

# **Rules on the use and the taxation of fuel in the agricultural sector in Europe**

# With the contributions of



A photograph of a man in a high-visibility orange vest and dark trousers working on a green Jaguar tractor. The tractor is parked in a garage or workshop. The man is standing next to the tractor, looking at something in his hands. The tractor has 'JAGUAR' and 'ESD' written on its side. The background shows various tools and equipment in the workshop.

**Fuel is in average  
the third item of expenditure of  
agricultural and rural contractors**

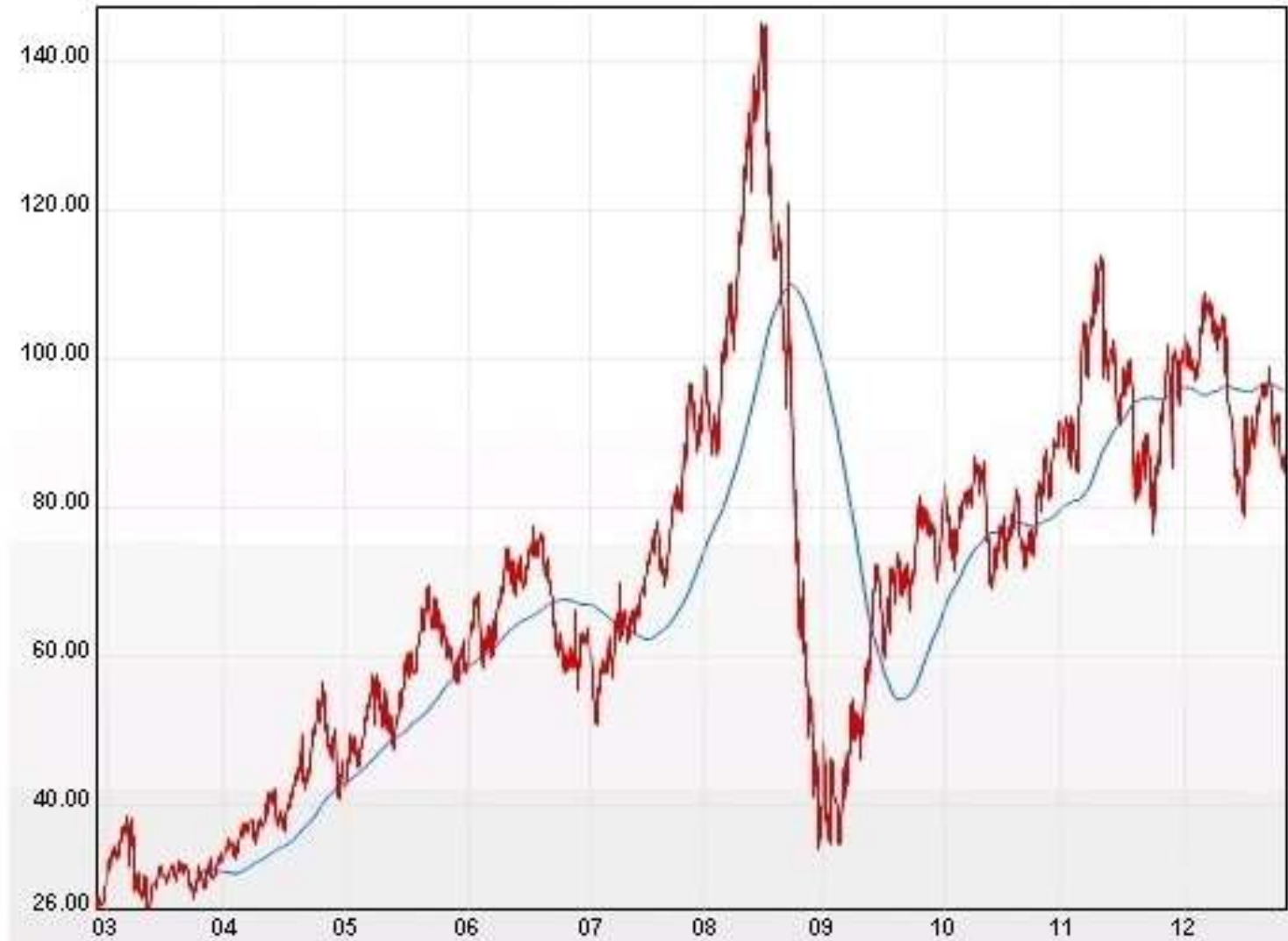


# Energy: a global market



# Oil price on the world market since 2003

(US dollars)



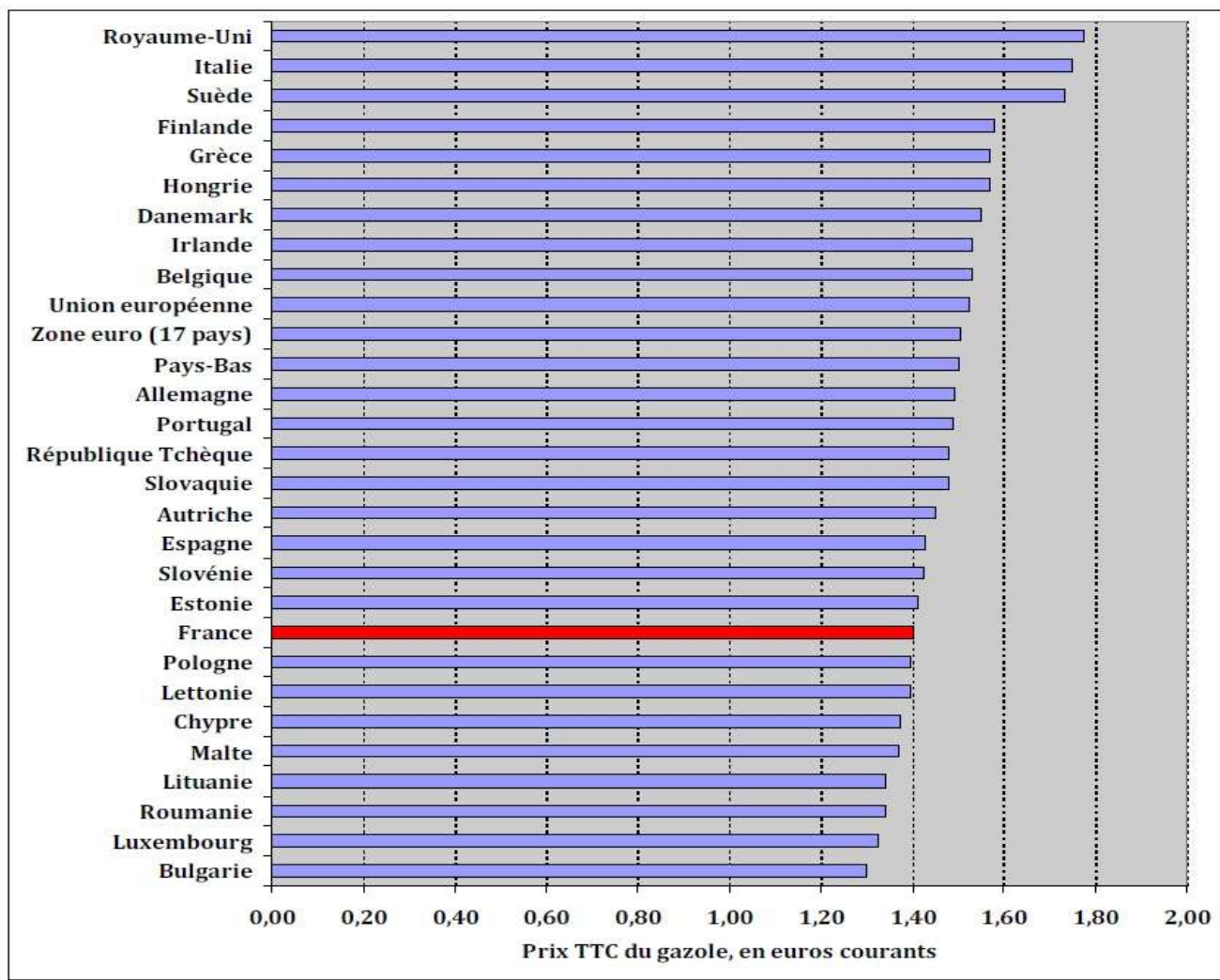
Source: OPEC Database, [www.opec.eu](http://www.opec.eu)



