

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(90) 540 final

Brussels, 8 February 1991

Modification of the  
Proposal for a  
COUNCIL DIRECTIVE  
on the charging of transport infrastructure  
costs to heavy goods vehicles  
(COM(87) 716 final)

(presented by the Commission on the basis of  
Article 149, § 3 of the EC Treaty)

EXPLANATORY MEMORANDUM

1. Introduction

This proposal and the Annexes thereto, modify the proposal of 8 January 1988 for a Council Directive on the Charging of Road Infrastructure Costs to heavy goods vehicles<sup>(1)</sup>. The purpose of that proposal was to enable the Council to translate into legal form the measures necessary for the elimination of distortions in competition which result from differences in the allocation of infrastructure costs. The existence of those differences was demonstrated by the Commission in December 1986 in the report to the Council on vehicle taxes, excise duties on motor fuel and road tolls<sup>(2)</sup>.

Although the European Parliament (see at the end of paragraph 2) and the Economic and Social Committee gave favourable opinions, no progress was made during the discussions at the Council.

In the light of this situation and following a letter addressed by Commissioner K. van Miert to Mr Brennan on 13 February 1990 the Council decided during its meeting of 18 June 1990, to set up a High Level Group of Fiscal and Transport Experts which had to prepare its conclusions with a view to the Transport Council of 30 October 1990.

Although it proved to be extremely difficult for this Group to arrive at common conclusions it appears that there is a trend for dealing with the 3 elements (vehicle taxes, diesel excise and motorway tolls) simultaneously, with the harmonisation of diesel excise at a relatively high level, whilst considering the levying of vehicle taxes and of motorway tolls as two viable alternatives which are interlinked.

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(1) COM(87) 716 final.

(2) COM (86) 750 final.

Taking into account the conclusions of the Transport Ministers on this subject at their session of 30 October 1990, the Commission is i.a. proposing now, by its amendment to its proposal of January 1988, the introduction of common minimum vehicle tax rates, as explained in following paragraphs of this explanatory memorandum, for the period from 1 January 1992 till 31 December 1994 on a provisional basis and for the period after 1 January 1995 on the basis of more sophisticated data.(3)

2. Tax elements to be harmonised

In the context of excises the Commission has made a proposal that the rates of excises should be harmonised for each category of product. For diesel, the Commission proposed a rate band of 195-205 ECU/100 litres in its general proposal about excise rates on mineral oils of 1989. These rates are subject to a regular procedure of review. This procedure must allow to take into account, in particular, certain sectorial policies, as transport policy, environment policy, energy policy. The Commission is ready to examine the suggestions aiming at an amendment of the band rate proposed in the autumn of 1989 for the excise duties on diesel.

In document COM(86) 750 the Commission came to the conclusion that there are substantial differences between the vehicle taxation systems which in some cases amount to 5% of their costs. With harmonisation of diesel excises to a level of around 200 ECU/1000 l. those differences would be reduced around 3% of the exploitation cost of a typical vehicle. It is recalled that a certain number of Member States have already increased their initial level of excise on diesel.

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(3) As it was mentioned already in the proposal of 8 January 1988 for a Council Directive on the Charging of Road Infrastructure Costs to HGV, one of the objectives of the proposal is to realise also a reasonable harmonisation of infrastructure charging between the different modes of transport. Therefore the adaptation of infrastructure charging in all modes must be simultaneous.

Preliminary calculations made by the services of the Commission have indicated that to arrive at a reasonable coverage of the average variable road infrastructure costs for heavy goods vehicles or vehicle combinations, a diesel excise higher than the one at present proposed by the Commission would be needed.

On the other hand it is evident that for the larger vehicles or vehicle combinations, and in the first place for those vehicles which are typically used in the international transport of goods (40 t), the road infrastructure cost coverage is not sufficient and needs to be complemented by other forms of taxation or charging.

From a national point of view it is indifferent whether a Member State decides to cover the remaining road infrastructure costs in the form of national vehicle taxes alone or by charging a combination of somewhat lower vehicle taxes with motorway tolls for specific parts of the road network. Problems arise in the context of intra-Community border-crossing transport operations, whereby in some cases hauliers from Member States without tolls drive on toll motorways in other Member States: since they have to pay higher vehicle taxes in the Member States of registration of their vehicles, they would be discriminated against hauliers from Member States with tolls, because they undergo a higher burden when driving on toll motorways, due to the accumulated effect of a higher vehicle tax and the territorial charges paid.

The purpose is not to encourage the use of toll-motorways, but to take into account an existing situation.

On the basis of all these considerations a solution for toll roads has been worked out in the context of the principle of territoriality, and which incorporates toll motorways in a nondiscriminatory way as well as reducing to a strict minimum the administrative procedures. This also takes into account most of the amendments made by the European Parliament: that arrangements should be made to avoid double charging as a result of tolls, that there is no discrimination between national and non-national transport undertakings, that no border obstacles occur and that excessive bureaucracy is prevented.

3. Routes to a Community-wide vehicle taxation system

Previous proposals

Efforts to find a suitable solution for the problem of vehicle taxation date back many years. Already in the 1960s discussions and studies on the charging for the use of infrastructure took place on a large scale. In 1968 the Commission made a proposal on the taxation systems for commercial vehicles<sup>(4)</sup>. It aimed at harmonising tax structures and covering at least the marginal cost of the use of infrastructure. Toll motorways were not included into the harmonisation process.

