



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.07.1999
COM(1999) 366 final

Proposal for a

COUNCIL DECISION

authorising Finland to apply or to continue to apply reductions in, or exemptions from, excise duties on certain mineral oils used for specific purposes, in accordance with the procedure provided for in Article 8(4) of Directive 92/81/EEC

(presented by the Commission)

EXPLANATORY MEMORANDUM

Under Article 8(4) of Council Directive 92/81/EEC on the harmonisation of the structures of excise duties on mineral oils,¹ the Council, acting unanimously on a proposal from the Commission, may authorise any Member State to introduce exemptions from, or reductions in, excise duties on grounds of specific policy considerations.

The Finnish authorities have informed the Commission that they wish to apply an exemption from excise duty for natural gas when used as motor fuel with a view to promoting the use of gas, particularly as a fuel for heavy urban traffic.

In accordance with the Directive, the other Member States have been informed of this request.

The Directive provides for the Commission to review such exemptions and reductions periodically. If the Commission considers that they may no longer be applied because they distort competition or the operation of the internal market or are incompatible with Community policy on protection of the environment, it is to present appropriate proposals to the Council. In any event, this derogation must be reviewed no later than 31 December 1999, when the authorisation granted by the Decision expires. The Council will review the situation on the basis of a Commission proposal and decide whether the authorisation should be withdrawn, amended or extended.

¹ OJ L 316, 31.10.1992, p.12 Directive as last amended by Directive 94/74/EC (OJ L 365, 31.12.1994, p. 46)

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Directive 92/81/EEC of 19 October 1992 on the harmonisation of the structures of excise duties on mineral oils², and in particular Article 8(4),

Having regard to the proposal from the Commission,

- (1) Whereas, under Article 8(4) of Directive 92/81/EEC, the Council, acting unanimously on a proposal from the Commission, may authorise any Member State to introduce exemptions from, or reductions in, excise duties on mineral oils on grounds of specific policy considerations;
- (2) Whereas the Finnish authorities have notified the Commission that they wish to apply to natural gas an exemption from excise duty with a view to promoting the use of gas, particularly as a fuel for heavy urban traffic. In Finland's view this complies with the objectives of trying to reduce traffic emissions. Since natural gas is comparable to LPG as regards impact on the environment, it should enjoy the same tax treatment when used as motor fuel, and it would be justified to extend the same tax exemptions to natural gas as already granted to LPG and methane. Another reason for granting natural gas an exemption from excise duty is that it has virtually the same chemical structure as methane. Different tax treatment for these two gases would also be extremely difficult in terms of control.;
- (3) Whereas the other Member States have been informed thereof;
- (4) Whereas the Commission and all the Member States accept that the application of an exemption from excise duty on natural gas is justified on environmental policy grounds and that it will not give rise to distortions of competition or hinder the operation of the internal market;

² OJ L 316, 31.10.1992, p.12 Directive as last amended by Directive 94/74/EC (OJ L 365, 31.12.1994, p. 46

- (5) Whereas the Commission regularly reviews reductions and exemptions to check that they are compatible with the operation of the internal market or with Community policy on protection of the environment;
- (6) Whereas Finland has requested authorisation to apply an exemption from excise duty on natural gas as soon as possible; whereas the Council is to review its application on the basis of a report from the Commission no later than 31 December 1999, when the authorisation granted by this Decision expires,

HAS ADOPTED THIS DECISION:

Article 1

In accordance with Article 8(4) of Directive 92/81/EEC and notwithstanding the obligations laid down in Directive 92/82/EEC of 19 October 1992 on the approximation of the rates of excise duties on mineral oils,³ and in particular the minimum rates laid down in Article 7 thereof, Finland is hereby authorised to apply an exemption from excise duty on natural gas when used as motor fuel until 31 December 1999.

Article 2

This Decision is addressed to Finland.

Done at Brussels,

*For the Council
The President*

³ OJ No L 316, 31.10.1992, p. 19.