

### REVISION OF THE ENERGY TAXATION DIRECTIVE (ETD) - Q2 2021

[ DEPARTED ]

#### > FIT FOR 55 PACKAGE UNDER THE EUROPEAN GREEN DEAL

## CONTENT

In December 2019, the European Commission adopted its Communication on the European Green Deal. Among the key policies and measures needed to achieve the European Green Deal is the revision of the Energy Taxation Directive (ETD), which was scheduled for June 2021.

On 14 July 2021, the Commission adopted a proposal for a revision of the Energy Taxation Directive. Its aim is to align the taxation of energy products with EU energy and climate policies, promote clean technologies and remove outdated exemptions and reduced rates that currently encourage the use of fossil fuels.

The main changes include the following points:

- Fuels will start being taxed according to their energy content and environmental performance rather than their volume, helping businesses and consumers alike to make cleaner, more climate-friendly choices; According to this ranking, conventional fossil fuels, such as gas oil and petrol will be taxed at the highest rate and electricity at the lowest rate.
- Products are categorised for taxation purposes in a simplified way in order to ensure that fuels most harmful to the environment are taxed the most;
- Exemptions for certain products and home heating will be phased out. Thus, fossil fuels can no longer be taxed below minimum rates;
- Fossil fuels used as fuel for intra-EU air transport, maritime transport and fishing should no longer be fully exempt from energy taxation in the EU.

The European Economic and Social Committee adopted an opinion on the Energy Taxation Directive in January 2022. The Committee of the Regions adopted its opinion on 27 April 2022.

In the European Parliament, the proposal is being examined by the Economic and Monetary Affairs Committee (ECON). The appointed rapporteur is Johan Van Overtveldt (ECR, Belgium). The ITRE committee is associated to the procedure under Rule 57 of the Rules of

Procedure and the rapporteur of the associated committee is Robert Hajšel (S&D, Slovakia). The ECON rapporteur delivered a draft report on 28 February 2022, which was then opened to amendments. A committee vote has not been scheduled yet.

In the Council, a close examination of the proposal has taken place in the Working Party on tax questions. A first round of legal analysis was completed in November 2021. One year later, the Czech presidency provided an update to the ongoing negotiations on the proposal. The Czech presidency noted that some Member States are not yet in a position to support the Presidency text or have scrutiny reservations. Nevertheless, the majority of Member States expressed a positive opinion on the suggested changes and the way forward. Further work was still needed, the Czech presidency concluded, on e.g. the pace of the implementation, the abolition of some exemptions for the aviation and maritime sectors, the minimum levels of taxation, the interaction of the ETD with other initiatives of the Fit for 55 package, etc.

### References:

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- European Parliament, [Draft report on the proposal for a Council directive restructuring the Union framework for the taxation of energy products and electricity](#), February 2022
  - Council of the EU, [Policy note on the proposal for a Council directive restructuring the Union framework for the taxation of energy products and electricity](#), November 2022

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