PAYMENT OF DUTY

PORTUGAL

- a) 45 days after the sale (as per Article 68 of Law No. 9/86).
- b) No deferment is allowed.
- c) } Part of the answer is contained in Law No. 185/87 and 210/87
- d) } hereafter enclosed.

ARTICLE 68

Tax on petroleum products

(I.S.P.)

1. The unit values of the TPP, laid down by Article 41 of Law No. 9/86 of 30 April 1986, shall be variable and shall correspond to the difference between the selling price to the public and the relevant cost.

2. For the purposes of applying the preceding paragraph, the cost of each product shall mean the sum of the following components, established within the meaning of Article 1 of Decree-Law No. 38/84, plus the domestic consumption tax, the value-added tax and import duties:
 - (a) customs value of imports when they leave the national refineries or premises similar to local premises;
 - (b) value corresponding to the cost resulting from the obligation to maintain reserves of the product on national territory;
 - (c) value corresponding to the financial exchange cost and the rate of use of the port of Sines arising from the supply of raw materials and products;
 - (d) selling margin.

3. The unit values of the TPP on the products listed below shall be fixed so that they become applicable from the date of entry into force of this Law, at levels falling within the brackets set out in the following table, in such a way that selling prices to the public of the taxed products correspond to whole values in escudos:

Petroleum products	TPP	TPP
	Minimum	Maximum
Petrol:	Esc	Esc
Super	65/L	71/L
Regular	64/L	70/L
Kerosene:		
for lighting	22/L	31/L
for power	17.50/L	27/L
Diesel	29/L	37/L
Fuel oils		
with a 1% sulphur content	0.50/kg	3/kg
with a 3.5% sulphur content	-	2/kg
for the generation of electricity		
for the EDP:		
with a 1% sulphur content	(a)	7/kg
with a 3.5% sulphur content	(a)	3.50/kg
Chemical naphtha	(a)	5/kg
Liquefied petroleum gas	(a)	13/kg
Gas:		
bottled gas	(a)	5/kg
town gas	(a)	5.50/m ³

(a) No minimum

4. After its initial levels have been fixed, under the provisions of the preceding paragraphs, the rates of the TPP may vary in accordance with the following rules:
 - (a) they may exceed the limits laid down in paragraph 3 because of variations in the relevant costs, with the exception of fuel oils, to which the provisions of subparagraph (c) of this paragraph apply;
 - (b) they may fall below the limits laid down in paragraph 3 because of variations in the relevant costs, but if they remain 15% below the said limits for over four months the Government shall make the necessary adjustments to the selling prices to the public so that the rates of the TPP return to the limits laid down in paragraph 3;
 - (c) if the rates of the TPP on fuel oils exceed the limits laid down in paragraph 3 because of variations in the relevant costs by at least 10% of the said limits over a four-month period, the Government shall make the necessary adjustments to the selling prices to ensure that the rates return to the limits laid down in paragraph 3.
5. The Government must send the results of the application of the TPP to Parliament every three months.

Questionnaire on taxation of hydrocarbons

V.A.T

- a) Is VAT charged on all mineral oil products ?
- b) Is VAT deductible on all mineral oil products?
Is this deduction allowed to all registered traders?
If not, please give details and reasons.
- c) Is VAT charged at the standard rate on all mineral oil products?
If not, please give details and reasons.

=====

IV. VAT

BELGIUM

1. Petroleum products subject to VAT

The supply of petroleum products in Belgium is, as a rule, subject to VAT when the activity is carried out by a taxable person in the course of his trade or business.

The importation of petroleum products by any person is also subject to VAT.

However, under Article 42(1) 4° and (2) 4° of the VAT Code the following are exempt from the tax:

Supplies and imports of petrol products to be used as stores for:
sea-going ships and boats which transport persons or goods for reward;
fishing vessels; vessels used for the purpose of industrial or
commercial activity; vessels used for rescue or assistance at sea;
vessels of war bound for a foreign port or anchorage; planes,
sea-planes, helicopters or similar machines used by airlines
carrying passengers or goods for reward chiefly on international
routes.