# A local demand



# Price of white diesel in the European Union



Source: European Commission, 2012

**IMPÔTS**

**SKATTER**

**STEUERN**

**TAXES**

**IMPUESTOS**

**VEROT**

**IMPOSTE**

**BELASTINGEN**

**IMPOSTOS**

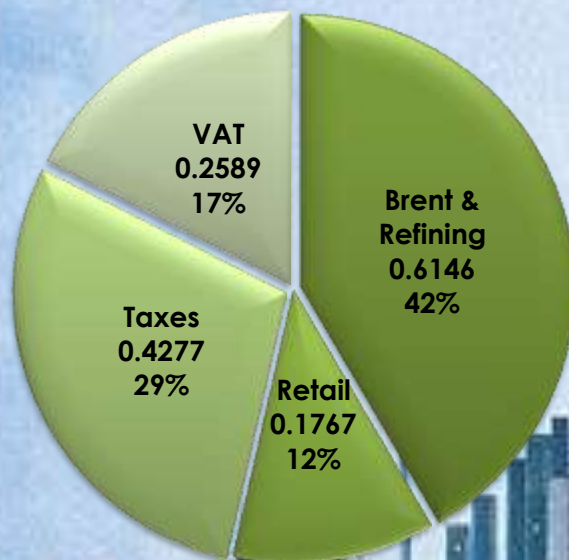




# PRICE COMPOSING OF WHITE DIESEL (euro per liter)

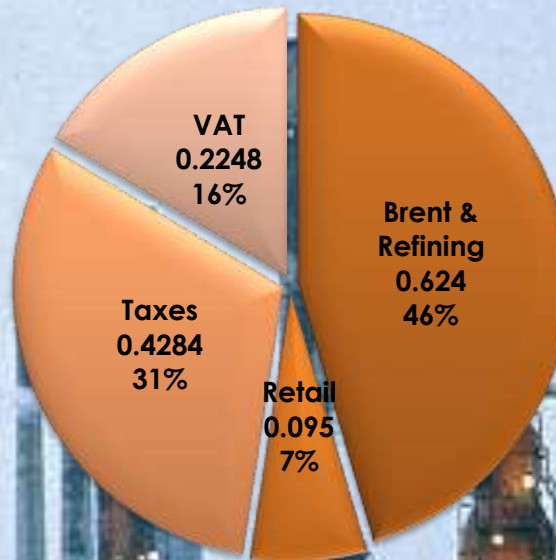
## Belgium

source: Petrolfed 2012



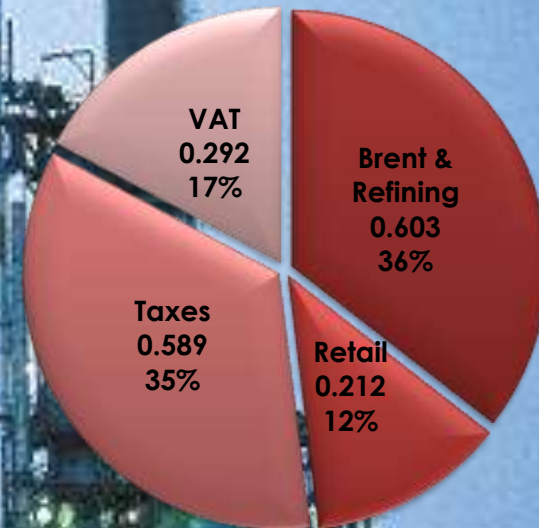
## France

source: UFIP, CE, MinFin 2013



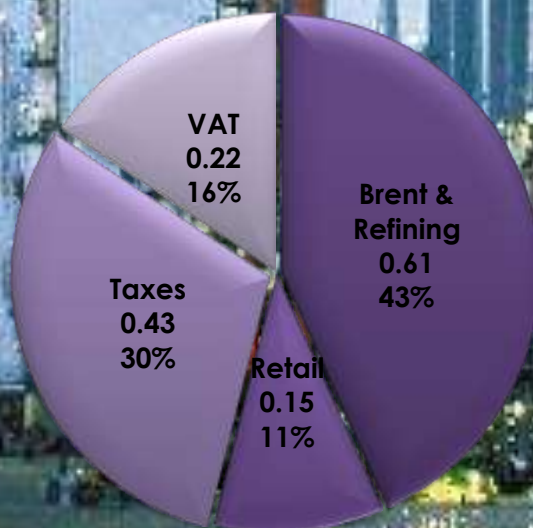
## Italy

source: linkiesta 2012



