



Ministry of Finance

# Vehicle taxes in the Netherlands

23 September 2013

# Markten

## Dow Jones

### AEX

237,71 -1,0%

8.228,10 +3,5%

## Aandelen

AEX-index

Dow Jones

Nasdaq

FTSE 100

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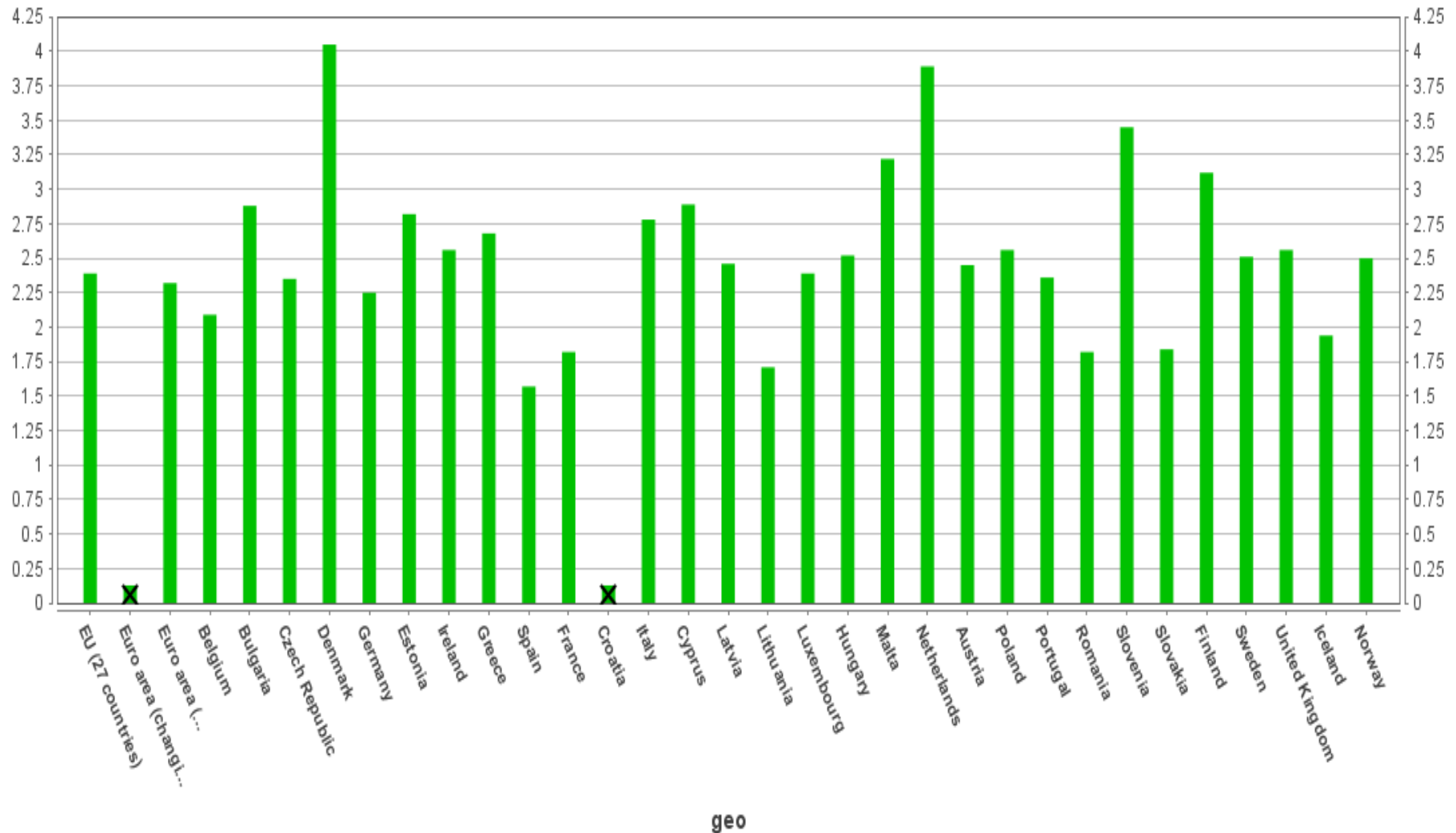
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- Green tax revenues
- Vehicle taxes
- Recent developments
- Eurovignette
- Fuel excise duties