Pending the introduction of a Community system concerning value added tax and excise duties applicable to stores intended for inland waterway vessels, Belgium also grants exemption from VAT to supplies of petroleum products to inland waterway vessels used exclusively to transport passengers or goods for reward when the vessel in question is involved in international transport which takes it from the place of procurement in Belgium to the point of destination abroad, without putting into port within the country.

This exemption applies to bargemen-owners or operators - of Belgian or foreign nationality.

On the basis of Article 42(3) of the VAT Code, supplies and imports of petroleum products are also exempt from the tax under the diplomatic and consular arrangement, subject to certain limits and conditions. The same applies under conventions covering certain international organizations.

2. Deductibility of VAT

In accordance with Article 45(1) of the VAT Code, which establishes the right to deduct input tax, all taxable persons may deduct the tax on supplies or imports of petroleum products, in so far as they use them to carry out the activities referred to in that Article.

However, Article 45(2) of the VAT Code stipulates that this deduction may not exceed 50% of the tax when the petroleum products are for motor vehicles used for passenger transport, including vehicles which may be used for both passenger and goods transport. This provision is therefore not applicable to petroleum products for lorries, vans, buses and, more generally, vehicles liable to tax at the rate of 19%.

The limit on deductibility laid down in the abovementioned Article 45(2) does not apply when the petroleum products are for:

- (a) vehicles intended for sale or for rental by a taxable person whose business activity consists in the sale or rental of motor vehicles;
- (b) vehicles intended exclusively for the commercial transport of passengers.

3. Rates applicable to petroleum

In accordance with III.3 of Table B of the Annex to Royal Decree No. 20 of 20 July 1970 fixing the rates of value added tax and determining the allocation of goods and services to these rates, VAT is chargeable at a rate of 17% for the following: petroleum gases and other gaseous hydrocarbons, including natural gas, either in gaseous form or in liquid form, but not to be used for driving engines of vehicles circulating on the public highway.

Under III.5 of Table B of the Annex to the abovementioned Royal Decree No. 20, VAT is also chargeable at a rate of 17% for petroleum oils and oils obtained from bituminous minerals excluding:

- (1) light oils used for driving engines which are therefore subject to excise duty and special excise duty;
- (2) gas oils and medium oils used for driving engines of vehicles circulating on the public highway other than agricultural machinery and agricultural and forestry tractors which are therefore subject to excise duty and special excise duty;
- (3) lubricating oils.

Petroleum gas and other liquid gaseous hydrocarbons for driving engines of vehicles circulating on the public highway, and the products referred to at (1) and (2) of the preceding paragraph are subject to a rate of 25% in accordance with I.9 and 10 of Table C of the Annex to Royal Decree No. 20, mentioned above.

However, petroleum cokes, not calcined, useful as fuel, are chargeable at the reduced rate of 6% under XVI of Table A of the Annex to the above-mentioned Royal Decree No. 20.

Other petroleum products such as lubricating oils are subject to the normal rate of 19% unless they are referred to in one of the Tables in the Annex to the abovementioned Royal Decree No. 20.

IV. VAT

DENMARK

- (a) Mineral oils and all their derivatives are goods, and are therefore taxable under Article 2(1) of the Sixth VAT Directive and Article 2(1) of the VAT Law.

Mineral oil products which are exported, however, are excluded from taxable sales, pursuant to Article 12(1)(a) of the VAT Law.

Under Article 15(6) of the Sixth VAT Directive in conjunction with Article 12(3) of the VAT Law, fuel may also be delivered VAT free to aircraft travelling from Danish airports to foreign ones in public passenger traffic and in commercial goods traffic.

- (b) To obtain repayment of VAT on mineral oil products, the firm must be a registered one which uses those products in its business, on condition that they are used only with a view to the supply of goods and taxable services, pursuant to Title XI of the Sixth VAT Directive and Articles 16(1) and 15(3) of the VAT Law.

This means that the input VAT paid on the purchase of all mineral oil products used solely in the taxable business of the firm can be deducted in its entirety.

Input VAT already paid on mineral oil products used only partly or not at all in the taxable business of the firm may of course be deducted only partly or not at all.