Although in June 1978 the Council agreed in principle to the draft Directive, it was never formally adopted.

In January 1988 a new proposal on the Charging of Road Infrastructure Costs to Heavy Goods Vehicles was put forward, in which the principle of territoriality was introduced, though the details of its application were deferred to another proposal to follow. It is the purpose of the present modifications to update the January 1988 proposal in the light of the outcome of the discussions over the last two years and at the same time bring details about the practical implementation of the territoriality principle as stipulated in Article 10 of COM(87) 716 final.

The problem of motorway tolls

Tolls in their present form should be taken into account when fixing vehicle tax rates. It is the opinion of the Commission that a certain number of conditions must be met, inter alia, tolls charged should not discriminate between hauliers, should be in proportion to costs and should be collected in such a way as to reduce to a minimum the hindrances to the free flow of traffic.

However, for the smooth integration of motorway tolls in an harmonised system for road infrastructure cost charging, other requirements too should be met.

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(4) Proposal for a first Council Directive adopting national systems of taxation on commercial vehicles,  
OJ No C 95, 21.9.1968.

Whilst diesel excise duties, once harmonised within a small rate band, could be considered as neutral for the competition between different Community hauliers, the situation is far more complicated for vehicle taxes and motorway tolls.

#### The switch towards territoriality

As it appeared from the 1986 communication, practices in road haulage have changed as carriers from many Member States now drive more in other Member States as well as on toll motorways outside the Member State of registration of their vehicle. In the light of this trend the Commission came to the conclusion that the principle of nationality has become inadequate and that time has come to turn to territoriality as the principle to ensure that the taxes and charges reflect the cost of the road networks actually driven on by the carrier.

To that purpose Article 10 of COM(87) 716 final stipulated that in the system to be applied after 31 December 1992, "the principle of territoriality shall mean that the allocation of infrastructure costs shall be determined for each vehicle category on the basis of the use of the road infrastructure in the country of registration and the use of road infrastructure in the other Member States of the Community".

The philosophy behind it, at the time, was the idea to consider twelve different road networks each coinciding with the twelve national territories. Taxes and charges to be paid by the hauliers would then have to be calculated as a function of the intensity of use of the respective national road networks, whether directly in the form of motorway tolls or indirectly, ex-post, in the form of a vehicle tax calculated on the basis of the number of km driven in the territories of the respective Member States.

As it was mentioned already, the Commission is adjusting the approach because a certain number of Member States has expressed doubts about the practicability of such a system. The Commission, therefore, now considers the full application of the principle of territoriality in the field of road infrastructure cost charging as a longer-term objective. For its implementation a relatively long lead period would be needed and that would conflict with the urgency to find a rapid solution. However, to avoid the problem of "double charging" which would follow from the combined application of national vehicle taxes and territorial charges, the Commission has worked out a system whereby many of the elements of territoriality would be already approximately implemented.

#### Two road networks in the Community

A straightforward simplification is arrived at by looking at the different road networks from a Community point of view: on the one hand toll roads (in five Member States) and the rest of the road network on the other hand.

Application of the principle of territoriality to these two networks means that hauliers pay only for the road infrastructure costs which relate to the network they are effectively using:

- for toll motorways the application of Article 5 of this directive guarantees that the road infrastructure costs of these roads are reasonably covered
- for the other roads it is indicated to fix Community-wide vehicle taxation rates by category of vehicle, calculated in such a way as to cover that part of road infrastructure costs not covered by diesel excise, or part thereof.

The practical realisation of the allocation and charging/payment of road infrastructure costs in a solution worked out on the basis of better knowledge of data should take place as follows:

- In a first step the Commission should calculate the average variable and fixed road infrastructure costs by category of vehicle on the basis of data transmitted by the Member States;
- Secondly, the Commission should determine a single vehicle tax rate for each vehicle category, by taking into account the following elements:
  - . road infrastructure costs by type of vehicle
  - . an estimate of the annual diesel consumption by type of vehicle
  - . fixing of vehicle tax rates for each category of vehicle equal to a certain percentage of the road infrastructure costs not covered by diesel excise; this rate shall represent the minimum rate which should obligatorily be applied
- To avoid double taxation, resulting from the simultaneous payment of vehicle taxes and motorway tolls, a proportional refund of vehicle taxes must be given for the number of km driven on toll-motorways. The method of reimbursement had to be kept as simple as possible to avoid an administrative overburden. With effect from the entry into force of this Directive, the proof of payment of motorway tolls shall indicate the number of km driven on these roads. Proportional to the number of km driven on toll motorways, national vehicle taxes may be reimbursed to the hauliers. To obtain such a refund the hauliers would have to introduce, periodically, a demand with the national authorities of the Member State of registration of the vehicle where the annual vehicle tax has been paid.



4. An interim solution

With a view to the urgency of the request to the Commission to come with an appropriate modification of the proposal on the Charging of Road Infrastructure Costs to Heavy Goods Vehicles (COM(87) 716 final), and which should be implemented as soon as possible, the Commission came to the conclusion that the vast majority of Member States is not in a position to let it have the basic data on road infrastructure costs which would be needed for the calculation and allocation of these costs by vehicle category. However, any final road charging system needs to be reasonably accurate, and it is for that reason that the Commission is proposing that the ultimate goal should be the system described in paragraph 5 below, based on a more precise knowledge of the different cost-categories and cost-parameters concerned.

