



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 26.04.2000
COM(2000) 251 final

Proposal for a

COUNCIL DECISION

authorising the United Kingdom to apply a reduced rate of excise duty to certain mineral oils, when used for specific purposes, in accordance with the procedure provided for in Article 8(4) of Directive 92/81/EEC

(presented by the Commission)

EXPLANATORY MEMORANDUM

Under Article 8(4) of Council Directive 92/81/EEC on the harmonisation of the structures of excise duties on mineral oils¹, the Council, acting unanimously on a proposal from the Commission, may authorise any Member State to introduce exemptions from, or reductions in, excise duties on grounds of specific policy considerations.

The United Kingdom authorities have informed the Commission that they wish to exempt from excise duty the water content of water/diesel emulsion (a substitute for diesel) from 1 September 2000.

Current United Kingdom legislation and Article 2(3) of Directive 92/81/EEC make the water content of this fuel taxable as a fuel additive. The water content in water/diesel emulsion is not used as a fuel but aids fuel combustion, which allows the combustion temperature to be lowered and slows the formation of nitrogen oxide. The United Kingdom wishes to exempt the water content from duty.

The United Kingdom therefore requests authorisation to exempt the relevant water content of water/diesel emulsions from excise duty from 1 September 2000 to 31 December 2002. The specific policy consideration is to ensure fair and equitable charging and to encourage the use of a more environmentally friendly fuel. All rates will respect the minimum level set out in Directive 92/82/EEC².

In accordance with Directive 92/81/EEC, the other Member States have been informed of this request.

Directive 92/81/EEC provides for the Commission to review such exemptions and reductions periodically. If the Commission considers that they may no longer be applied because they distort competition or the operation of the internal market or are incompatible with Community policy on protection of the environment, it is to present appropriate proposals to the Council.

In any event, on the basis of a proposal from the Commission, this derogation must be reviewed no later than 31 December 2002 when the authorisation granted by this Decision expires. The Council will review the situation on the basis of a Commission Proposal and decide whether the authorisation granted under Article 1 of this Decision should be withdrawn, modified or confirmed.

¹ OJ L 316, 31.10.92, p. 12, Directive as last amended by Directive 94/74/EC (OJ L 365, 31.12.94, p. 46).

² OJ L 316, 31.10.92, p. 19, Directive as last amended by Directive 94/74/EC (OJ L 365, 31.12.94, p. 46).

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council directive 92/81/EEC of 19 October 1992 on the harmonisation of the structures of excise duties on mineral oils³, and in particular Article 8(4) thereof,

Having regard to the proposal from the Commission⁴,

Whereas:

- (1) Pursuant to Article 8(4) of Directive 92/81/EEC, the Council, acting unanimously on a proposal from the Commission may authorise any Member State to introduce exemptions or reductions in the excise duty charged on mineral oils for specific policy considerations.
- (2) The United Kingdom authorities have informed the Commission that they wish to exempt the water content of water/diesel emulsion (a substitute for diesel) from excise duty from 1 September 2000.
- (3) Current United Kingdom legislation and Article 2(3) of Directive 92/81/EEC make the water content of this fuel taxable as a fuel additive. The water content in water/diesel emulsion is not used as a fuel but aids fuel combustion, which allows the combustion temperature to be lowered and slows the formation of nitrogen oxide. The United Kingdom wishes to exempt the water content from duty.
- (4) The other Member States have been informed thereof.
- (5) The Commission and all the Member States accept that the application of an exemption from excise duty of the water content of water/diesel emulsions will not give rise to distortions of competition or hinder the operation of the internal market.
- (6) This decision does not prejudice the outcome of any state aid procedures that may be undertaken in accordance with Articles 87 and 88 of the Treaty.

³ OJ L 316, 31.10.92, p. 12, Directive as last amended by Directive 94/74/EC (OJ L 365, 31.12.94, p. 46).

⁴ OJ L

- (7) The Commission regularly reviews reductions and exemptions to check that they do not distort competition or the operation of the internal market or are incompatible with Community policy on protection of the environment.
- (8) The United Kingdom has requested authorisation to exempt the water content of water/diesel emulsions from excise duty from 1 September 2000 to 31 December 2002.
- (9) The Council will review this decision on the basis of a proposal from the Commission no later than 31 December 2002 when the authorisation granted by this decision expires.

HAS ADOPTED THIS DECISION:

Article 1

In accordance with Article 8(4) of Council Directive 92/81/EEC, the United Kingdom is authorised to exempt the water content of water/diesel emulsions from excise duty from 1 September 2000 until 31 December 2002 provided that this exemption is in accordance with the obligations laid down in Council Directive 92/82/EEC of 19 October 1992 on the approximation of the rates of excise duties on mineral oils⁵, and in particular the minimum rates of excise duty provided for in Article 5 thereof.

Article 2

This Decision is addressed to the United Kingdom.

Done at Brussels,

*For the Council
The President*

⁵ OJ L 316, 31.10.92, p. 19, Directive as last amended by Directive 94/74/EC (OJ L 365, 31.12.94, p. 46).