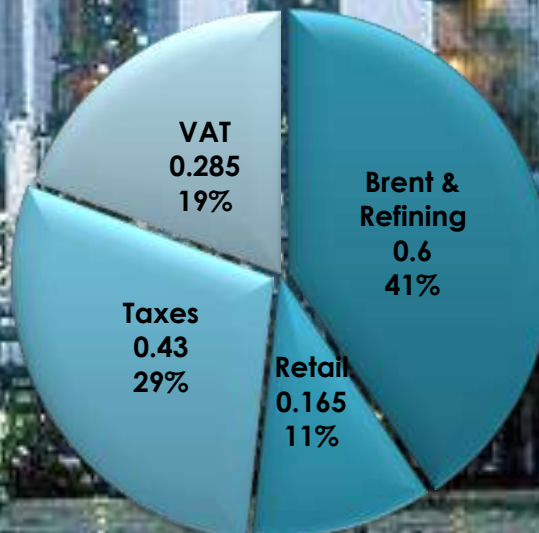
## The Netherlands

source: EIM 2011



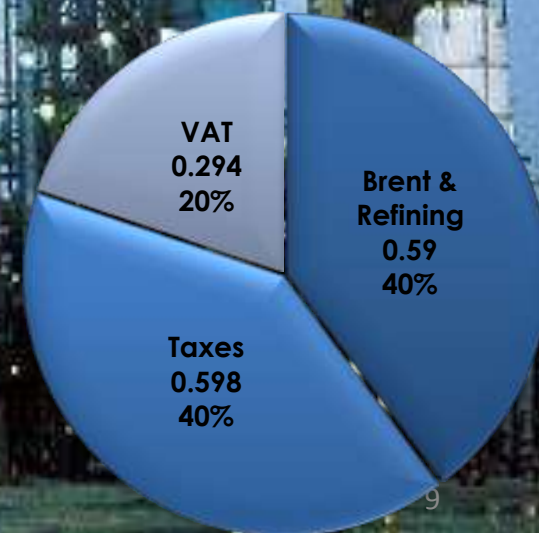
## Germany

source: UNITI 2012



## Denmark

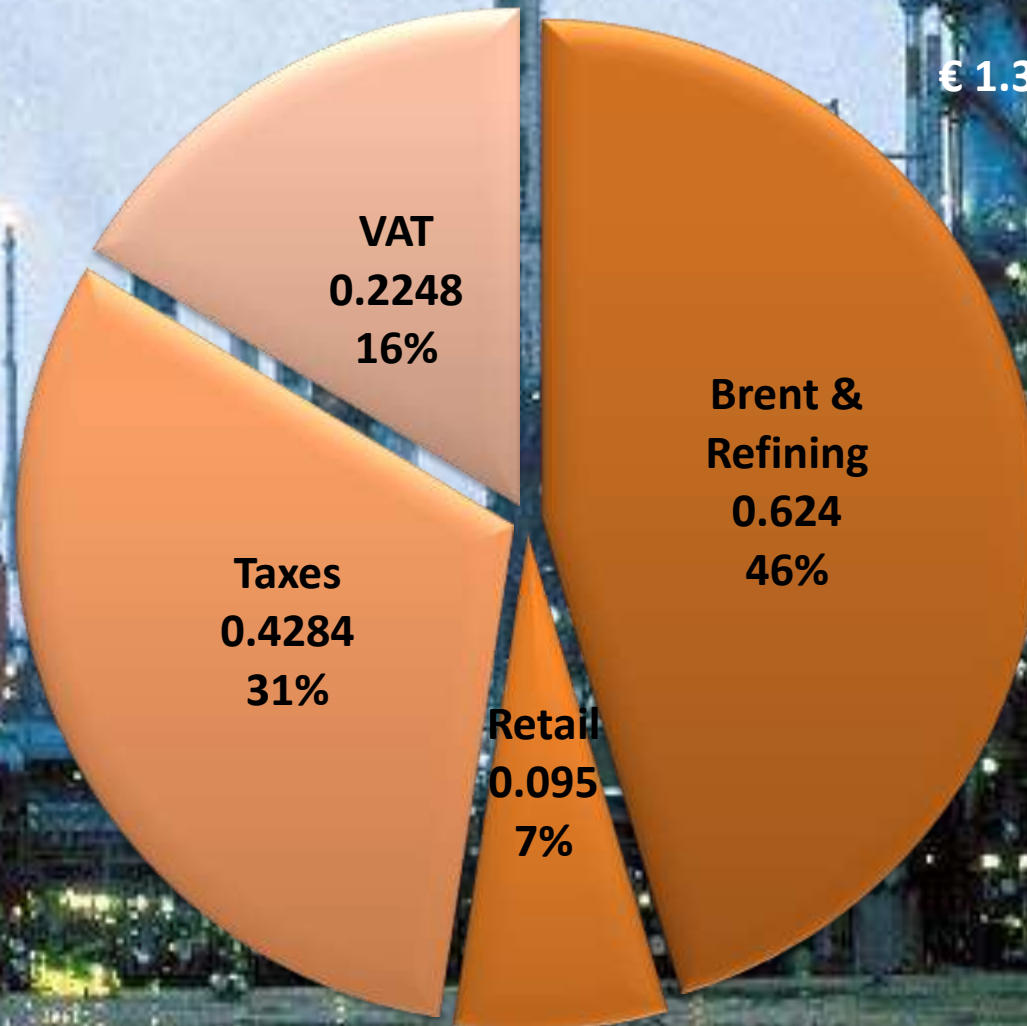
source: economicinstrument, 2013



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## France

source: UFIP, CE, Fin. 2013

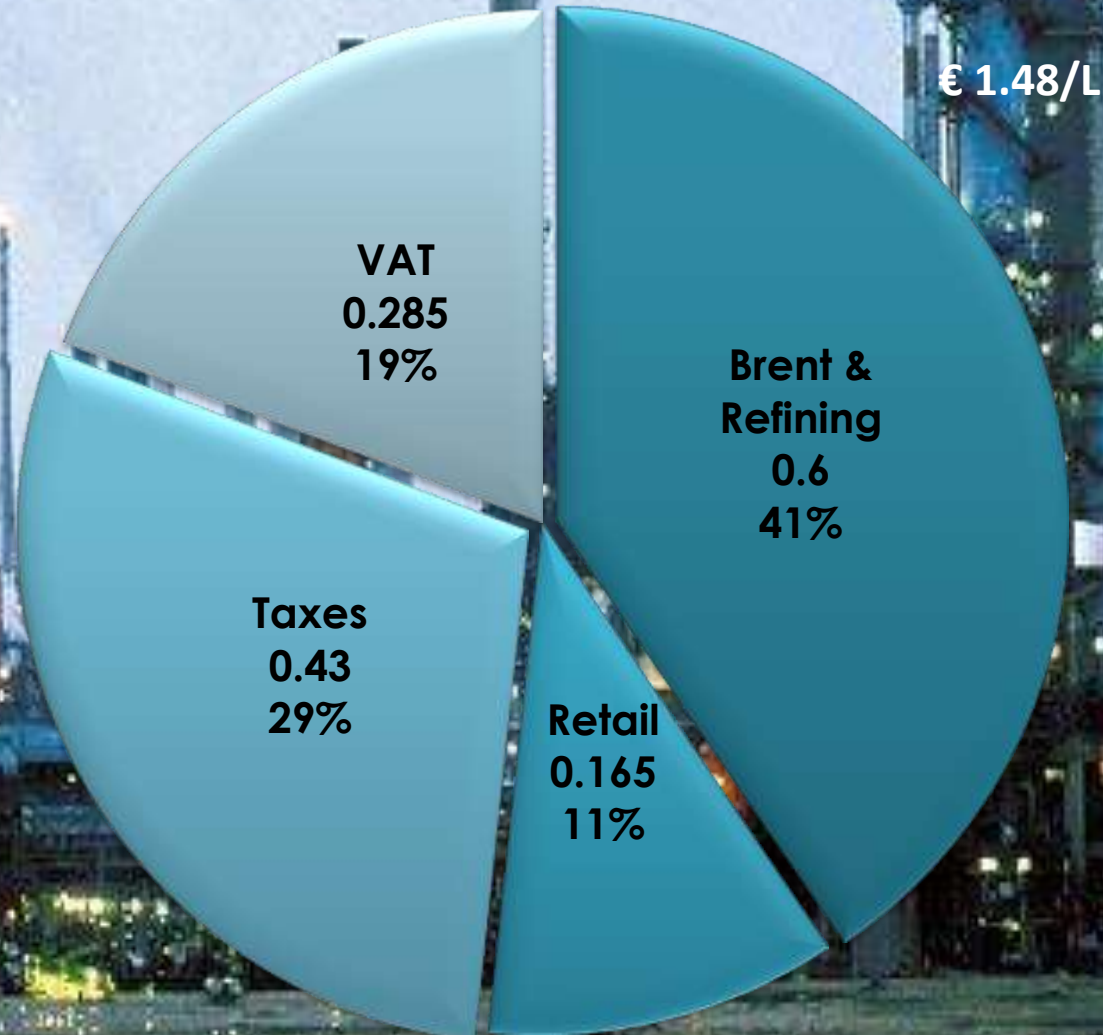




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## Germany

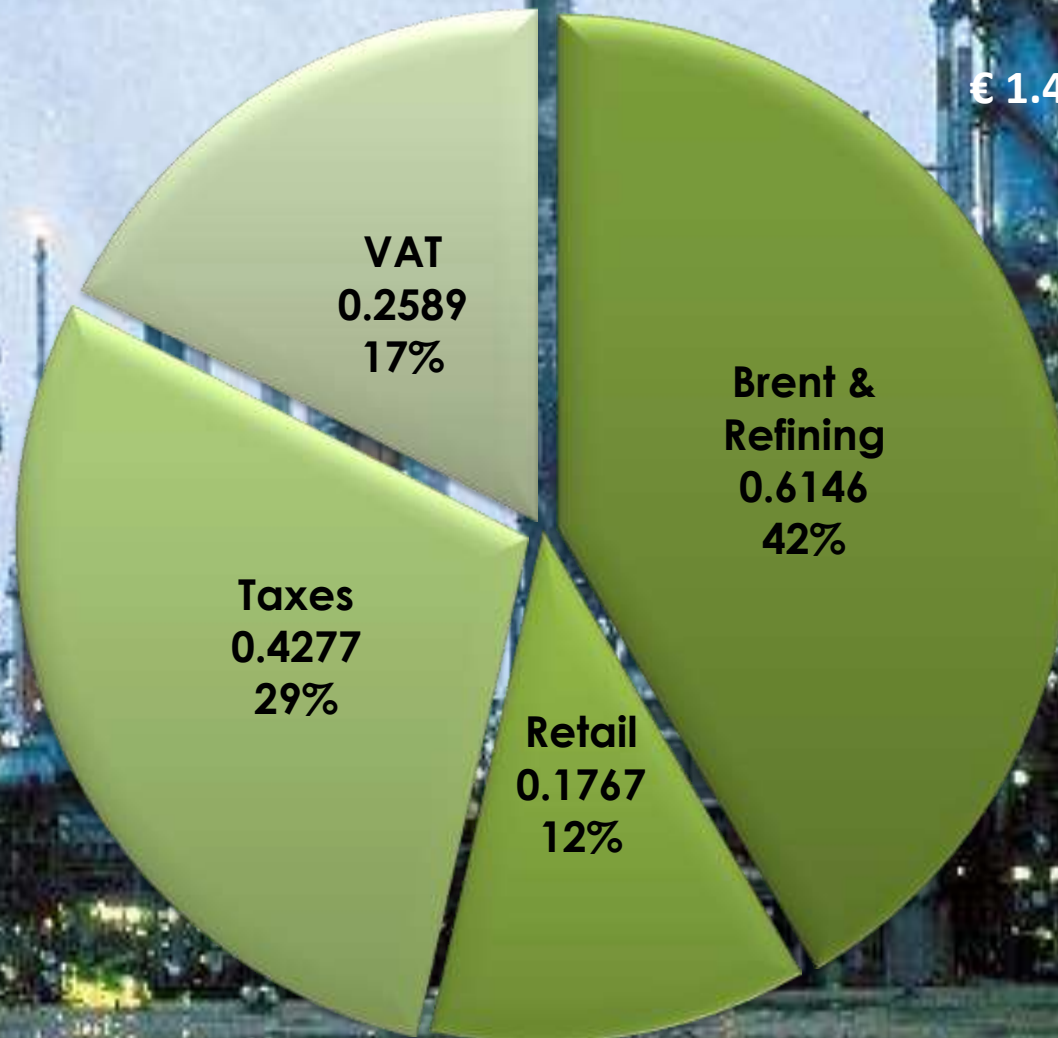
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source: Petrolfed 2012