In the light of the request formulated by the Council and fully concerned about its responsibility in this matter, the Commission has prepared a simplified scheme to be applied during an interim period starting on 1 January 1992 and ending on 31 December 1994. The more sophisticated final system will then start with effect from 1 January 1995. The starting date for the interim solution has been chosen for the following reasons:

- it prepares the beginning of the Single Market and the full liberalisation of road haulage between Member States
- it already realises some harmonisation before the application of a harmonised rate for excise duty on fuel which is a calculation element for the vehicle tax
- it takes account of the time needed by Member States to change the structure of their vehicle tax as required.

The philosophy and the functioning of this interim solution would be along the same lines as the final system, but instead of being based on road cost figures submitted by all Member States, the services of the Commission have worked out minimum vehicle taxation rates, which although above the existing Community averages, are significantly below the rates which would have resulted from the effective road cost figures for each vehicle category on the basis of the calculations proposed for the post 31 December 1994 period.

Failing complete information on road infrastructure costs for the entire territory of the Community, the Commission is of the opinion that the risk of charging taxes which are in excess of effective road costs, should be avoided in any case. The rates proposed by the Commission represent minima, and it is left to the appreciation of individual Member States whether it is opportune to charge their hauliers on the basis of rates above these minima.

5. A step-by-step approach

To implement a system of minimum vehicle taxes, several conditions should be fulfilled, either because they have a strong influence on the level of the vehicle taxes, or because there exist technical prerequisites for the introduction of a Community-wide harmonisation of national vehicle taxes.

- a. In the first place it is necessary that all Member States fully harmonise the structure of their vehicle taxes. The preferred system is based on the maximum permissible gross laden weight of the vehicle or vehicle combination. A certain number of vehicle and vehicle-combination categories is introduced, based not only on the maximum permissible gross laden weight, but also on the axle configuration. This concept of vehicle classification makes it possible to relate the characteristics of the vehicle concerned, with the road infrastructure costs which it is causing.

The majority of Member States have divergent systems of vehicle taxation: even those who have systems following the maximum permissible gross laden weight concept, show important differences as far as the vehicle or vehicle combination characteristics are concerned.

With a view to those differences Member States should be given sufficient time for converting their taxation systems. The Commission is of the opinion that with effect from 1 January 1992 the new tax structures should be effectively implemented in all the Member States.

- b. Secondly, for the proposed system of vehicle taxation to work properly, the harmonisation of diesel excise duties within a narrow rate band is a prerequisite.

This rate is calculated in such a way as to cover the average variable costs of road use (costs of maintenance, renewal and traffic control). Examining the different vehicle categories it appears that road infrastructure costs increase more than proportionally in comparison with diesel consumption. For the smaller vehicles, full coverage of total road infrastructure costs is realized by diesel excise alone. For the larger vehicles, however, even the variable costs are not fully covered. Moreover, the cost coverage is function of the number of axles and may differ from one vehicle to another, even if they have the same weight.

Consequently, the gap between diesel excise revenue and total road infrastructure costs has to be calculated for each category.

This proposal is based on the assumption that the diesel excise harmonisation will be adopted in due course.

- c. To calculate this gap accurately, data on non-toll roads will be needed from each Member State, specifying the total road infrastructure costs as well as their breakdown in several cost categories for each of the respective vehicle categories. Member States shall communicate this information, together with data on the average distances driven, to the Commission, not later than 31 December 1991. The Commission will calculate on the basis of this information the minimum vehicle taxes to be implemented for the different vehicle categories to be applied as from 1 January 1995 (see Annex 4).

The method of calculation, described in Annex 4 of the amendment of the proposal, has been elaborated so as to avoid the double imposition which would result from diesel excise duties paid on toll roads. As it was already explained, two different road networks are taken into account: on the one hand, toll motorways for which the tolls are used to cover infrastructure costs, and, on the other hand, non-toll roads for which infrastructure costs are covered from vehicle taxes and diesel excise duties.

Strictly speaking the excise duties paid on diesel when driving on toll motorways should be reimbursed on the same grounds as for the vehicle taxes.

For reasons of practicability such a solution cannot be envisaged. Therefore it is proposed that for each vehicle category a correction is made on the basis of the figures from the Member State whose vehicles are driving most intensively on toll motorways: in fixing the minimum vehicle tax rates for the respective categories of vehicles, the estimated revenue from diesel excise for the kilometres driven on toll motorways will be deducted. Those rates, as their name suggests, represent minima only, and each Member State may choose higher levels if it wants so, e.g. to obtain a better coverage of infrastructure costs if the Member State is of the opinion that a higher vehicle tax would not distort the competitive strength of hauliers.

- d. Also the internalisation of external costs (air pollution, noise, accidents, etc.) has to take place during the second phase since at this moment it is not possible to give accurate indications about the amounts to be charged. In the process of the gradual adjustment of the charging of road infrastructure costs, the Commission will also take into account the external costs<sup>(5)</sup>, variable as well as fixed, and propose adequate measures to include the payment of these costs in the diesel excise rates and the vehicle taxes.
- e. Every two years a revision of the minimum vehicle tax rates, calculated on the basis of data transmitted by the Member States, will take place. The Commission will then make the appropriate proposals.

