

# Citizens' summary

## EU energy taxation proposal

### WHAT'S THE ISSUE?

- Current taxes on energy products often don't provide a strong enough incentive for people to consume less or opt for cleaner forms of energy.
- In fact, sometimes taxes make it cheaper to use dirtier fuels and more polluting forms of energy.
- The EU [emissions trading scheme](#) already helps to limit CO<sub>2</sub> emissions in some industries. They shouldn't face a double burden from the CO<sub>2</sub> taxes.

### WHO WILL BENEFIT AND HOW?

- **Society as a whole** will benefit from an efficient use of resources and a cleaner environment. The proposal will:
  - help reduce CO<sub>2</sub> emissions in line with the EU's energy and climate change goals – as cheaply as possible.
  - encourage the switch to cleaner forms and more efficient use of energy.
- **EU governments** will still be able to set their national energy taxes above the agreed EU minimum levels.

### WHY DOES ACTION HAVE TO BE TAKEN BY THE EU?

- Climate and energy are international issues. Coordinated European action is essential to reach the EU's common goals in these areas.
- The EU is responsible for setting minimum rates of excise duties – by unanimous agreement between member governments on a proposal from the Commission.

### WHAT EXACTLY WILL CHANGE?

- Taxes on motor fuels, heating fuels and electricity will be based on the energy content of the product and the amount of CO<sub>2</sub> it emits. More polluting products will be taxed more heavily, and the use of "cleaner" energy will be promoted.
- The EU will set a minimum rate for taxes based on energy and CO<sub>2</sub> content. To ensure fair treatment, the minimum rate will be the same for competing products (e.g. for all heating fuels or all motor fuels). Moreover, *actual* tax rates – set by national governments – will have to be the same for competing products.
- CO<sub>2</sub>-related taxes will only apply to industrial plants not covered by the EU emissions trading scheme – so that all economic sectors share the burden of reducing CO<sub>2</sub> emissions fairly, either via the Energy Taxation Directive *or* the emissions trading scheme.

### WHEN IS THE PROPOSAL LIKELY TO COME INTO EFFECT?

- The proposal could come into effect on 1 January 2013, depending on how quickly EU member governments can agree in the EU Council.