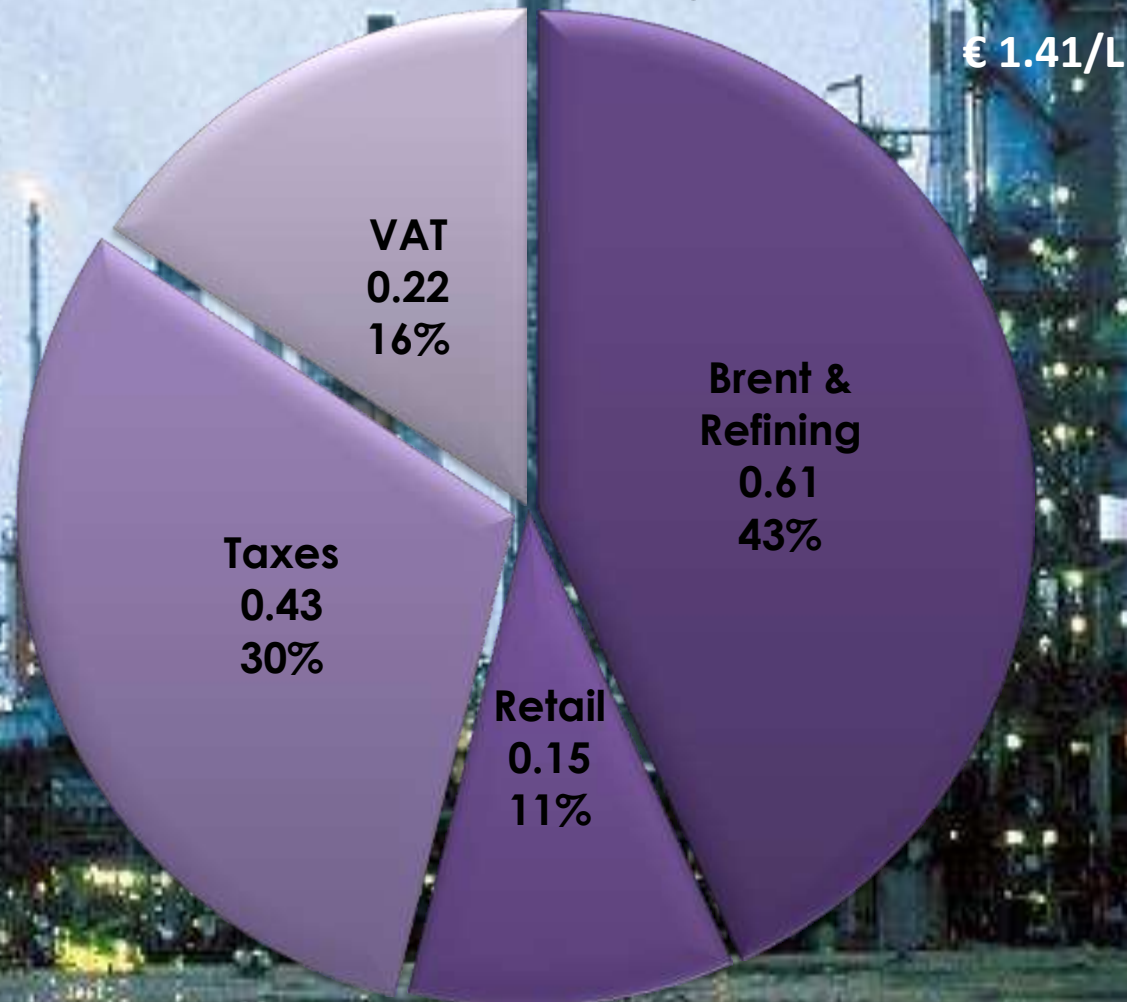




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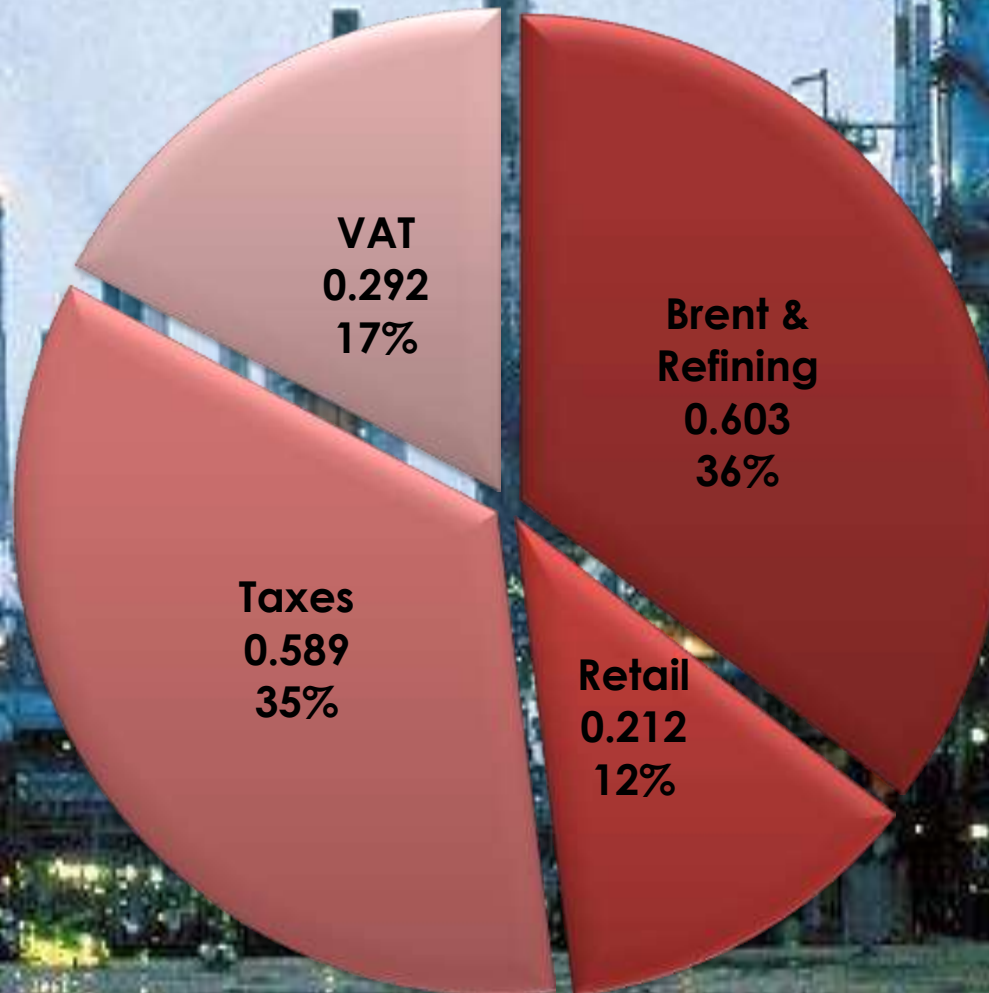
source: EIM 2011



