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MAKING ENERGY TAXATION GREENER

Taxation can help reach climate and environment objectives by encouraging a switch to cleaner energy and greener industry.

The EU's energy taxation framework was last updated in 2003. It is out of step with the Green Deal and poses problems for the EU's Internal Market.

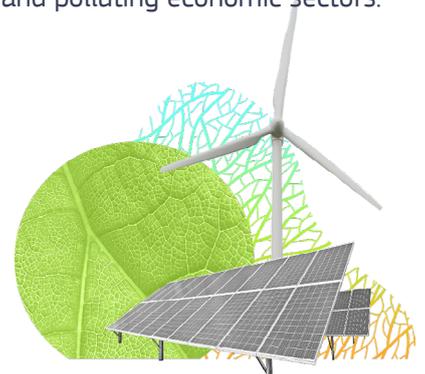
We need to steer the transition away from fossil fuels towards cleaner energy and more environmentally friendly consumer choices.

The EU's Energy Taxation Directive sets out rules and minimum excise duty rates for the taxation of energy products and electricity used as motor fuel and heating fuel.



Revised minimum rates for fuels will ensure that they are taxed according to their energy content and environmental impact, and address tax exemptions that favour certain fossil fuels and polluting economic sectors.

The right price signals for energy products will reinforce green innovation and support investment in sustainable, clean energy.



THE COMMISSION'S PROPOSALS WILL ENCOURAGE A SWITCH TO CLEANER ENERGY, SUSTAINABLE INDUSTRY AND GREENER HABITS

Key measures included under the review:



Fuels will start being taxed according to their energy content and environmental performance rather than their volume. In this way, we ensure that the environmental impact of individual fuels is better reflected, helping businesses and consumers alike to make cleaner, more climate-friendly choices.

The way in which energy products are categorised for taxation purposes is simplified to ensure that fuels most harmful to the environment are taxed the most. Products covered by the Directive are grouped and ranked according to their environmental performance. Fuels that have the most negative impact on the environment will be subject to higher minimum rates.



Exemptions for certain products and home heating will be phased out, so that fossil fuels can no longer be taxed below minimum rates. Member States will be able to support vulnerable households and protect against energy poverty.

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 – a crucial measure given the role of these sectors in energy consumption and pollution.



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