These proposals will take account of the need to establish a gradual increase of the coverage of all road infrastructure costs. The total coverage should be reached not later than 31 December 1999.

On those occasions the Commission will also evaluate the proper functioning of the vehicle taxation system in general and if necessary, formulate new proposals to modify or to complement this Directive.

More in particular will the Commission determine, whether a move towards a more differentiated application of the principle of territoriality is indicated. In its judgement the Commission will be guided by possible deficiencies in the functioning of the system as well as by future technological developments.

- f. The European third countries maintain mostly rather different road taxation systems. Some of them apply to Community hauliers road user charges, whereas their hauliers are generally not subject to such charges when using the Member States' road network.

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(5) a correction of the formula used for the calculation of the vehicle taxes, taking into account motorway-tolls paid (Article 11), will have to be made on the same occasion to take into account those external costs which are not included in motorway-tolls.

With a view to the interests of Community hauliers, and to the free flow of transport across borders in general, it will appear, in some cases, necessary to negotiate agreements with these countries aiming at reducing the differences in taxation systems of the negotiating partners and to achieve the elimination of distortions of competition created by such differences.

6. Comments on the modified articles

Article 2

The modification limits the scope of application of the Directive as far as tax rates are concerned to the fixing of minimum vehicle tax rates for towing vehicles. The levels of taxation to which these towing vehicles will be submitted shall be determined by the maximum permissible gross laden weight of the largest combination in which the towing vehicle is to be used during the period of taxation.

Article 4

These modifications are technical adjustments only.

Article 5

The modification of the second paragraph aims at avoiding a situation whereby a Member State introduces a road toll on its entire network or on all its main roads, etc.

Article 6

To guarantee complete conformity between the tax structures of the different Member States, this article has been modified in such a sense as to impose an identical classification of all the vehicle categories concerned, according to their maximum permissible gross laden weight and their axle configurations.

Article 7

Paragraph 2 is removed as only towing vehicles would be taxed henceforth.

Article 8

The old paragraph 2 b is dropped because the proposed vehicle taxation system now foresees the partial reimbursement of vehicle taxes as an intrinsic part of the system.

Article 9

This Article gives in Annex 2, tables 1 to 3 the minimum vehicle tax rates for each category which will be applied during the provisional period starting from 1 January 1992 and ending at 31 December 1994. The rates have been calculated on the basis of average cost data estimated by the services of the Commission and on the basis of cost breakdown coefficients given in the documents issued by the United Kingdom Department of Transport (see methodology in Annex 2). Their levels are low enough to avoid overburdens in those Member States where vehicles drive most intensively on toll roads. The table of minimum vehicle rates takes into account that vehicles equipped with a drive axle with air suspension or an equivalent system cause less damage to the roads than it is the case for other suspension systems.

Article 10

This Article now describes the characteristics of the final taxation system which will apply from 1 January 1995. Member States are obliged to deliver certain data which relate to road infrastructure costs and the use of roads not later than 1 June 1992. The services of the Commission will use this information to calculate for each category of vehicle a minimum vehicle tax which should be implemented obligatory by each Member State. To allow the application of those minimum vehicle tax rates the Council shall take a decision not later than 31 December 1993. To that end the Commission shall submit its proposal before 1 March 1993.

This timing is based on the assumption that the present proposal will be adopted by the Council in the course of the year 1991 and takes account of the complexity of the work to be executed by the Member States and the Commission.

Article 10 § 8 also provides a staged approach which will lead in annual steps to tax rates providing the full coverage of infrastructure costs in a six years period leading up to the 31 December 1999.

The calculations will take into account an estimated figure for the amount of diesel excise duties paid by the different vehicle categories and will be based on the assumption that the vehicles drive only on non-toll motorways. As explained in paragraph 5 c above, excise duties on diesel consumed when driving on toll motorways shall be taken into account in establishing minimum vehicle taxes.

The Article also defines the monetary unit in which the vehicle taxes shall be expressed, and it indicates the steps to be taken if Member States omit to provide the requested data in good time.

Those Member States which do not deliver in good time the requested information will be excluded from the calculation and the minimum vehicle tax rate shall be calculated on the basis of information sent by other Member States only. The aim of this provision is to avoid that Member States block the application of this directive by not sending the requested data.

#### Article 11

This Article fixes the conditions following which a partial reimbursement of vehicle taxes could take place. This reimbursement is possible if vehicles have been driving on toll motorways. The amounts to be reimbursed are determined on the basis of the ratio between km driven on toll motorways and the total annual distance driven. For convenience the total annual distance driven is fixed at 100 000 km. For a vehicle which has driven 50 000 km on toll motorways during one year this would result in a reimbursement of 50% of the annual vehicle tax.

#### Article 12

This Article imposes the use of the concept of maximum permissible gross laden weight as the basis for taxation.