# PRICE COMPOSING OF WHITE DIESEL (euro per liter)

## Italy

source: linkiesta 2012

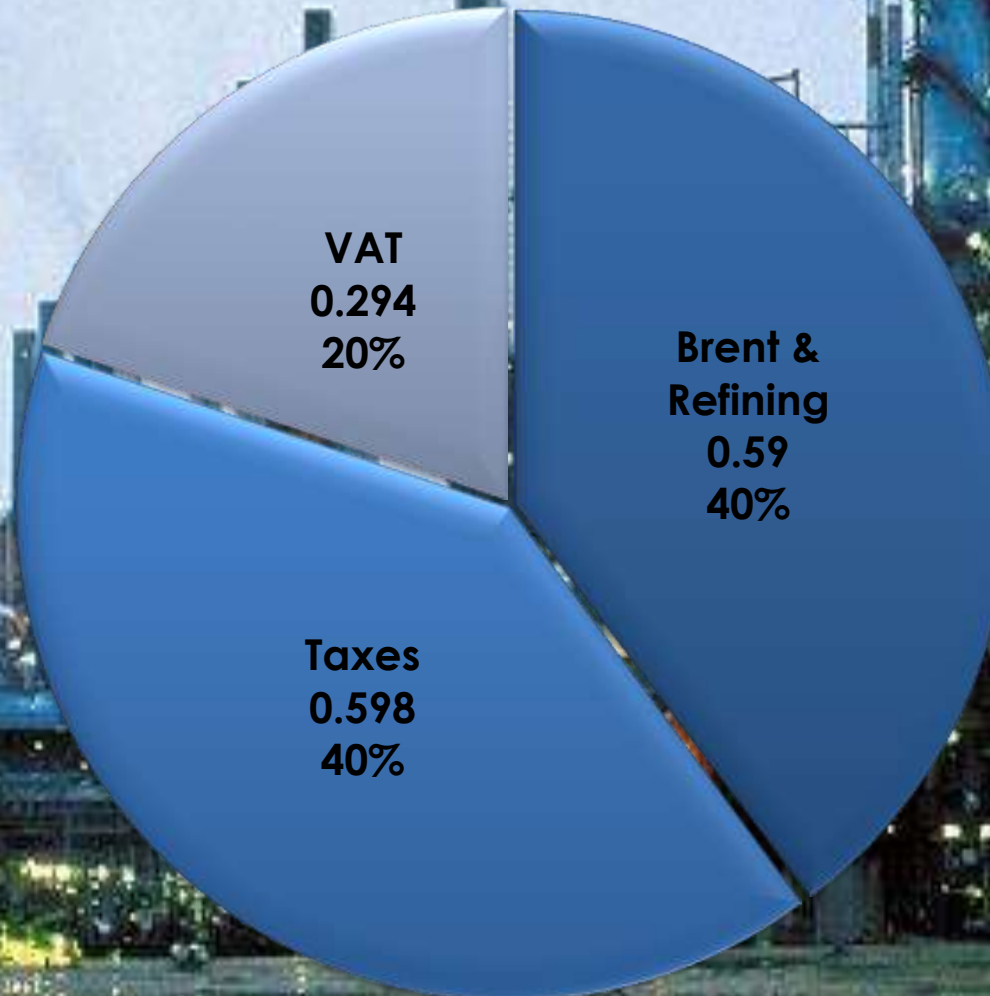




# PRICE COMPOSING OF WHITE DIESEL (euro per liter)

## Denmark

source: economicinstrument, 2013







# EUROPEAN LEGISLATION

## ***Directive 2003/96***

### ***Community framework for the taxation of energy products and electricity***

#### *Principle (Article 4) :*

The levels of taxation which Member States shall apply to the energy products and electricity listed in Article 2 may not be less than the minimum levels of taxation prescribed by this Directive.

(minimum levels are determined in Annex 1 of the directive:

21 euros/1000 litres)

#### *Exemptions :*

##### **Article 8§2:**

Agricultural, horticultural or piscicultural works, and in forestry.

##### **Article 15§3:**

Member States may apply a level of taxation down to zero to energy products and electricity used for agricultural, horticultural or piscicultural works, and in forestry.



# Treaty on the Functioning of the EU

## Article 38

1. The Union shall define and implement a common agriculture and fisheries policy.

The internal market shall extend to agriculture, fisheries and trade in agricultural products. 'Agricultural products' means the products of the soil, of stockfarming and of fisheries and products of first-stage processing directly related to these products. References to the common agricultural policy or to agriculture, and the use of the term 'agricultural', shall be understood as also referring to fisheries, having regard to the specific characteristics of this sector.

2. Save as otherwise provided in Articles 39 to 44, **the rules laid down for the establishment and functioning of the internal market shall apply to agricultural products.**
3. The products subject to the provisions of Articles 39 to 44 are listed in Annex I.
4. The operation and development of the internal market for agricultural products must be accompanied by the establishment of a common agricultural policy.

# Each Member State has its own definition of agriculture and agricultural works

France: extensive approach (Code Rural)

Spain: extensive approach (Ley 38/1992, de Impuestos Especiales)

Belgium: restrictive approach (Convention collective/collectieve arbeidsovereenkomst)

The Netherlands: restrictive approach (Belasting Code)

Germany: restrictive approach (Flurbereinigungsgesetz, 1976)

Italy: restrictive approach (decreto ministeriale 14 dicembre 2001, n. 454)

United Kingdom: restrictive approach (hydrocarbon oil duties act 1979)



# **National minimum levels of taxation of agricultural fuels**

# Very different minimum levels

## TAXATION OF FUEL FOR AGRICULTURAL PURPOSE (red, white...) (per 1000 litres & in euro)

Country	Tax	Refund
Germany	255.60	0
Belgium	0	0
Denmark	(DKK 433) 58.08	n.i.
France	72.00	50.00
Italy	135.82	0
The Netherlands	Normal tax	0

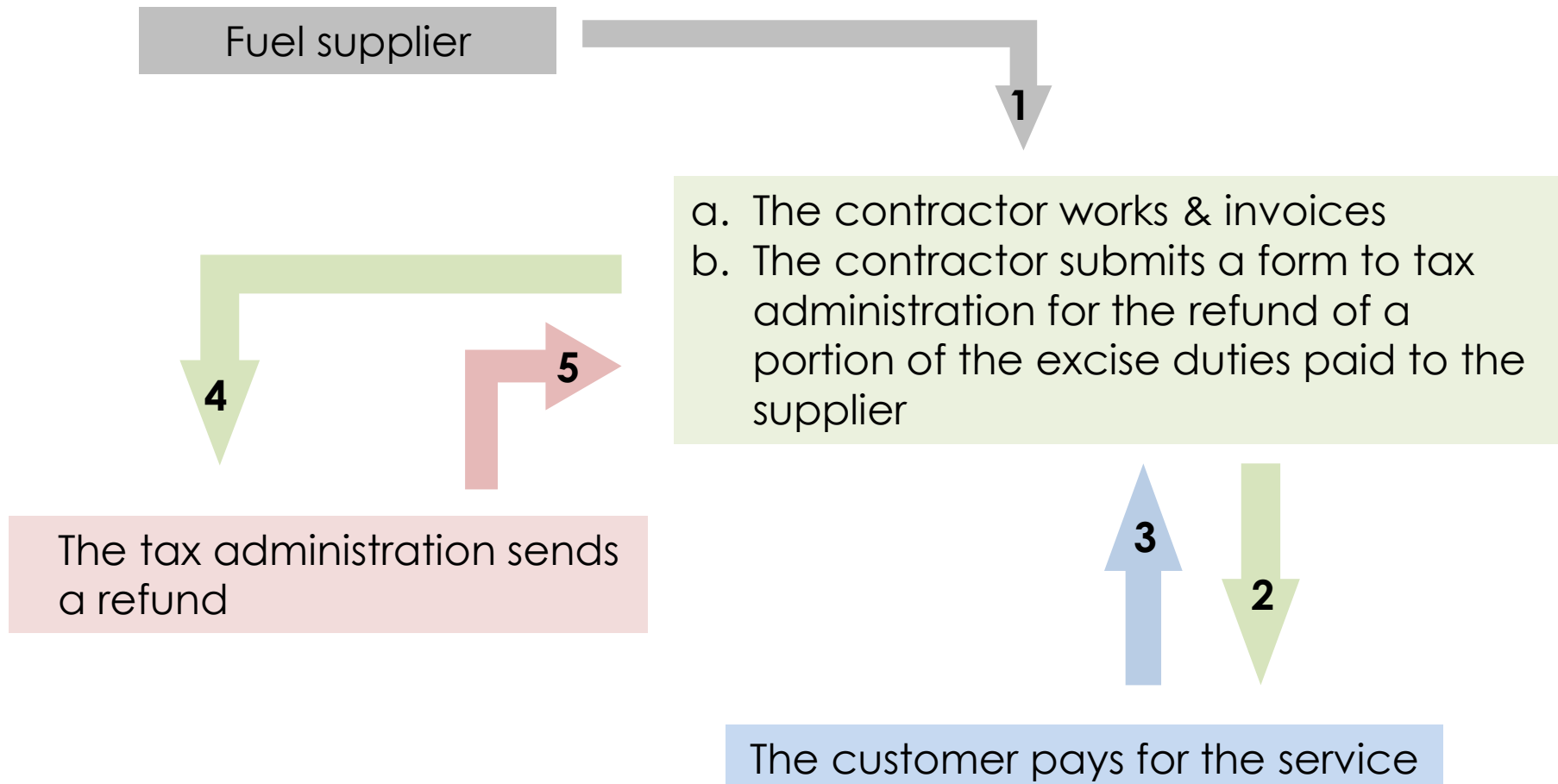
Source: European Commission 2013/CEETAR

# **Heterogeneous rules on fuel use in the Member States**



# FRANCE : Two fuels and no user's manual

Failure to take into account the realities of the business works:  
Situation 1: agricultural works