23 September 2013



# Environmental tax revenues in percentage of GDP





## Greening taxes

**Vehicle taxes** are a good example of greening taxes

- Registration tax
- Taxation of private use of a company car
- Motor vehicle tax
- Tax on heavy goods vehicles (Eurovignette) road toll for trucks of minimum 12 tons





# Taxation of motor vehicles in the Netherlands

Dutch taxes for motor vehicles are relatively high

Dutch passenger car fleet in 2012: almost 8 million cars

- **Registration tax (BPM)**

Levied for passenger cars, motor cycles and private vans

Revenue 2007: € 3.6 billion

Revenue 2012: € 1.8 billion

- **Motor vehicle tax (MRB)**

Tax on car ownership, based on dead-weight of the car

Revenue 2007: € 2.8 billion

Revenue 2012: € 3.6 billion

- **Declining revenue of registration tax (BPM):**

- Shift to lighter, more fuel-efficient cars
- Unfinished shift from BPM to MRB; was meant as prelude to km-charge (canceled by former government)



Policy 2008-2013

## Car registration tax (passenger cars)

Gradually shifted from a tax based on the vehicle price, rate 45,2% (2007), to a tax based on absolute CO<sub>2</sub>-emission in 2013

- **Tax base 2013**

CO<sub>2</sub> emission of the passenger car

Progressive rates

For each gram of CO<sub>2</sub> per kilometer a certain amount is due

- **Exemption**

If emission is 95 g/km CO<sub>2</sub> or lower for petrol cars, resp. 88 g/km CO<sub>2</sub> for diesel cars, an exemption is granted

- **Adjustment over the years**

Thresholds for rates and exemption will be tightened regularly as cars become more fuel efficient every year





Policy 2008-2013

## Why registration tax on CO<sub>2</sub>

- Easier to explain to consumers than the system that existed (combination of bonus/malus, vehicle price and surcharge)
- Principle of 'the polluter pays'
- Better environmental effects than former system. Additional reduction in CO<sub>2</sub>-emissions > 0,9 Mton.



