

*VNO-NCW and MKB-Nederland contribution to the Public consultation on the revision of the Energy Taxation Directive (ETD)*

This paper presents a framework for such an analysis based on seven principles/conditions that are key from a business perspective. The analysis performed on the basis of this framework will enable policy makers to explore the answers to the above-mentioned questions and contribute to sound policymaking. Given the nature of the analysis, it is important to involve the relevant stakeholders into the assessment process as soon as possible, especially taxpayers. For environmental taxation, taxpayers are often responsible for the collection as well as bear the burden. Unilateral introductions of new rules without prior consultation on content and collection approach should certainly be avoided, as should retroactive applications. The conducted impact assessments should accompany an eventual legislative proposal in order to allow for a well-founded consideration.

The impact of any proposal contributing to greening the tax system should therefore be assessed for the following conditions:

1. A scheme should both be efficient and effective compared to other policy instruments in terms of achieving environmental objectives and should be in coherence with the existing policies;
2. Ultimately, the scheme should not lead to an increasing burden. The objective is to come to an optimal tax mix;
3. The scheme should safeguard (where possible even strengthen) the competitive position of a country and its businesses;
4. It should contribute to a stable and attractive investment climate; especially when it comes to investments that will have a positive environmental effect;
5. The scheme should be technology-neutral - the goal should be to achieving environmental (policy) objectives, not focus on introducing the instrument itself;
6. It should be possible to execute the scheme with a minimal administrative burden and the administrative burden should be proportionate to the environmental gains;
7. The scheme should be evaluated periodically. Preferably the potential adjustments should be included in the original legislation for optimal predictability (e.g. indicating under what conditions a tax will reduce or fade out).