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Modification of the  
Proposal for a  
COUNCIL DIRECTIVE  
on the charging of transport infrastructure  
costs to heavy goods vehicles

(presented by the Commission on the basis of Article 149, § 3 of the  
EC Treaty)

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The proposal of the Commission of 8 January 1988 (doc. COM(87) 716  
final) is modified as follows:

1. The "whereas"-clauses are replaced by:

Whereas national vehicle taxation systems for the use or  
possession of heavy goods vehicles should be progressively  
adjusted; whereas this covers the structures of these taxes as  
well as their effective rate levels;

Whereas a harmonised structure of the tax systems, on the basis  
of their maximum permissible gross laden weights within  
categories classified according to the number and configuration  
of their axles is needed for the implementation of a Community-  
wide road cost allocation system without creating distortions of  
competition;

Whereas tax rates should be determined in such a way as to  
reflect the costs caused to the road infrastructures by these  
vehicles; whereas for this purpose the taxation on any vehicle,  
taking account of the excise on diesel fuel at its harmonised  
level should cover at least the traffic-related cost of using the  
infrastructure by that vehicle; whereas the net payment of  
vehicle taxes should reflect the payment of tolls for the use of  
certain road infrastructure in certain Member States;

Whereas it is advisable initially to limit the adjustment of national taxation systems to diesel-powered commercial vehicles of more than a certain threshold tonnage liable to be used for intra-Community transport of goods;

Whereas an accurate allocation of road infrastructure costs and external costs should ideally be based on relevant cost figures in each of the Member States; whereas, failing the general availability of such figures at this moment, a temporary system, based on minimum vehicle tax rates to be observed by all Member States, should be introduced;

Whereas the longer-run objective is the implementation for vehicle taxation purposes of a Community-wide system following the principle of territoriality;

Whereas a strict time schedule for the implementation of the different steps should be followed;

Whereas it is necessary for the Commission to negotiate agreements with third countries with a view to ensuring the proper functioning of the Community road taxation system, to reducing differences in the taxation systems of the parties concerned and to assuring the free flow of road transport.

2. Article 2(1), first paragraph, is replaced by the following:

"1. For the purpose of this Directive, "heavy goods vehicles" means rigid lorries, road trains and articulated vehicles, registered in a Member State or, if not registered, belonging to undertakings established in a Member State or to residents of a Member State or used, within a Member State by these undertakings or these residents provided that:

- their tractive power is provided by a diesel engine;
- they are used for the transport of goods by road;
- their maximum permissible gross laden weight is not less than 12 tonnes."

3. In Article 4, paragraph 3 is deleted and to paragraph 2 (b), is added : "tolls on bridges, tunnels and mountain passes".

4. Article 5, paragraph 2, is replaced by the following:

"2. For the purpose of this directive tolls shall be permitted only on specific motorways, or motorway networks or parts thereof.

"Motorway" means a road specially designed and built for motor traffic, which does not serve properties bordering on it, and which

(i) is provided, except at special points or temporarily, with separate carriageways for the two directions of traffic, separated from each other either by a dividing strip not intended for traffic or, exceptionally, by other means;

(ii) does not cross at level with any road, railway or tramway track, or footpath; and

(iii) is specially signposted as a motorway."

5. Article 6(2) is replaced by the following:

"2 Within each category or sub-category the basis of taxation shall be the maximum permissible gross laden weight of the heavy goods vehicles.

Differentiation of maximum permissible gross laden weight shall be implemented on the basis of the classification given in Annex 1."

6. Article 6(3) is deleted.
7. Article 7(2) is deleted.
8. Article 8(2)(b) is deleted.
9. Article 8(2)(c) becomes new paragraph 2 b.
10. Article 9 is replaced by the following:

"Article 9

Provisionally, the Member States shall apply the minimum vehicle taxation rates calculated following the method described in Annex 2. These will enter into force on 1 January 1992 and will be valid until 31 December 1994, date after which the rates established on the basis of Article 10 shall apply."

11. Article 10 is replaced by the following:

"Article 10

1. From 1 January 1995, Member States shall apply minimum vehicle tax rates established on the basis of the following paragraphs. The Council shall decide on those rates not later than 31 December 1993 on the basis of a proposal from the Commission put forward not later than 1 March 1993.
2. For each of the vehicle categories which are specified in Article 6, Member States shall communicate to the Commission the corresponding road infrastructure costs, following the scheme given in Annex 3, not later than 1 June 1992.
3. On the basis of the information on road infrastructure costs received from the Member States under paragraph 2, the Commission shall determine average road infrastructure costs for each of the respective vehicle categories.

4. Using the information submitted by Member States, the Commission will calculate minimum vehicle tax rates for each of the vehicle categories, by taking into account the level of road infrastructure costs obtained under paragraphs 2 and 3 after having subtracted foreseeable tax revenue from diesel excise duty for the different vehicle categories, following the method given in Annex 4.
  5. Vehicle tax rates shall be expressed in ECU.
  6. Member States not complying with the time limits for transmitting the information as described in paragraphs 1 and 2 shall not be included in the calculations. The Community road infrastructure costs and the resulting tax rates shall then be calculated on the basis of the information sent by the other Member States only.
  7. In so far as at least seven of the Member States would not be in a position to provide the Commission with the suitable data on road infrastructure costs of Annex 3, the Commission shall be authorized to increase at a maximum 10% annually the rates provided for in Article 9.
  8. The procedure set out in paragraphs 2 to 6 shall be repeated annually. On these occasions the Commission shall also be taken into account the need to establish a gradual increase of the coverage of road infrastructure costs so that at least total road infrastructure costs are covered, not later than 31 December 1999.
  9. The Council shall decide before 31 December 1993 on a proposal from the Commission on the procedure to be followed for the implementation of paragraph 8."
12. Article 11 is replaced by the following:

"Article 11

As from 1 January 1992, national authorities may reimburse vehicle taxes paid to them on the basis of the number of vehicle km driven on toll motorways in the Community. Reimbursement shall take place on a yearly basis by application of the following formula:

$$\frac{\text{vehicle km driven on toll motorways} \times \text{nominal annual vehicle tax}}{100\ 000}$$

13. Article 12 becomes Article 13.

14. A new Article 12 is inserted:

"Article 12

Member States shall implement the laws, regulations and administrative provisions necessary to comply with this Directive as from 1 January 1992. They shall immediately inform the Commission thereof.

When Member States adopt these provisions, these shall contain a reference to this Directive or shall be accompanied by such reference at the time of their official publication. The procedure for such reference shall be adopted by Member States.

Done at Brussels,

For the Council

Classification of vehicles

Goods vehicle subclass gvw (tonnes)

<u>Over</u>		<u>Not over</u>
	<b>Rigid</b>	
	<b>2 axles</b>	
7,5		12
12		13
13		14
14		15
15		18
	<b>3 axles</b>	
15		17
17		19
19		21
21		23
23		25
25*		26*
	<b>4 axles</b>	
23		25
25		27
27		29
29		31
31*		32*

\* Vehicles equipped with a drive axle with air suspension or an equivalent system.

Over

Not over

Combinations

	<b>2+1 axles</b>	
12		14
14		16
16		18
18		20
20		22
22		23
23		25
25		28
	<b>2+2 axles</b>	
23		25
25		26
26		28
28		29
29		31
31		33
33		36
36*		38*
	<b>2+3 axles</b>	
36		38
38		40
	<b>3+2 axles</b>	
36		38
38		40
40		44
	<b>3+3 axles</b>	
36		38
38		40
40		44

\* Vehicles equipped with a drive axle with air suspension or an equivalent system.



Table 1

Interim taxes to be applied  
from 1st January 1992 - 31 December 1992

Goods vehicle subclass - gwv (tonnes)

	<u>Rigid</u>		<u>Minimum Tax</u> (In ECU/year)
2 axles			
	12	13	71
	13	14	204
	14	15	286
	15	18	645
3 axles			
	15	17	127
	17	19	262
	19	21	339
	21	23	523
	23	25	814
	25*	26*	814
4 axles			
	23	25	343
	25	27	537
	27	29	853
	29	31	1267
	31*	32*	1267

\* Vehicles equipped with a drive axle with air suspension or an equivalent system.

Vehicles equipped with such suspension systems are taxed on the basis of the tariff which is applicable to the vehicle category immediately below it. For example, a vehicle with 3 axles and a maximum gross laden weight of 23 tonnes would be taxed at 339 ECU instead of 523 ECU.

Combinations      Minimum Tax  
(in ECU/year)

2+1 axles

12	14	0
14	16	0
16	18	32
18	20	76
20	22	175
22	23	229
23	25	414
25	28	723

2+2 axles

23	25	165
25	26	271
26	28	398
28	29	482
29	31	790
31	33	1097
33	36	1666
36*	38*	1666

2+3 axles

36	38	1216
38	40	1652

3+2 axles

36	38	1072
38	40	1481
40	44	2191

3+3 axles

36	38	532
38	40	791
40	44	1262

\* Vehicles equipped with a drive axle with air suspension or an equivalent system.

Vehicles equipped with such suspension systems are taxed on the basis of the tariff which is applicable to the vehicle category immediately below it. For example, a combination with 3 axles and a maximum gross laden weight of 23 tonnes would be taxed at 175 ECU instead of 229 ECU.

Table 2

Interim taxes to be applied  
from 1st January 1993 - 31 December 1993

Goods vehicle subclass - gvw (tonnes)

	<u>Rigid</u>	<u>Minimum Tax</u> (in ECU/year)
2 axles		
	12      13	94
	13      14	272
	14      15	382
	15      18	860
3 axles		
	15      17	169
	17      19	349
	19      21	452
	21      23	697
	23      25	1086
	25*     26*	1086
4 axles		
	23      25	457
	25      27	716
	27      29	1137
	29      31	1689
	31*     32*	1689

\* Vehicles equipped with a drive axle with air suspension or an equivalent system.

Vehicles equipped with such suspension systems are taxed on the basis of the tariff which is applicable to the vehicle category immediately below it. For example, a vehicle with 3 axles and a maximum gross laden weight of 23 tonnes would be taxed at 452 ECU instead of 697 ECU.

Combinations      Minimum Tax  
(in ECU/year)

2+1 axles

12	14	0
14	16	0
16	18	43
18	20	101
20	22	233
22	23	305
23	25	552
25	28	964

2+2 axles

23	25	220
25	26	361
26	28	531
28	29	643
29	31	1053
31	33	1463
33	36	2222
36*	38*	2222

2+3 axles

36	38	1622
38	40	2203

3+2 axles

36	38	1430
38	40	1974
40	44	2922

3+3 axles

36	38	709
38	40	1054
40	44	1683

\* Vehicles equipped with a drive axle with air suspension or an equivalent system.