# Overview measures registration tax 2012-2015

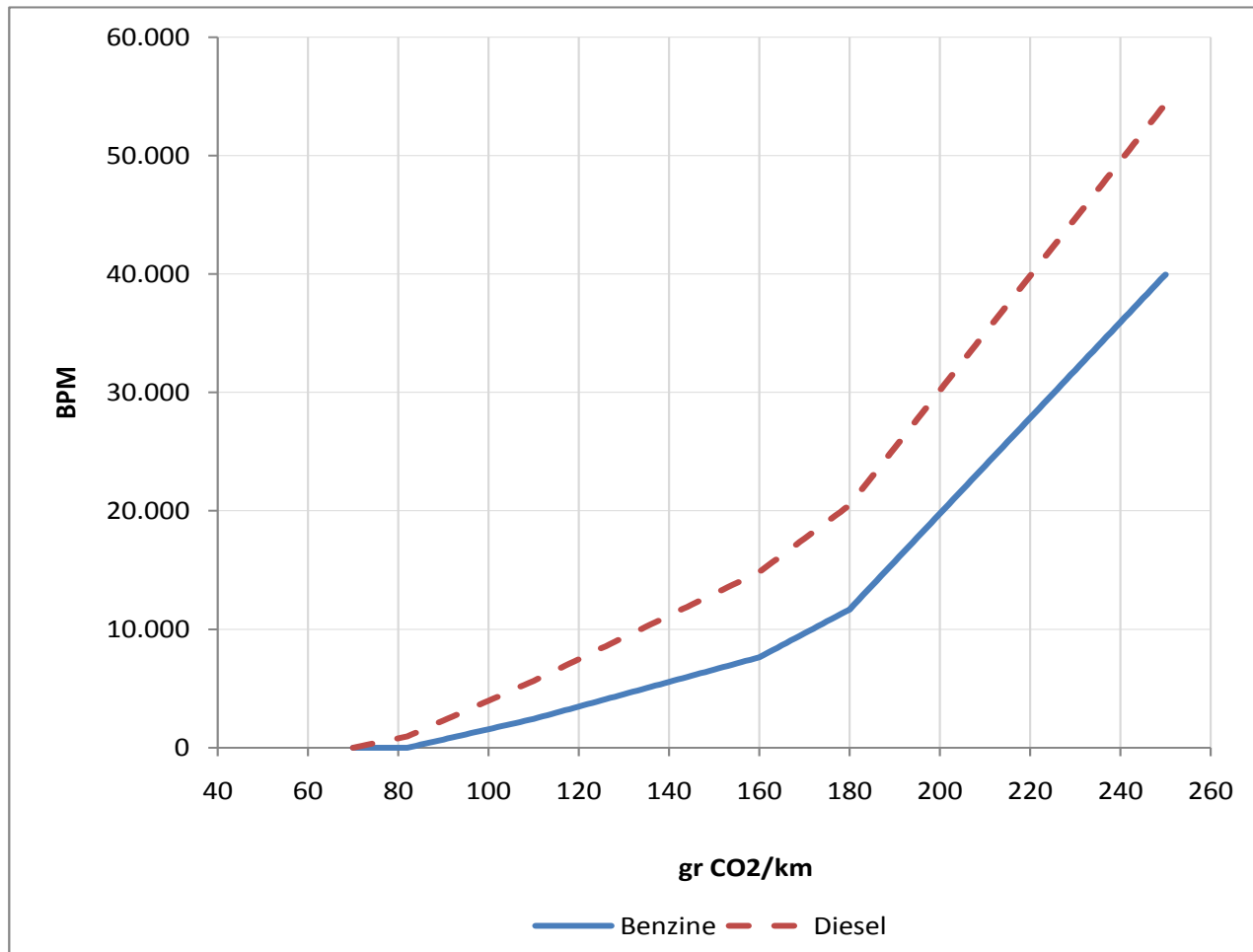
	1 January 2012	1 July 2012	1 January 2013	1 January 2014	1 January 2015
Base percentage registration tax (of value vehicle)	11,1%	11,1%	0%	0%	0%
Discount for petrol	-450	-450	-	-	-
Fixed diesel surcharge	1900	-	-	-	-
Diesel surcharge based on carbon dioxide emission (> 70 gr/km)	-	40,68	54,92	70,17	81,36
<i>Carbon dioxide emission limits for petrol (gr/km)</i>					
First tax bracket	110	102	95	88	82
Second tax bracket	180	159	140	124	110
Third tax bracket	270	237	208	182	160
Fourth tax bracket	-	242	229	203	180
<i>Carbon dioxide emission limits for diesel (gr/km)</i>					
First tax bracket	95	91	88	85	82
Second tax bracket	155	143	131	120	110
Third tax bracket	232	211	192	175	160
Fourth tax bracket	-	225	215	197	180
Rate first tax bracket	94	101	125	105	91*
Rate second tax bracket	280	121	148	126	110*
Rate third tax bracket	654	223	276	237	213*
Rate fourth tax bracket	-	559	551	474	427*

