

# Taxation of road transport fuels

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<https://www.kuleuven.be/metaforum/pdf/position-papers/2020-a-sustainable-energy-for-belgium.pdf>

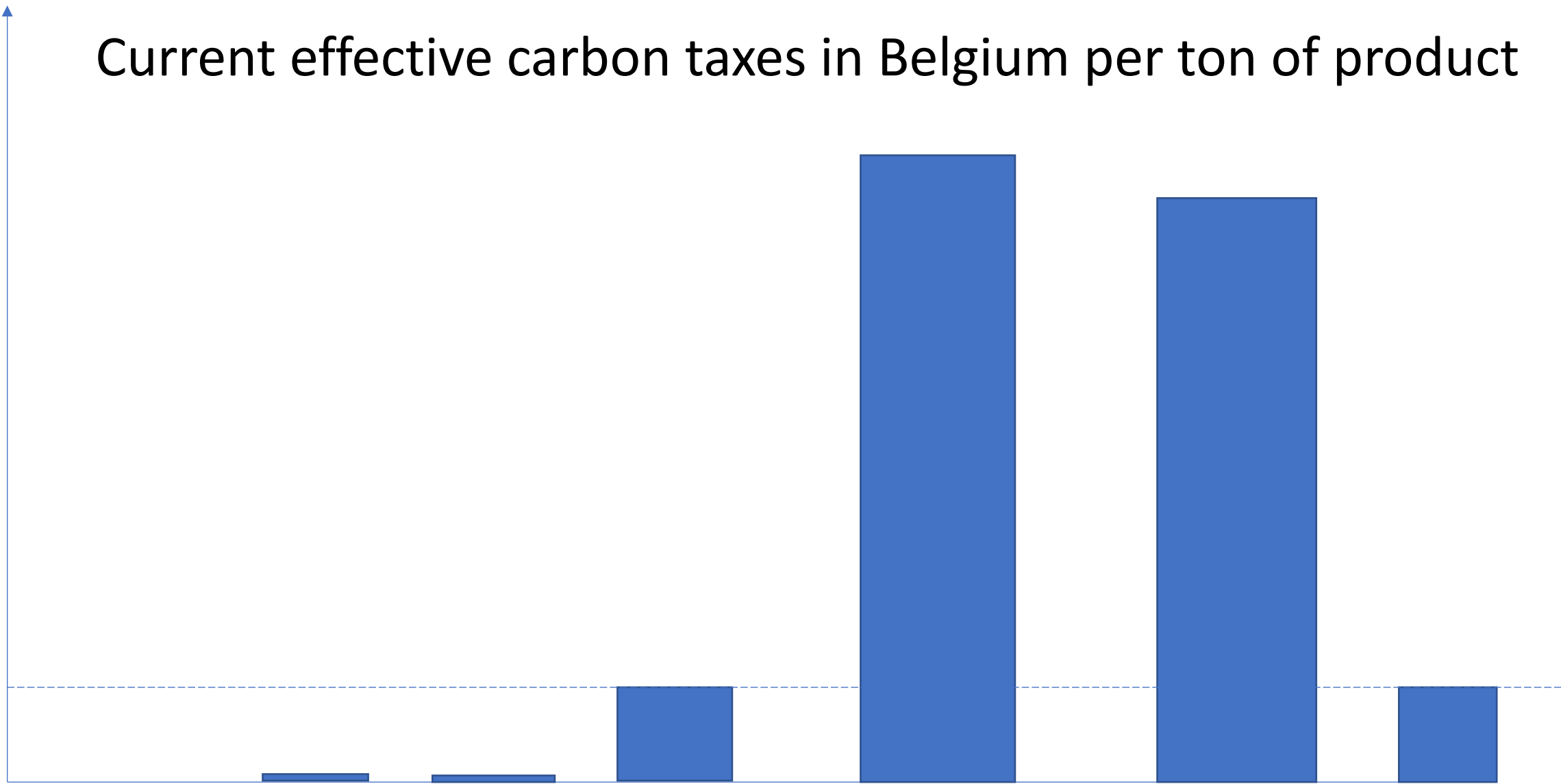
# Taxation of fossil road fuels has many functions

	CURRENT TAX SCHEME	PROBLEM	SOLUTION	
Raise tax revenues	GOOD	Revenues decreasing with more fuel eff and E-cars that erode tax base	Combination of ownership and mileage taxes (cfr; trucks)	
Decrease congestion	POOR	Congestion is time and space specific	Congestion tolls around major cities	
Decrease conventional air pollution	POOR	Check equipment is crucial	Better checks on diesel cars ("diesel gate")	
Decrease GHG emissions	GOOD	Abatement Cost per ton much higher than in other sectors	Not add additional "carbon" taxes	

# Current effective carbon taxes in Belgium per ton of product

€/ton CO<sub>2</sub>

ETS 25-30 €



Gas  
Home-heat

Gasoil  
Home-heat

Fuel oil  
industry

gasoline

Automotive  
diesel

Kerosene  
Aviation  
Intra EU

# EFFECTIVE CARBON TAXES – fossil cars vs E-vehicles

IN €/TON	HOME HEATING	ROAD USE	AVIATION
OIL products	0	150 TO 250 €	30 € INTRA –EU VIA ETS 0 € EXTRA - EU
ELECTRICITY	30 € VIA ETS + MANY OTHER CHARGES	30 € VIA ETS + MANY OTHER CHARGES	