For foreign firms which have neither a place of business nor a residence in this country, there is a special rule which allows them to obtain repayment of VAT paid for goods and services in the firm's business in this country, pursuant to the Eighth VAT Directive in conjunction with Article 39(1) of the VAT Law and Order No. 420 of 23 September 1980.

- (c) There is only one rate of VAT, 22% in Denmark: see Article 14 of the VAT Law.

IV. VAT

GERMANY

- (a) Supplies and imports of mineral oil products are liable to turnover tax provided an exemption (e.g. for the provisioning of aircraft and vessels in accordance with Article 15(4) and (7) of the Sixth Directive on the harmonization of laws relating to turnover taxes of 17 May 1977) is not applicable.

- (b) Traders may deduct as input tax any turnover tax charged for supplies of mineral oil products or levied on such products on importation, provided they are entitled to do so under Article 17 of the Sixth VAT Directive. In this connection, it must be pointed out that the Federal Republic of Germany has not made use of the second subparagraph of Article 17(6) of the Sixth Directive.

The right to deduct input tax is not conditional on the trader being registered.

- (c) Where deliveries and imports of mineral oil products are liable to turnover tax, the standard rate of 14% is uniformly applicable.

IV. VAT

FRANCE

(a) Yes.

(b) VAT can be deducted if the products charged to the tax are supplied or sold without further processing in the form of other petroleum products. Moreover, the end user may deduct input tax in respect of the following products:

- all petroleum products used as raw materials or manufacturing supplies;
- heavy fuels, light compounds (naptha), commercial butanes and propanes and natural gas used as motor heating fuel;
- gas oil used as motor fuel. The deductible amount is equal to 50% of the tax for domestic transport;
85% of the tax for international transport. This amount will be increased to 100% as from 1 November 1987.
- Gaseous hydrocarbons used as motor fuels, in circumstances identical to those for gas oil;
- domestic fuel used in agriculture by farmers, farm machine pools and agricultural contractors. The amount deductible is 50% of VAT.

Subject to what has been said above, all taxable persons have the right to deduct input tax.

(c) Mineral oil products are taxed at the intermediate rate of 18.60%, which is identical to the standard rate.

IV. VAT

GREECE

- (a) Taxation of petroleum products is generally governed by Article 37 of Law No. 1642/86, as amended by Law No. 1676/86 (special rules on petroleum products).

Prepared petroleum products are considered to be those defined by Article 1 of Presidential Decree 618/1985.

All prepared petroleum products are liable to VAT with the exception of the cases governed by Article 22 of Law No. 1676/86.

- (b) Upon the sale of prepared petroleum products to companies dealing in such products, petrol station operators and other resellers, the tax is included in the price and they are not permitted to deduct it. The tax is deducted when the products are sold to persons subject to the tax who use them, either as primary or as ancillary materials or as fuel, for the production of products the sale of which is subject to tax or for the provision of transport services, with the exception of the tax on fuels used in private passenger vehicles with not more than 9 seats, motorcycles and mopeds, private vessels and aircraft designed for recreation or sport, except where such means of transport are intended for sale, hire or the carriage of persons for reward.

- (c) The following rates of VAT are in force for prepared petroleum products:

Rate of 36% :

Petrol generally (Tariff heading ex. 27.10 D III).

Rate of 6% :

Petroleum oils or bituminous minerals (other than crude oils).

Preparations not elsewhere specified or included, containing not less than 70% by weight of petroleum oils or oils obtained from bituminous minerals, these oils being the basic constituents.

Petrol generally and lubricating oils are excepted (Tariff heading ex. 27).

Gas oils and other gaseous hydrocarbons, with the exception of those sold in special non-returnable packaging (Tariff heading ex. 27.11).

Other petroleum products not falling under any of the above tariff headings are subject to a rate of 18%.