\* This rate will be adjusted for inflation





# Progressive registration tax rate structure in 2015



Red line: diesel cars  
Blue line: petrol cars

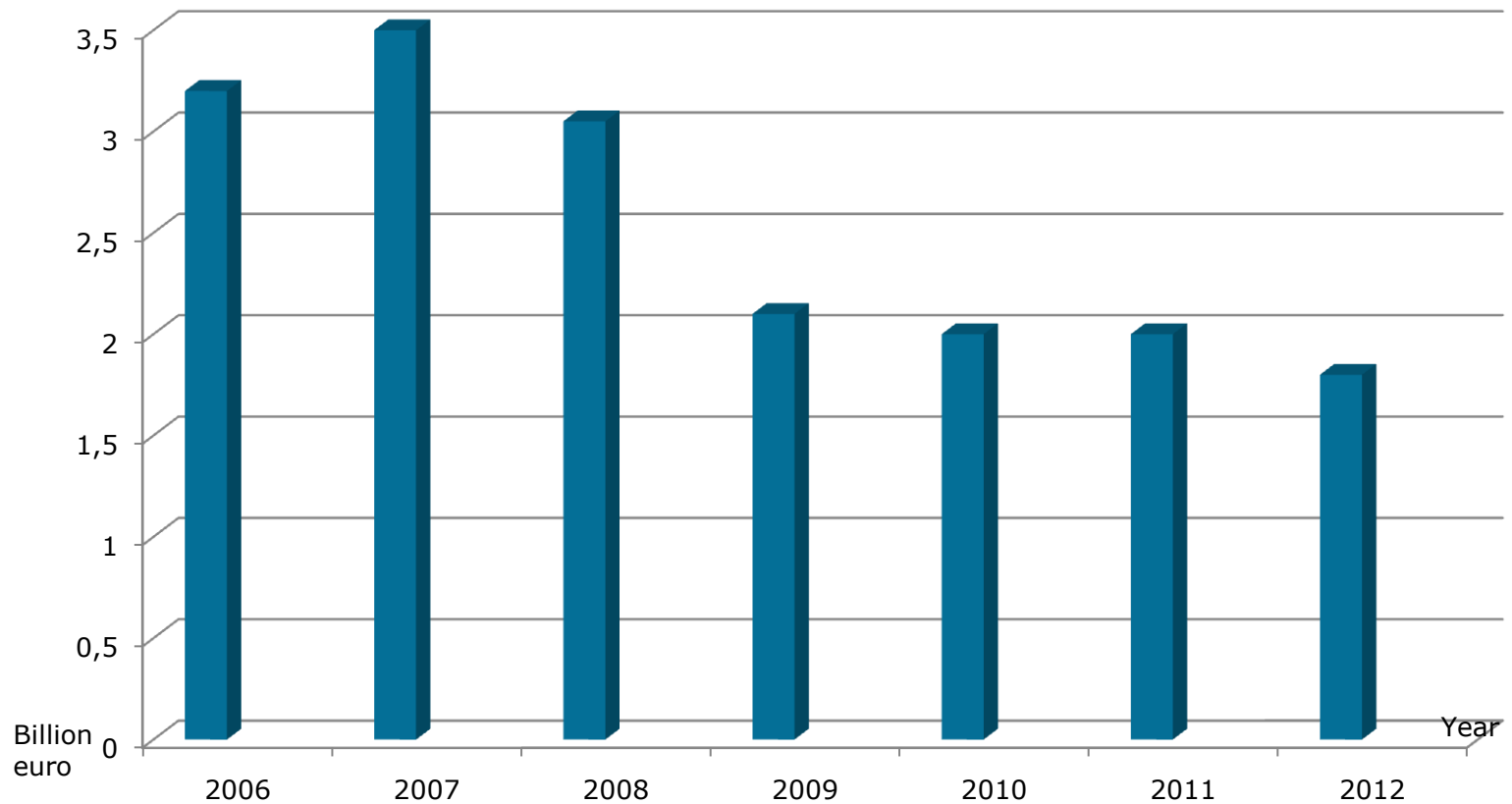


## Vehicle registration Tax – level 2015

Brand, design, type	Fuel	Carbon dioxide emission	Net catalogue price	Registration tax 2015
<b>Renault Twingo</b> 1.2 16V ffrkW 3-d dynamique	Petrol	109	8.311	1.131
<b>Peugeot 107</b> 1.0 50 kW 5-d XR	Petrol	103	7.773	696
<b>VW Polo</b> 1.2 TDI 55 kW bluemotion 5-d trendline	Diesel	87	14.235	480
<b>Seat Ibiza</b> 1.4 63 kW 3-d style	Petrol	139	10.543	3.580
<b>VW Golf</b> 1.6 TDI 77 kW 5-d comfortline	Diesel	107	18.987	2.797
<b>Renault Megane Estate</b> 1.4 TCE 96 kW dynamique	Petrol	145	16.434	4.100
<b>VW Passat Variant</b> 1.4 TSI 90 kW DSG comfortline	Petrol	140	24.481	3.684
<b>BMW 320d</b> 120 kW efficient dynamics edition 4-d	Diesel	109	27.109	3.131
<b>BMW 523i</b> 150 kW 4-d executive automatic	Petrol	178	39.008	7.116
<b>Porsche Cayenne</b>	Petrol	270	99.220	33.896
<b>Volvo XC90</b> 3.2 Momentum	Petrol	269	45.338	33.492