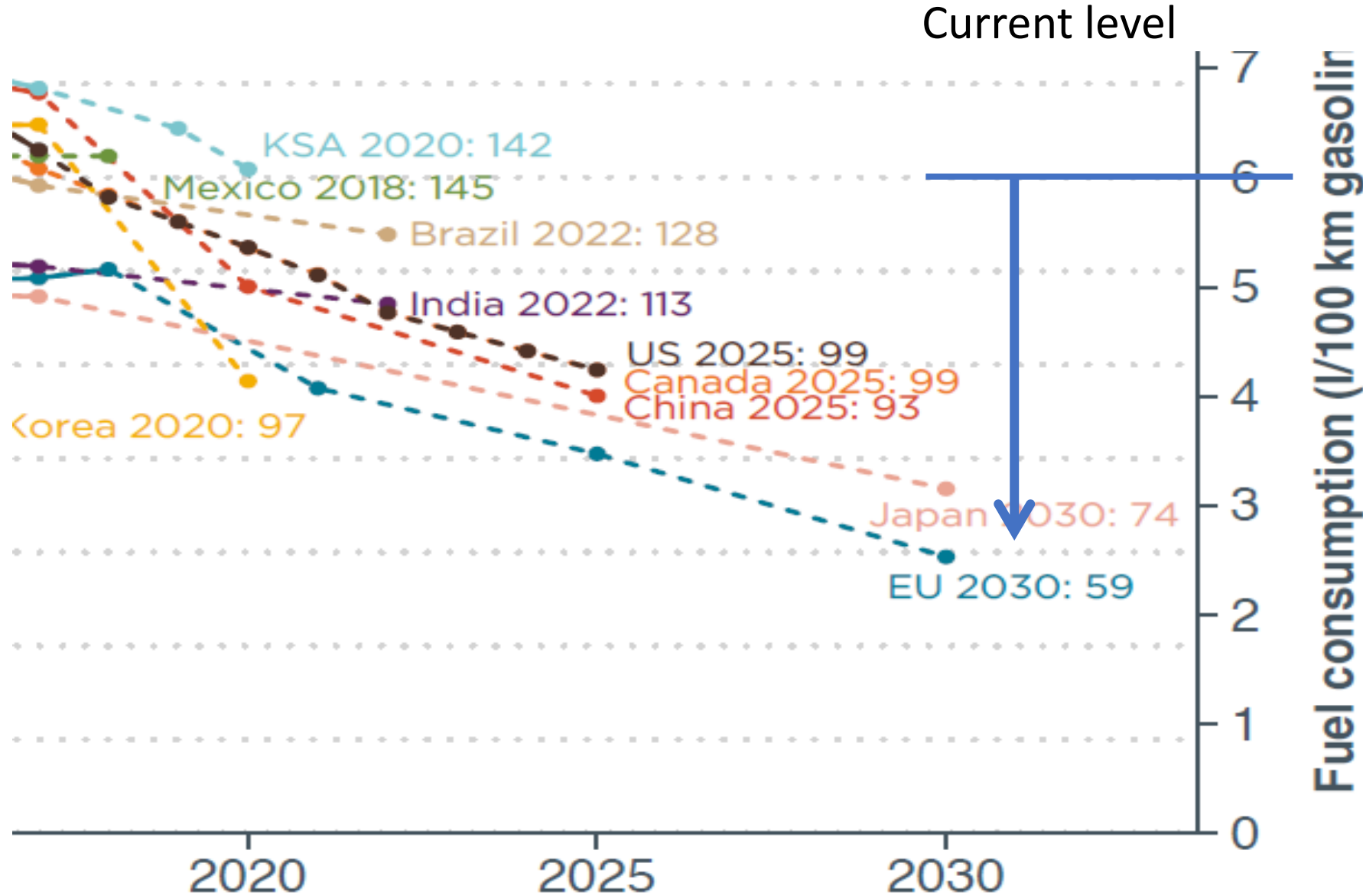
# Main messages

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2. The most important and effective instrument to reduce carbon emissions are today the technology neutral carbon emission standards for new cars (from 110 g/vehkm in 2019 to 59 g/vehkm in 2030)
  - More fuel efficient fossil fuelled cars and more electric cars, car producers take care of the right mix of fossil and electric cars via trading (80% fossil, 20% electric rather than 50%,50%)

# TECHNOLOGY NEUTRAL CARBON EMISSION STANDARD FOR NEW CARS IN EU IS MAIN INSTRUMENT TO REDUCE EMISSIONS in EU with beneficial INTERNATIONAL SPILLOVERS



# Main messages

## 3. Most urgent needs for reform of taxation of cars:

- user costs of cars decrease due to more fuel efficient and electric cars and this requires congestion related distance taxes or cordon tolls
- correct electricity refuelling prices: closer to real commodity costs (lower electricity price 10ct/Kwh instead of 25 ct/Kwh but higher charges for capacity and correct reward for Vehicle to Grid)
- Abolish company cars and use revenues (2 Billion €) to reduce taxes on labour – obliging company cars to be electric in Belgium will have no effect at the EU level because manufacturers have an average obligation for the EU



# references

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