# FRANCE : Two fuels and no user's manual

**Failure to take the realities of the business into account:  
Situation 2: non-agricultural work**

Fuel supplier

1

The contractor works and invoices

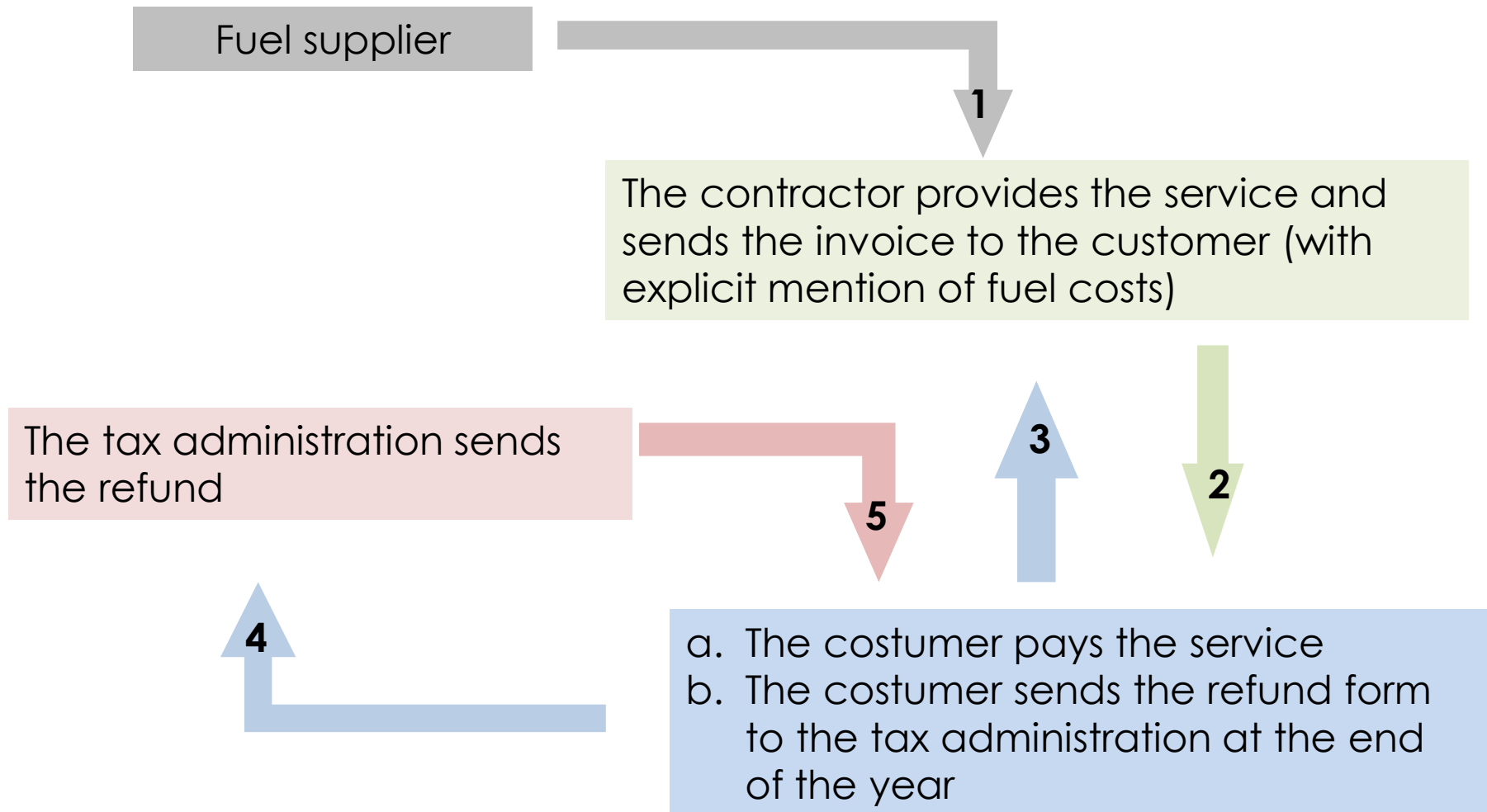
3

2

The customer pays for the service



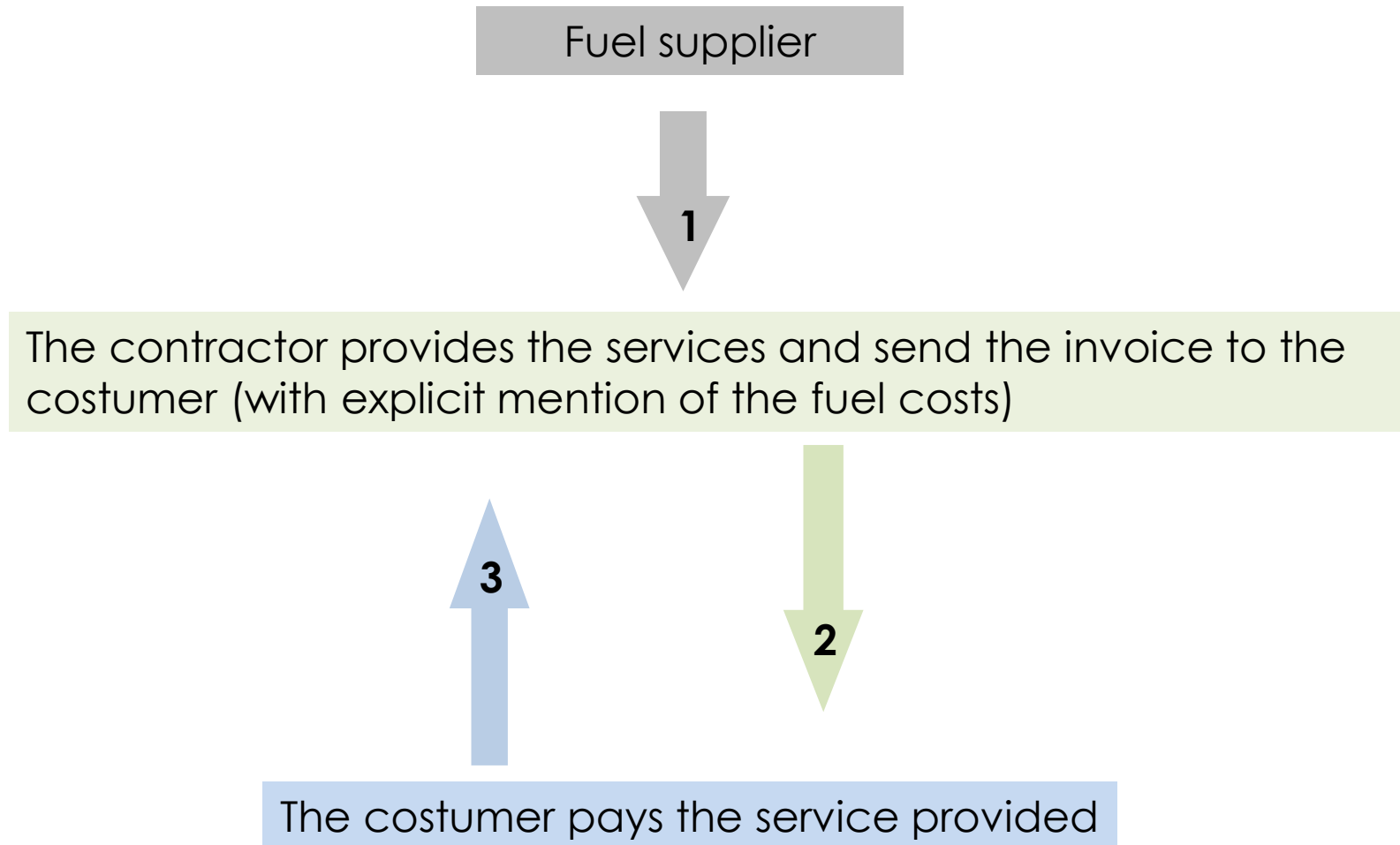
# GERMANY: a single type of fuel for all activities