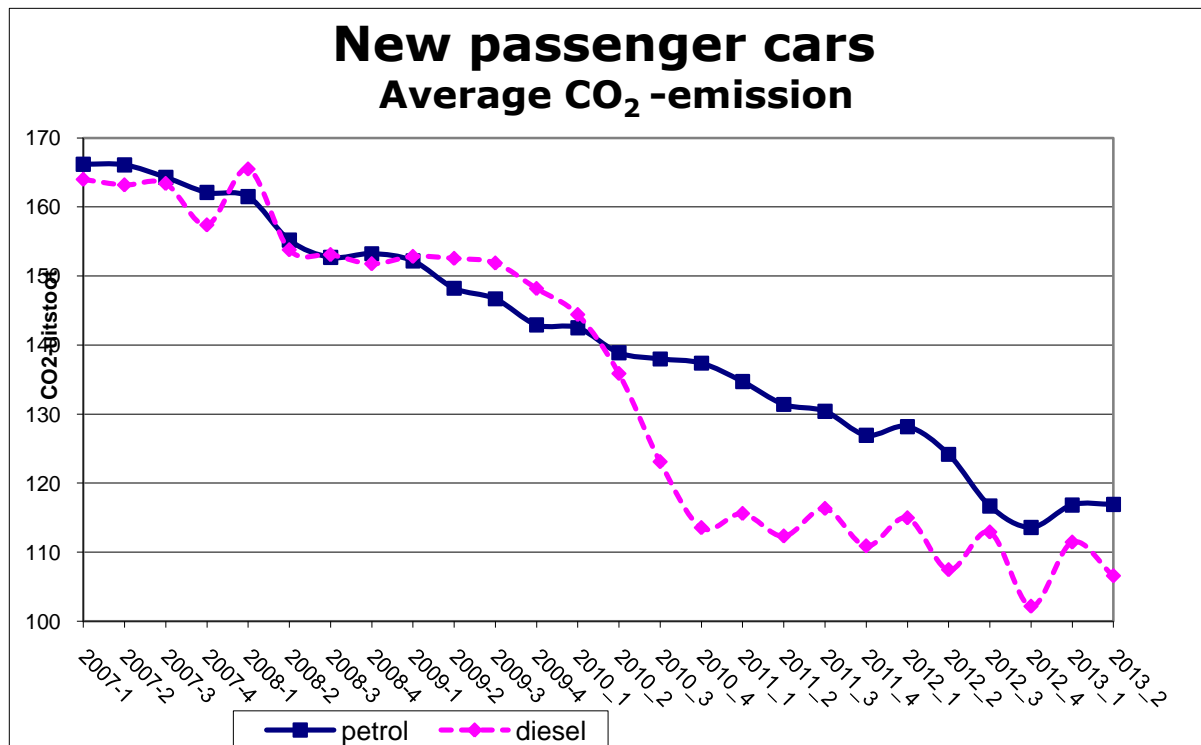


## Development registration tax revenue





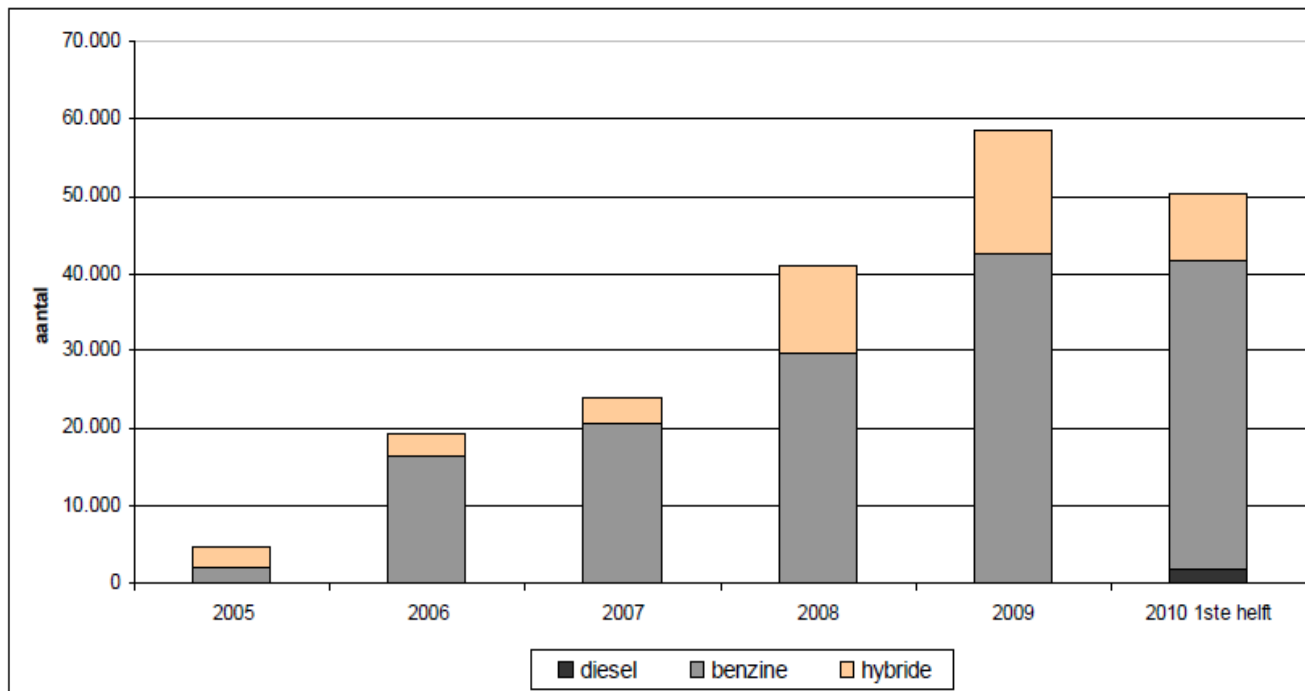
## Average CO<sub>2</sub> -emission development





# Sales figures very fuel-efficient cars

Grafiek 2 verkopen zeer zuinig auto's



Yellow= hybrid cars  
Grey= petrol  
Black= diesel



## Sales figures new cars 2011-2013

Sale new cars per kind of fuel	2011	2012	2013 (on basis of January-June)
<b>Petrol</b>	374.791(67,4%)	323.361 (64,4%)	286.180
<b>Diesel</b>	156.819 (28,2%)	142.781 (28,4%)	93.270
<b>LPG</b>	7.140 (1,3%)	8.779 (1,7%)	2.815
<b>Electric</b>	861 (0,2%)	828 (0,2%)	695
<b>CNG</b>	493 (0,1%)	776 (0,2%)	621
<b>E-85</b>	835 (0,2%)	411 (0,1%)	29
<b>Hybrid total</b>	14.870 (2,7%)	25.506 (5,1%)	26.390
<b>Hybrid 0-50 gr/km carbon dioxide emission</b>	711	4.238	4.143
<b>Hybrid &gt;50 g/km carbon dioxide emission</b>	14.159	21.268	22.247
<b>Total</b>	555.809	502.442	410.000

