

to farmers applying agricultural production practices that are particularly favourable towards the environment. These include measures that are intended to reduce pesticide and fertiliser presence, used crops for the protection of flora and fauna more widely and withdraw land from production in order to create reserved sectors which may help to improve the protection of the environment, more particularly in the province of Valencia referred to by the Honourable Member.

(2001/C 187 E/101)

**WRITTEN QUESTION E-3968/00**

**by Malcolm Harbour (PPE-DE) to the Commission**

(20 December 2000)

*Subject:* Fiscal incentives for energy-efficient cars

A new generation of environmentally friendly vehicles using hybrid technologies is now becoming commercially available. Can the Commission confirm that Member States are free to apply lower VAT rates or offer other fiscal incentives to encourage consumers to buy these vehicles, given their initially higher cost than conventional cars?

**Answer given by Mr Bolkestein on behalf of the Commission**

(20 February 2001)

VAT law does not currently allow a reduced rate to be applied to such vehicles. Reduced rates are confined to goods specifically mentioned in the Directive, which do not include the vehicles in question. However, the new VAT strategy does hold out the possibility, in the medium term, of reviewing and rationalising the rules and derogations applying to the definition of reduced rates<sup>(1)</sup>. Particular attention will be given to the use of reduced VAT rates in pursuit of various Community policies (e.g. to help protect the environment, promote employment, etc.).

Some Member States do offer tax incentives, in the form of lower registration or road taxes, for the new generation of environmentally friendly vehicles. Such national rules obviously have to comply with the EC Treaty, and in particular the principle of non-discrimination. Community law governing the emission requirements for different types of motor vehicles (passenger cars, heavy duty vehicles) specifies the conditions under which Member States can grant fiscal incentives to more environmentally advanced vehicles and to vehicles which comply in advance with future mandatory emission standards<sup>(2)</sup>. Directive 1999/96/EC also introduces the concept of 'enhanced environmentally friendly vehicles' (EEVs), in order to promote technologies which go beyond future mandatory standards. The Commission is currently investigating the possibility of either extending the scope of the EEV scheme or of developing a similar EEV scheme to cover passenger cars.

The Commission is aware of the importance of the issue and will therefore be presenting a communication later this year on motor vehicle taxation in the Community to start a debate on what can be done at national and Community level, taking account of the Community's commitments and objective in different fields, among them the environment.

<sup>(1)</sup> COM(2000) 348 final (unpublished but available at: [http://europa.eu.int/comm/taxation\\_customs/publications/official\\_doc/com/taxation/com.htm](http://europa.eu.int/comm/taxation_customs/publications/official_doc/com/taxation/com.htm)).

<sup>(2)</sup> Directive 98/69/EC of the Parliament and of the Council of 13 October 1998 relating to measures to be taken against air pollution by emissions from motor vehicles and amending Council Directive 70/220/EEC (OJ L 350, 28.12.1998); Directive 1999/96/EC of the Parliament and of the Council of 13 December 1999 on the approximation of the laws of the Member States relating to measures to be taken against the emission of gaseous and particulate pollutants from compression ignition engines for use in vehicles, and the emission of gaseous pollutants from positive ignition engines fuelled with natural gas or liquefied petroleum gas for use in vehicles and amending Council Directive 88/77/EEC (OJ L 44, 16.2.2000).