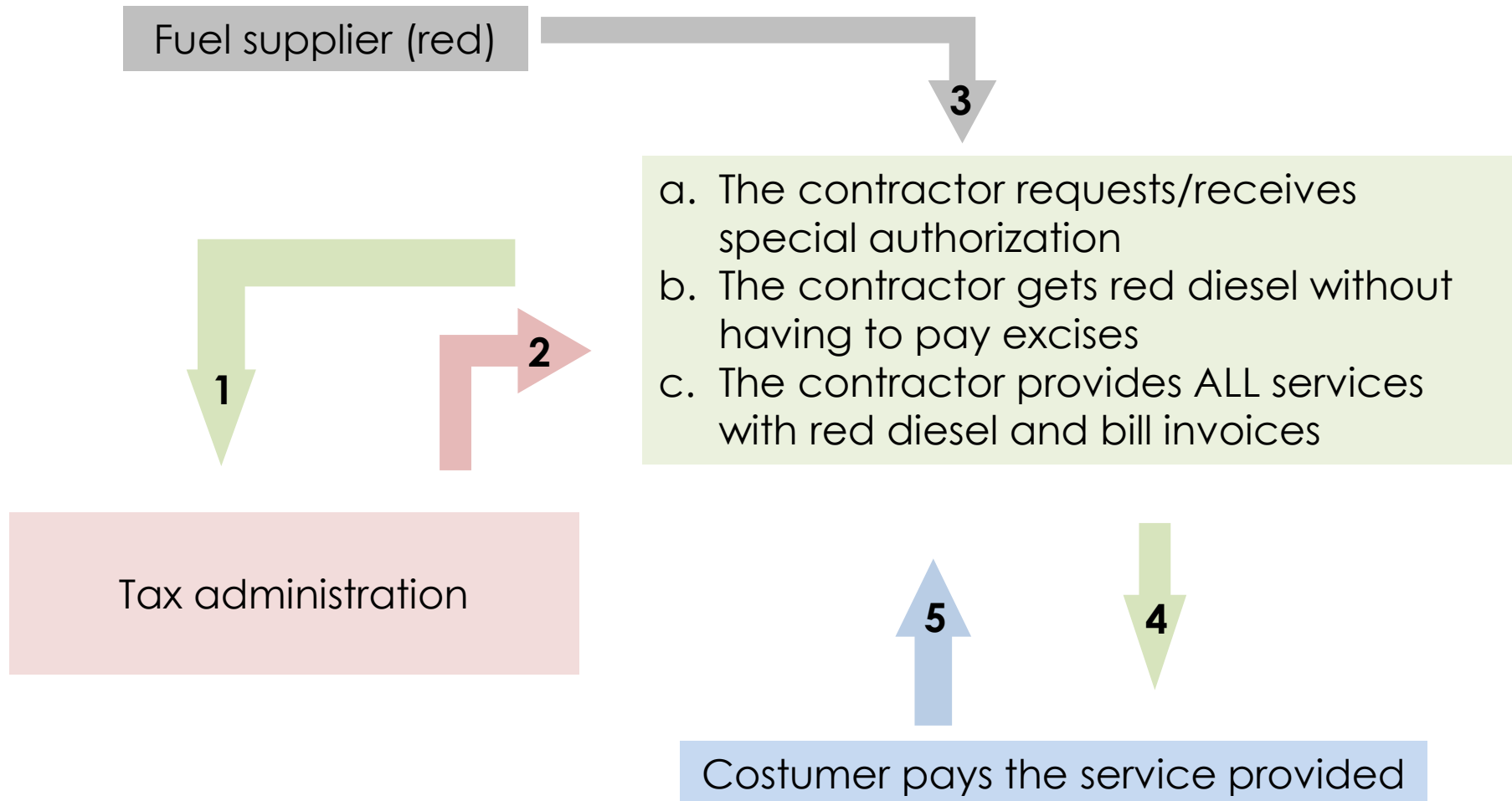


# THE NETHERLANDS: a single type of fuel for all activities

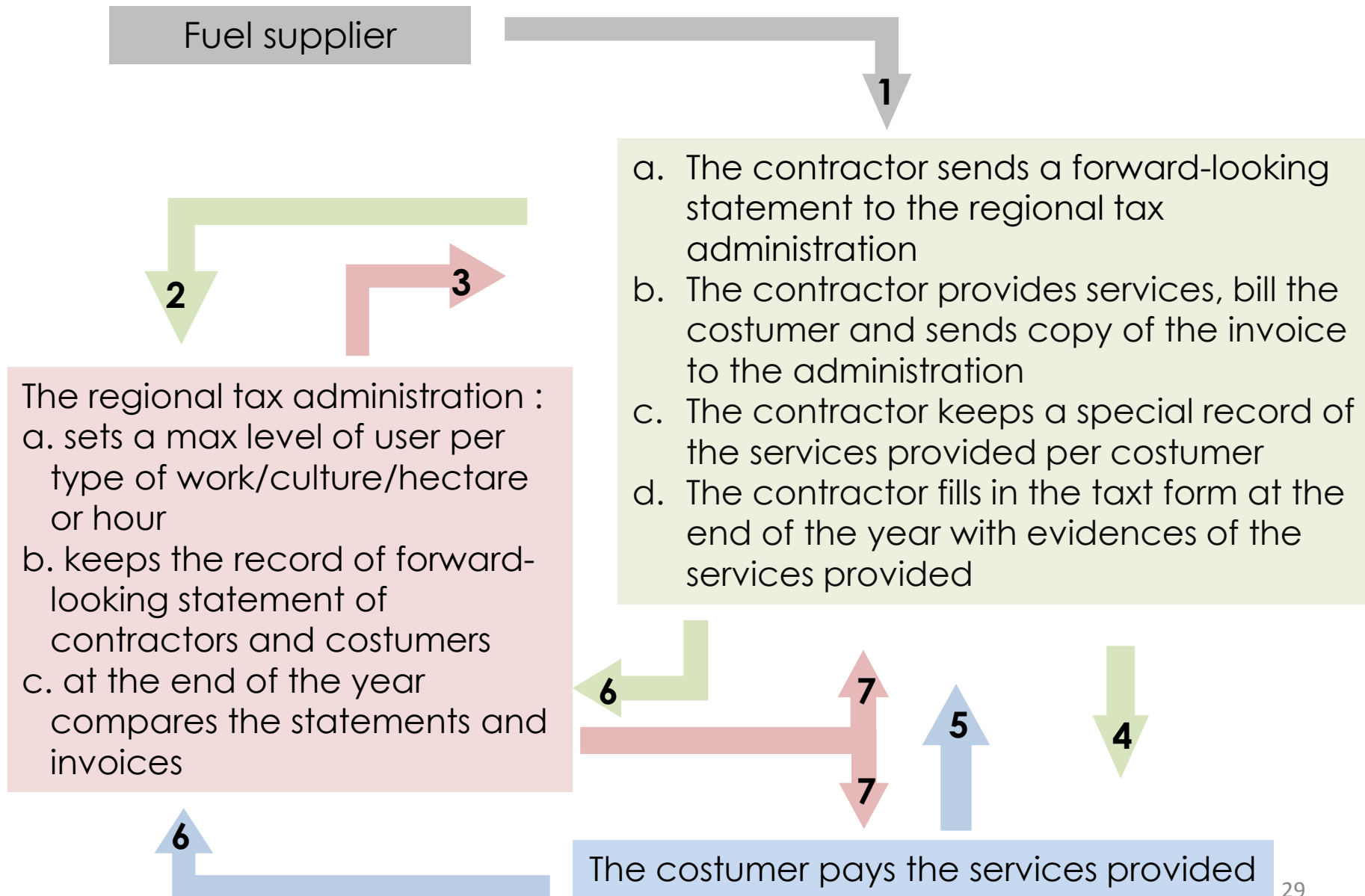
(since 01/01/2013)