Source: RDC InMotiv



## Taxation of private use of a company car

- Normally the value for income taxation is 25% of the catalogue price, including VAT and registration tax
- Lower rate in 2008 introduced, to stimulate the choice of a fuel-efficient car
- 14% of the price for very fuel efficient cars (diesel  $\leq 88$  g/km and petrol  $\leq 95$  g/km CO<sub>2</sub>-emission)
- 20% of the price for fuel efficient cars (diesel  $> 88 \leq 112$  g/km and petrol  $> 95 \leq 124$  g/km CO<sub>2</sub>-emission)
- For  $\leq 50$  g/km CO<sub>2</sub>-emission vehicles 0% of the price (until 2014); as of January 1, 2014:
- zero emission  $\rightarrow$  4% of the price
- $\leq 50$  g/km CO<sub>2</sub>-emission  $\rightarrow$  7% of the price





## Motor vehicle tax

- **Characteristics**
  - Levied periodically from car owners
  - Tax depends on dead weight of the car
  - Surcharge for diesel cars (lower excise duty)
  - Provincial surtax
- **Example tax rates** (*including provincial surcharge for the province of Zuid-Holland*)
  - Passenger car 1000kg:  
petrol € 420 per year; diesel € 928 per year
  - Passenger car 2000kg:  
petrol € 1396 per year; diesel € 2396 per year



## Motor vehicle tax / environmental tax incentives

- **Exemption for very fuel efficient passenger cars**
  - (CO<sub>2</sub>-emission petrol  $\leq$  110 g/km; diesel  $\leq$  95 g/km)
  - As of January 1, 2014 exemption if CO<sub>2</sub>-emission  $\leq$  50 g/km
  - Exemption will expire in 2016



## Motor vehicle tax /Old timer exemption

- **Exemption for old timers** for vehicles from the age of 25 years will be abolished as of 1-1-2014
- Only vehicles from the age of 40 years will still be exempt from tax
- Transitional arrangement (25% of the regular rate but € 120 max. per year) applies to petrol cars from 26 up to 40 years old, if certain conditions are met



## Motor vehicles registered in other countries

- **Both taxes due** (registration tax and motor vehicle tax) for cars used by **inhabitants**
- **Exemption for non inhabitants**: maximum 1 year, will be shortened to 6 months; compliance will get more attention
- **Temporary use** in The Netherlands of EU/EER-car (rented, leased, borrowed): both taxes levied time proportionally
- **Refund** of part registration tax for cars exported to an other EU/EER-country, also used for cars transported to third countries subsequently; growing negative effect on revenue



## Eurovignette

- **Tolling system for heavy goods vehicles** < 12 tons (future <3.5 tons?); also applies to third country vehicles
- **Eurovignette Treaty**: Belgium, Denmark, Luxemburg, Netherlands, Sweden (and non active: Germany); officials of both Transport and Tax ministries from the six Member States meet ca. twice a year in coordinating commission COCOM
- Dutch coalition agreed upon **differentiating** the Eurovignette more according to the emission level of vehicles; however, difficult to gain support from all Member States
- Plans for **kilometre charge** in Belgium (and until recently also in Denmark and The Netherlands) seem to be incompatible with updating the Eurovignette
- Coalition does not intend to introduce a kilometre charge in The Netherlands; little support, both political and in society, and high costs



## Excise duty on petrol, diesel and LPG

### Rates 2013:

Petrol → € 746,55/1000 L

Diesel → € 440,28/1000 L

LPG → € 180,04/1000 kg

### As of 1-1-2014 the Dutch excise duty rate will be:

Petrol → € 759,24/1000 L is the highest in the EU

Diesel → € 477,76/1000 L one of the highest in the EU

LPG → € 322,17/1000 kg one of the highest in the EU

The difference in excise duty rates is compensated with a diesel/LPG surcharge for passenger cars in the Motor vehicle tax



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- Thank you for your attention.
- Questions?