Vehicles equipped with such suspension systems are taxed on the basis of the tariff which is applicable to the vehicle category immediately below it. For example, a combination with 3 axles and a maximum gross laden weight of 23 tonnes would be taxed at 233 ECU instead of 305 ECU.

Table 3

Interim taxes to be applied  
from 1st January 1994 - 31 December 1994

Goods vehicle subclass - gvw (tonnes)

	<u>Rigid</u>		<u>Minimum Tax</u> (in ECU/year)
<b>2 axles</b>			
	12	13	118
	13	14	340
	14	15	477
	15	18	1075
<b>3 axles</b>			
	15	17	211
	17	19	436
	19	21	565
	21	23	871
	23	25	1357
	25*	26*	1357
<b>4 axles</b>			
	23	25	571
	25	27	895
	27	29	1421
	29	31	2111
	31*	32*	2111

\* Vehicles equipped with a drive axle with air suspension or an equivalent system.

Vehicles equipped with such suspension systems are taxed on the basis of the tariff which is applicable to the vehicle category immediately below it. For example, a vehicle with 3 axles and a maximum gross laden weight of 23 tonnes would be taxed at 565 ECU instead of 871 ECU.

Combinations      Minimum Tax  
(in ECU/year)

2+1 axles

12	14	0
14	16	0
16	18	54
18	20	126
20	22	291
22	23	381
23	25	690
25	28	1205

2+2 axles

23	25	275
25	26	451
26	28	664
28	29	804
29	31	1316
31	33	1829
33	36	2777
36*	38*	2777

2+3 axles

36	38	2027
38	40	2754

3+2 axles

36	38	1787
38	40	2468
40	44	3652

3+3 axles

36	38	886
38	40	1318
40	44	2104

\* Vehicles equipped with a drive axle with air suspension or an equivalent system.

Vehicles equipped with such suspension systems are taxed on the basis of the tariff which is applicable to the vehicle category immediately below it. For example, a vehicle with 3 axles and a maximum gross laden weight of 23 tonnes would be taxed at 291 ECU instead of 381 ECU.

## Methodology

### The principles

1. With a view to the lack of historical data for the majority of Member States, a certain number of calculations have been made by the services of the Commission to arrive at minimum vehicle tax rates for the respective vehicle categories.

Data on average road infrastructure costs per vehicle.km for HGV are available for 4 Member States only (D, F, B, UK).

Starting from the assumption that hauliers drive on average 100 000 km a year, an average total road infrastructure cost of 15 610 ECU (10 230 ECU for the variable costs and 5 380 ECU for the fixed road infrastructure costs)<sup>(1)</sup> is calculated by the multiplication of the average road infrastructure cost per vehicle.km. It should be noted that this figure is an average only and for that reason it does not correspond to the infrastructure costs of any of the "real" vehicle categories.

To obtain the road infrastructure cost levels for the different vehicle categories, use has been made of the figures which were calculated for the average variable-, average fixed- and average total costs on the one hand, and the various coefficients published by the United Kingdom, Department of Transport on the other hand.

2. To determine the minimum vehicle taxes per annum, the following calculation was made for each vehicle category:

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(1) source : NEA report of 1989 : "The Allocation and Charging of Road Infrastructure Costs in the European Community to Vehicle Categories, especially Heavy Goods Vehicles in "nationality" and "territoriality" taxation systems + calculations by the services of the Commission.

The general formula is :

(total road infrastructure costs - diesel excise duties paid) x K =  
minimum vehicle tax

where: total road infrastructure costs = the sum of the variable-  
and fixed road infrastructure costs for the vehicle category  
concerned (see point 3 below)

diesel excise duties paid = the amount of diesel excise which  
a specific vehicle would pay  
(= annual mileage x consumption/km x excise duty/litre)  
(see point 4 below)

the minimum vehicle tax would be equal to K multiplied by  
that part of total road infrastructure costs which is not  
covered by diesel excise duties. The multiplicative factor K  
is applied to all the vehicle categories (see point 5 below).

Further explanation of the three elements

3. Calculation of the total road infrastructure costs for each vehicle category, following the method used in the United Kingdom, is based on the following parameters:
- maximum permissible gross laden weight of the vehicle
  - the number of standard axles (depending on the number of axles and the weight of the vehicle)
  - the number of passenger car units (depending on the dimensions of the vehicle).

Those specifications allow to calculate the road infrastructure costs for each of the different vehicle categories, provided these costs are known for at least one vehicle category. Since only average total costs for all heavy goods vehicle categories together are known, it is these costs which have been used as a basis for the calculation of the various minimum vehicle taxes.



4. The objective is to cover the variable road infrastructure costs by excise duties on diesel. In other words, this rate would cover the variable infrastructure costs of the "average" heavy goods vehicle. Since diesel consumption does not vary in proportion to variable costs, diesel excise paid by the smaller vehicles will exceed their variable costs, whilst the reverse holds for the larger vehicles. The remainder which results from the subtraction of diesel excise paid from the total road infrastructure costs, will be proportionally larger for the heavier vehicles. This is partly due to the higher fixed road infrastructure costs for the latter, but also because road infrastructure costs increase more than proportionally in comparison with diesel consumption.
5. The application of the multiplicative factor K is based on political grounds while in fixing vehicle tax rates a trade-off must take place between the realisation of a full coverage of total road infrastructure costs and the avoidance of a too sharp and sudden increase in vehicle tax rates.