# BELGIUM: Very different administrative burdens



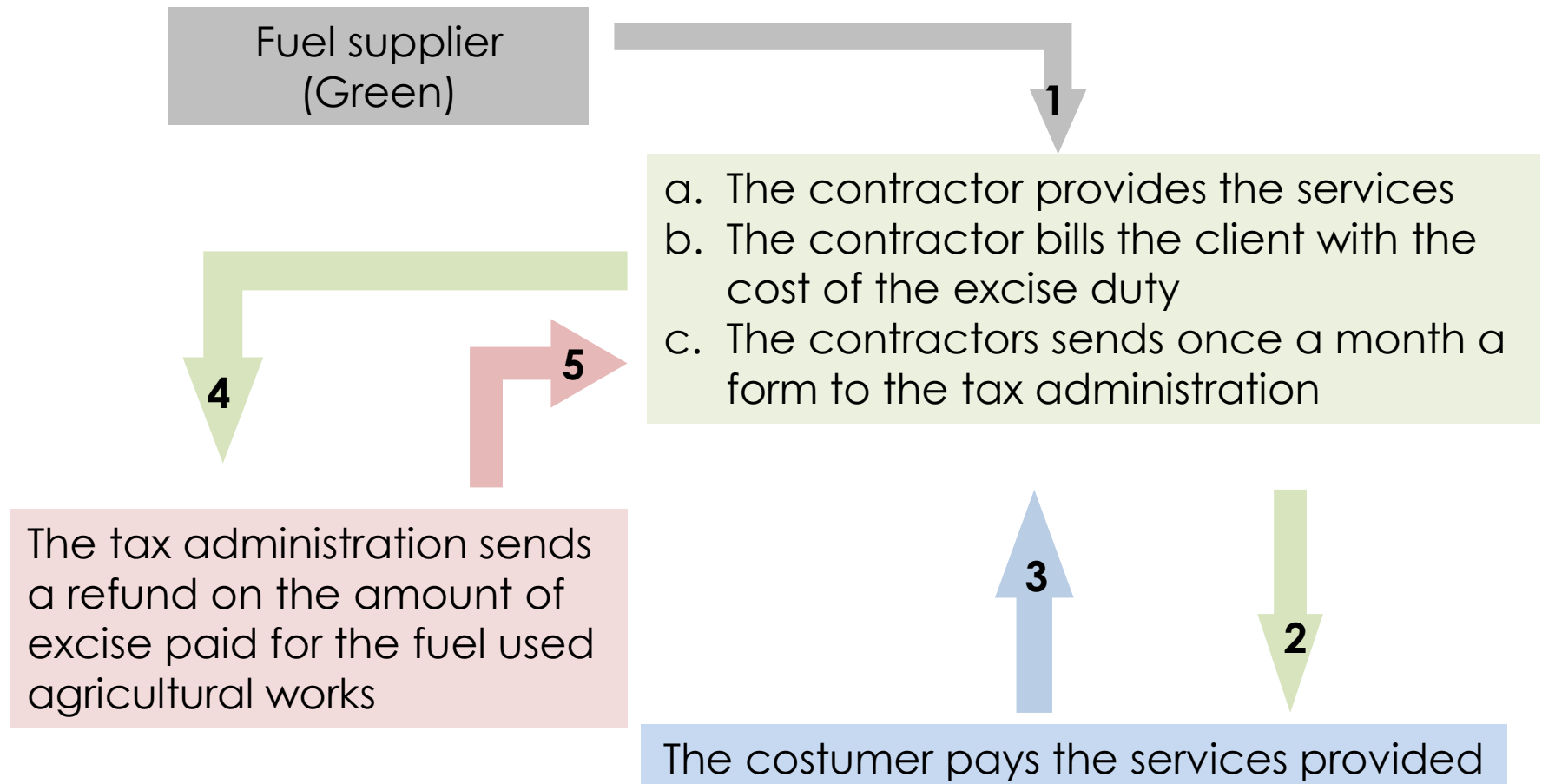
# ITALY: 3 types of fuels and heavy administrative burdens



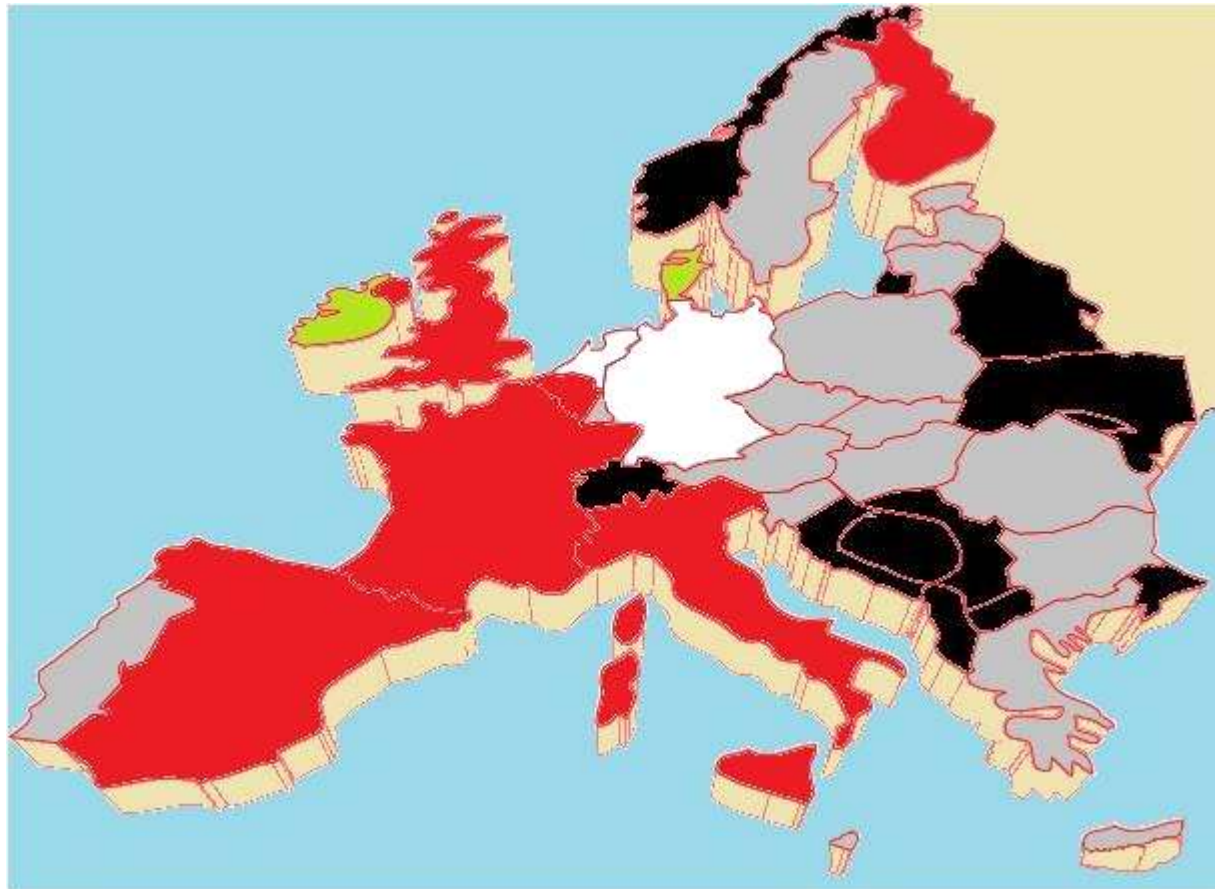


# DENMARK: two fuels and flexibility thanks to turnover

Two types of fuel used: agricultural work (green) and rural work (white)



# TYPOLOGY OF FUELS: RED AND WHITE DIESEL IN THE EU



# National rules are too complex and problematic for the companies

Fuel use by type of activity: national practices

<i>Type of fuel</i>	France	Germany	Belgium	The Netherlands	Italy	Denmark
agriculture	X Red		X Red		X Red	X Green
transports travaux ruraux	X White		X Red		X White	X White
Single type of fuel (white)		X		X		



