



OCTOBER 2020

**UIPI ANSWER TO THE CONSULTATION
FOR THE REVISION OF THE DIRECTIVE
2003/96/EC ON ENERGY TAXATION**



As part of its broader Green Deal platform, the European Commission has listed the revision of the Energy Taxation Directive as one of its key objectives and priorities. It is believed that a revision of the ETD can lead to a better alignment of taxation on energy products and electricity, and thus better overall EU energy and climate policies, helping the achievement of a more sustainable and energy efficient Union.

Along with other sectors, property owners, be they owner-occupiers or individual/professional landlords, will contribute to this energy transition. As key stakeholders in the housing and real estate sectors, we value the possibility of having our members' propositions and concerns reflected in the upcoming revision of the Energy Taxation Directive (ETD).

In UIPI's view:

➔ A gradual shift from unanimity to qualified majority voting within the Council in the field of taxation should be avoided

- Since the beginning of the European integration, legislation in the field of taxation and fiscal policy have been linked to national sovereignty, as Member States have preferred the decision-making on the EU level to be based on unanimity in the Council. We believe that this should continue to be the case, as Member States have not demonstrated the will of changing the current situation. **In this sense, taxation and fiscal policy, whether they are considered in general terms or in relation to environmental purposes, should maintain their current legal basis, which provides for the use of unanimity voting within the Council (article 113 TFEU). Therefore, a gradual shift from unanimity to qualified majority voting in the field of taxation should be avoided.**

➔ Member States should be permitted a great deal of free choice in their assessment of tax measures

- The energy situation in the different Member States presents a complex mix in terms of legislation, local conditions, local needs and climate features. **Therefore, the Energy Taxation Directive should allow the Member States sufficient room for manoeuvre in order to set up their own individual mechanisms to deal with the costs of burning fossil fuels.** Even though the danger of altering the internal market must be prevented, **the Member States should be permitted a great deal of free choice in their assessment of tax measures, in compliance with the division of competence and the principle of subsidiarity.**

➔ It is important to keep the current possibility to differentiate between tax levels for industry and other sectors

- The new directive should also ensure **greater legal certainty for companies.** The Commission should ensure that any energy tax reductions or exemptions allowed by the ETD is automatically considered in line with state aid rules and fall under the General Block Exemption Regulation. In particular, sectoral differentiation of tax levels is an important



possibility for Member States to optimize their policy framework to efficiently reach their desired targets. Therefore, **the current possibility to differentiate between tax levels for industry and other sectors is important to keep**. Such national differentiation should not be regarded as subsidies, since its purpose is to keep a level playing field between competing sectors within the EU.

➔ Total or partial exemptions or reductions in the level of taxation of renewable energy sources must not be overcome by administrative burdens

- The subjects who can claim for an exemption can be faced with significant administrative burden as a result of the requirement stipulated by Art. 15, as “Member States may apply **under fiscal control** total or partial exemptions or reductions in the level of taxation”. This has often led to excessive requirements by tax authorities, **while measures such as exempting to tax environmentally friendly sources of energy should be permitted without burdens in the framework of the ambitions to reduce the use of fossil fuels**.

➔ NO to the increase of today's minimum tax rates for electricity
➔ YES to the exemption of biofuels and alternative fuels from energy and carbon taxation

- It is clear that clean production (fossil fuels free) of electricity for our buildings is a key enabler for decarbonisation. **Minimum tax rates for electricity must therefore not increase from today's levels. A fortiori, an efficient way to promote decarbonisation and the use of biofuels and alternative fuels such as hydrogen, electro fuels and synthetic fuels is to exempt them from energy and carbon taxation.**

➔ The boost to promote renewable self-consumers, renewable energy communities and district heating and cooling systems should not be hampered by the revision of the ETD

- The energy taxation directive **should not hinder the goals of the Directive 2018/2001** on the promotion of the use of energy from renewable sources (RED). In particular, the boost to **promote renewable self-consumers, renewable energy communities and district heating and cooling systems** (article 21 et seq. RED) should not be hampered by the revision of the ETD.

➔ References to social justice should be excluded from the ETD

- Even though we understand concerns regarding the potentially significant impact of a revision of the ETD on lower-income households, **we do not believe that including references to social justice in a directive focusing on taxation is a relevant and optimal solution**. While some of the measures proposed in the questionnaire may alleviate this issue, **we believe that Member States are best placed to address these concerns at the national level**.





International Union of Property Owners (UIPI)

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The International Union of Property Owners (UIPI), the largest pan-European non-profit association of both homeowners and private landlords. UIPI comprises 30 organisations from 28 countries which, jointly, represent more than 5 million private property owners and around 25 million dwellings all over Europe.

The interests of the sector we represent correspond to the concerns and needs of a substantial part of the European population. As shown by Eurostat, almost the 70% of EU citizens are owner-occupiers, whereas almost another 20% of the population is housed in the private rented sector.

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