Article 66

Unique excise duty on mineral oil

1. The unique excise duty on mineral oils according to Article 4 of Law No. 1038/80, modified, and modified since is fixed, from 11 July 1986, at the following rates:

	Tariff classification	Amount of tax in drachmas	Unit of charge
(a) High compression petrol 96 octane minimum (premium) 0.15 grams of lead per litre	27.10.AIII b	55.090	Kilolitre
(b) High compression petrol 96 octane minimum (premium) 0.40 grams of lead per litre maximum	27.10.A III b	55.973	Kilolitre
(c) Ordinary petrol 96 octane minimum (regular) 0.40 grams of lead per litre maximum	27.10 A III b	53.147	Kilolitre
(d) Petrol for agricultural uses under Article 16 of Law No. 3686/57 (Government Gazette I/64) and by Woodland Cooperatives under Article 5 of Law No. 827/1978 (Government Gazette I/194).	27.10 A III b	31.133	Kilolitre

(e)	Lamp oil	27.10 B III	Tonne
(f)	Internal combustion oil (diesel) with a sulphur content of 0.3% maximum by weight	27.10 C I c	Kilolitre
(g)	Internal combustion (diesel) with a sulphur content of 0.5% maximum by weight	27.10 C I c	Kilolitre
(h)	Internal combustion oil (automotive diesel)	27.10 B III	Kilolitre
(i)	External combustion oil No 1 with a sulphur content of 0.7% maximum by weight	27.10 C II c	Tonne
(j)	External combustion oil No 1 with a sulphur content of 3.5% maximum by weight	27.10 C II c	Tonne
(k)	External combustion oil No 2 with a sulphur content of 0.7% maximum by weight	27.10 C II c	Tonne
(l)	External combustion oil No 2 with a sulphur content of 3.5% maximum by weight	27.10 C II c	Tonne
(m)	External combustion oil No 3 with a sulphur content of 0.7% maximum by weight	27.10 C II c	Tonne
(n)	External combustion oil No 3 with a sulphur content of 4% maximum by weight	27.10 C II c	Tonne
(o)	Propane	27.11 A I	Tonne
(p)	Liquid gas mixture (of propane and butane)	27.11 B I c	Tonne
(q)	Asphalt for road surfacing	27.14 A	Tonne
(r)	Bitumenous fuel oil (Vagum gas oil)	27.10 C II	Tonne

2. The uniform excise duty on the products in paragraphs 1a, 1b and 1c is reduced for products declared for duty in the Dodécanèse region by 1 200 drachmas per kilolitre.
3. The present article entered into effect on 11 July 1986.

IV. VAT

IRELAND

(a) Yes

(b) (i) Yes

(ii) No. Vat is not deductible on the purchase of petrol other than as stock in trade.

(c) No. Hydrocarbon oil of a kind used for domestic or industrial heating, certain gas oil such as paraffin, kerosene jet fuel, marine diesel and tractor diesel, and liquid petroleum gas (L.P.G.) are liable to VAT at the 10% rate. All other mineral oil products are liable at the standard (25%) rate.

IV. VAT

ITALY

No answer.

IV. VAT

LUXEMBURG

(a) Yes.

(b) Yes.

(c) - mineral oils used as combustible: 6%

- mineral oils used as motor fuel: 12%
except for lead free motor fuel for which the
rate will be reduced to 6% as of 1.1.1988.

IV. VAT

NETHERLANDS

- (a) VAT is charged on all mineral oil products.
- (b) All traders who are subject to tax have a right to deduct VAT charged on their purchases of mineral oil products.
- (c) The supply and importation of mineral oil products are, with one exception, subject to the standard rate (currently 20%).

The exception applies to the supply and importation of mineral oils used for heating to promote the growth of market garden products, on which a reduced rate of 6% is currently charged. The reduced rate is granted on application from the market gardeners concerned for a refund of the rate differential, which currently stands at 14%. It applies only to market gardeners who fall within the scope of the agricultural rules and, therefore, have no right to deduct.

This exception is made in view of the fact that, if the standard rate were applied to mineral oil products used by glasshouse crop growers, those growers who had not already done so would almost all have been obliged to apply through the normal channels to be covered by the arrangements on turnover tax.

This would in effect have meant that the agricultural rules would cease to apply to glasshouse crop growers, which was considered undesirable.