The value of the coefficient K will be put equal to

0.15	for	the	year	1992
0.20	"	"	"	1993
0.25	"	"	"	1994

If the interim minimum vehicle tax rates, as specified in table 3, are calculated with a factor of 0.25, they cover one quarter of the share of total costs which is not yet covered by diesel excise.

For the smaller vehicles more than one fourth of the fixed costs are covered whilst for the larger vehicles less than one fourth of the fixed costs are covered. Only for the hypothetical "average" vehicle exactly one fourth of its fixed costs are covered because the totality of its variable road infrastructure costs are already paid for by diesel excises.

Another reason for fixing vehicle tax rates at a relatively low level follows from the existence of toll roads. As in principle all infrastructure costs of toll roads are covered by the tolls, it follows that because of the diesel excise duties paid when driving on those roads needed a downward correction of the minimum vehicle taxes is needed.

Data on road infrastructure costs requested from each Member State  
for the calculation of average road costs.

Member States will provide, for each vehicle category listed in Annex 1, a road cost breakdown per kilometre driven on non-toll roads. The method used to distribute these costs over the different vehicle categories will be described precisely to allow the services of the Commission to aggregate the various data and to calculate for each vehicle category a kilometre cost based on the average of the communicated figures. Each Member-State will choose its own allocation method, provided that vehicles are at least differentiated according to their maximum permissible gross laden weight and the number of axles.

The figures will be expressed in ECU and actualized for 1991.

The cost breakdown will be as follows :

- construction costs (new roads or motorways, new lanes) calculated on the basis of data for the last 10 years.
- renewal and major repair costs calculated on the basis of data for the last 10 years.
- maintenance and improvement costs\* calculated on the basis of data for the last 3 years.
- police costs.

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\* haunching, drainage, winter maintenance, minor repairs and patching, gross and hedge cutting, road marking, traffic signs, street lighting, footways, cycle tracks, fences and barriers ...

36

ANNEX 4

System to be applied with effect from 1 January 1995

The objective is to cover progressively the total costs of road infrastructure for each category of vehicle. Consequently, the vehicle tax levels must depend on the difference between annual road infrastructure costs and annual diesel excise duties revenue. However, the existence of roads where costs are already covered by tolls introduces a double imposition. As vehicle taxes are reimbursed in proportion to the kilometres driven on toll roads, the remaining double taxation stems from the diesel excise duties which are paid when driving on toll motorways.

To compensate for this double taxation, a downward correction must be made to avoid an unduly high cover rate especially in those Member States where vehicles drive most intensively on toll roads. This double taxation is very significant : on average, it would mean that the variable road infrastructure costs are charged twice, once as part of the motorway tolls paid, and secondly in the form of diesel excise. Taking further into account that variable costs represent about 2/3 of the total road infrastructure costs, it becomes evident that this would cause serious discrimination against the users of toll motorways.

To allow the Commission to take these aspects into account when proposing the minimum vehicle taxes Member States shall communicate the following information:

- the average annual mileage driven on non-toll motorways by vehicle category
- the average annual mileage by vehicle category on toll roads.

FICHE D'IMPACT SUR LA COMPETITIVITE ET L'EMPLOI

I. Quelle est la justification principale de la mesure?

Cette mesure a comme but l'élimination des distorsions de concurrence d'origine fiscale dans le secteur du transport routier, ainsi que l'allocation des coûts de l'usage des infrastructures aux usagers.

L'établissement d'un certain équilibre entre ces coûts d'un côté et les taxes sur les véhicules, les accises sur le diesel et les péages autoroutières de l'autre côté, est envisagé.

L'élimination des distorsions de concurrence de nature fiscale est indiquée parce que dans le cadre de la libéralisation des prestations de services de transport routiers intra-CEE, il est important que les transporteurs routiers puissent opérer dans les mêmes conditions.

II. Caractéristiques des entreprises concernées. En particulier :

(a) Y a-t-il un grand nombre de PME? Oui

(b) Note-t-on des concentrations dans les régions

i. éligibles aux aides régionales des Etats membres?  
Non

ii. éligibles au Feder?  
Non

III. Quelles sont les obligations imposées directement aux entreprises?

Malgré le fait que l'application de cette directive conduirait à une augmentation du niveau des taxes sur les véhicules pour la plupart des Etats-Membres, aucune nouvelle obligation en résulte directement pour les entreprises concernées.

Les taux minimum proposés pour la période intérimaire sont donnés dans les tableaux 1 à 3 de l'annexe II à la proposition.

IV. Quelles sont les obligations susceptibles d'être imposées indirectement aux entreprises via les autorités locales?

La proposition introduit pour tous les Etats-Membres l'option d'un remboursement (partiel ou total) des taxes sur les véhicules au fûr et à mesure qu'on roule sur des autoroutes à péage.

Dans le cas échéant, le remboursement devrait se faire sur base du nombre de kilomètres parcourus sur les autoroutes à péage. Pour vérifier la légalité d'une demande de remboursement, les transporteurs seront tenus à fournir périodiquement les preuves de paiement des péages.

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