

A common and clear EU-wide energy taxation framework is necessary both for the transition towards climate neutrality and for the smooth functioning of the EU energy market. Such taxation instrument should take into account that companies need a stable and clear policy environment to be able to make long-term investment decisions. This is particularly relevant in the development of and investment in a low-carbon economy. Both the European Commission and the Member States need to commit to a long-term policy framework with realistic objectives, and simple and clear rules to provide this stable environment. We encourage the European Commission to ensure that the ETD remains effective and operational, without hampering competitiveness for business while meeting wider pre-defined climate policy objectives.

At the heart of the revised ETD should prevail the interest for appropriate and technology agnostic shaping of the energy market when heading towards climate neutrality by 2050. Any temptation of Member States to maximize their tax revenues should be secondary in this case. Instead, this tool has an unrealized potential in safeguarding the smooth functioning of the internal market, when unbalanced minimum tax rates together with the lacking sufficient level of harmonization between Member States create a high risk of distortions in the EU internal market functioning. Hence, justification for any existing and/or future exemptions and reductions should be carefully reviewed and accepted only in well-grounded cases (in particular in the case of industry sectors with high carbon leakage risk, where any potential removal of such exemptions should be gradual and harmonized). Beyond these market observations, the revised ETD should take into account the objectives expressed by the European Green Deal. The policy-maker should, however, avoid the risk of double taxation of energy, where there should be no tax to greenhouse gas emissions already subject to the carbon price within the EU ETS.

With regard to the voting procedure on ETD revision, the unanimity vote should be retained when deciding on energy taxes, instead of applying the rule on the qualified majority vote in the Council according to Art. 192 TFEU. It is hardly acceptable if the proclaimed goals would be achieved without existing consensus and sustained dedication of all Member States. Indeed, taxation as such is a key fiscal pillar for the Member States. Energy taxes enable the States to manage their tax revenues, as well as to shape the market structure and its functioning (including the energy market) by taking the local/national specificities into account. In particular, energy taxes are a powerful tool for affecting the national energy mix of the given Member State. Imposing reviewed taxation rules on the Member State without its previous (unanimous) consent to such rules might adversely affect its national economy and impose an intolerable burden for its energy sector, as such imposition may disregard from the real needs and specificities of the respective Member State.