IV. VAT

UNITED KINGDOM

- (a) VAT is charged on all mineral oil products;
- (b) VAT is deductible on all mineral oil products, within the normal input tax rules;
- (c) VAT is charged at the standard rate of 15% on mineral oil products with the exception of certain heavy hydrocarbon oils, specified in Item 4 of Group 7 of Schedule 5 to the VAT Act 1983, and of hydrocarbon gases, other than gases charged with duty as fuel for road vehicles, as specified in Items 2 and 3 of that Group. Fuel oil, gas oil and kerosene, as defined below, and the gases, other than those used as road fuel, are zero-rated for social reasons for the benefit of the final consumer. The zero rate applies to these oils only when they have been relieved of excise duty or duty has been charged at a reduced or nil rate.

"Light oil" means hydrocarbon oil of which not less than 90% by volume distils at a temperature not exceeding 210°C, or which gives off an inflammable vapour at a temperature of less than 23°C when tested in the manner prescribed by the Acts relating to petroleum.

"Heavy oil" means hydrocarbon oil other than light oil.

"Fuel oil" means heavy oil which contains in solution an amount of asphaltenes of not less than 0.5% or which contains less than 0.5% but not less than 0.1% of asphaltenes and has a closed flash point not exceeding 150°C.

"Gas oil" means heavy oil of which not more than 50% by volume distils at a temperature not exceeding 240°C and of which more than 50% by volume distils at a temperature not exceeding 340°C.

"Kerosene" means heavy oil of which more than 50% by volume distils at a temperature not exceeding 240°C.

HYDROCARBON OIL DUTY RATES AT MARCH 1987

	effective rate of duty £ per litre
<u>Light oil</u>	
Aviation gasoline (unmarked)	0.0969
Furnace fuel (marked)	0.0077
Unleaded petrol (unmarked)	0.1842
Other light oil (unmarked) (mostly leaded petrol)	0.1938
<u>Heavy oil</u>	
Heavy oil for use as fuel for road vehicles (unmarked) (mostly derv)	0.1639
<u>Other</u>	
Aviation turbine kerosene (unmarked) and other kerosene (normally marked)	Nil
Gas oil (normally marked)	0.0110
Fuel oil (unmarked)	0.0077
Other (unmarked)	Nil

IV. VAT

SPAIN

- (a) In accordance with the provisions of the Sixth EEC Directive, VAT is charged on all supplies of goods with the exception of those which are exempt from the tax.

With regard to the products containing mineral oils, all supplies are taxed except for exports and like transactions; included amongst the latter are supplies for the fuelling and provisioning of ships and aircraft used in international navigation and for rescue or assistance at sea, in line with the Community provisions already referred to; only pleasure craft are excluded.

- (b) VAT on the purchase of products containing mineral oils is deductible when it has been borne by entrepreneurs and professionals who use them for the purpose of their entrepreneurial or professional activities.

To be able to make such a deduction, entrepreneurs and professionals must have fulfilled their tax obligations, which include making the relevant declaration when commencing, changing and ending the activities which are liable to tax; the declarations enable the relevant register to be drawn up.

Solely excluded from the deduction is the tax charged on purchases of motor fuel, heating fuel and lubricants for passenger cars, motor cycles and racing or pleasure craft.

- (c) All supplies of products containing mineral oils are subject to the standard rate of VAT, which is currently 12%.

IV) VAT

PORTUGAL

- (a) VAT is charged on all mineral oil products.
- (b) Generally speaking, VAT on fuel is deductible by registered taxable persons carrying out only taxable operations. Partially taxable persons may make deductions on the basis of actual use or on a pro rata basis.

Under Article 21 of the VAT Code, VAT on the following is not deductible:

- 1) all purchases of motor spirit;
 - 2) 50% of purchases of gas oil;
 - 3) lubricating oil and gas for lighters are taxed at 16% (standard rate).
- (c) All other mineral oil products are taxed at 8% (reduced rate).

Under Article 14 of the VAT code, the zero rate applies to fuel supplied to the following:

1. vessels engaged in coastal, middle-water and distant-water fishing;
2. sea rescue and assistance vessels;
3. sea-going vessels;
4. aircraft belonging to companies engaged mainly in international traffic.