

Automotive taxation in the Netherlands

The effects of fiscal measures on passenger car sales in the
Netherlands



RAI Vereniging

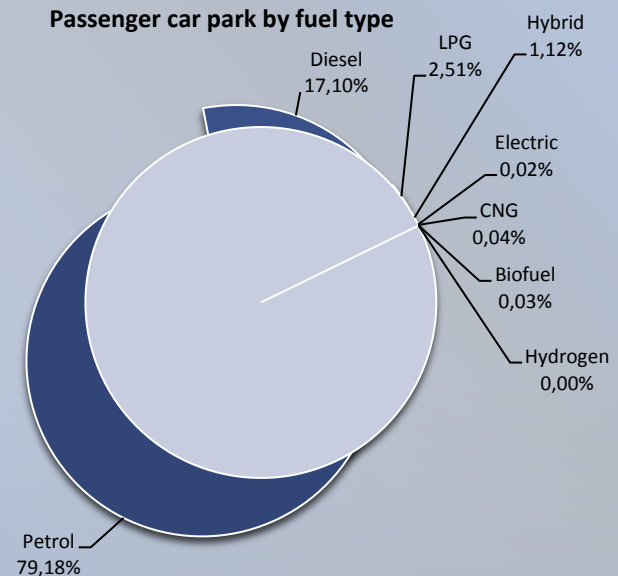
- Trade Association for the automotive industry in the Netherlands
- Since 1893
- More than 500 members
- Passenger cars, light commercial vehicles, trucks, spare parts, garage-equipment, bicycles, motorcycles, mopeds, trailers, coaches etc.



The Dutch Car Park

Background data

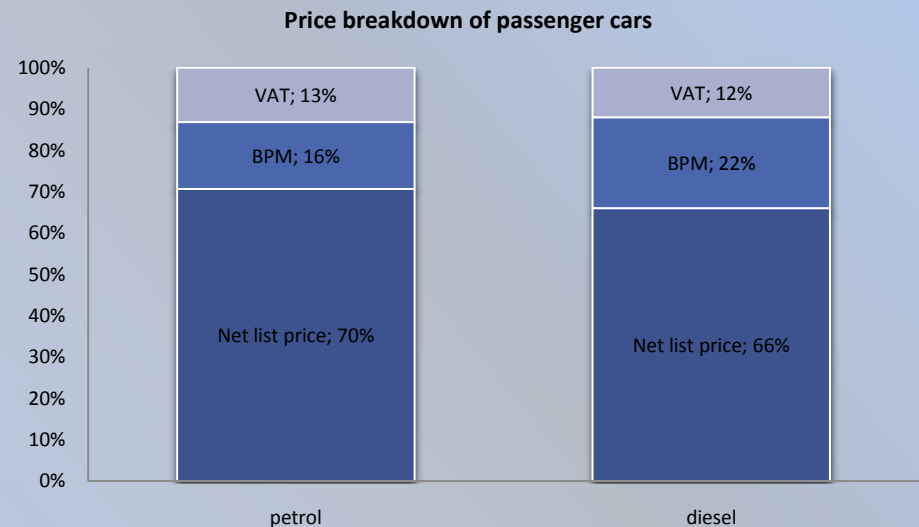
- Passenger car park 8,1 million vehicles
- Annual new car sales approximately 500,000 vehicles
- Average annual distance driven 13,317 km
(petrol 10,877 km and diesel 23,806 km)
- Average new car price: € 25,627
- Petrol cars have dominant market share



Car related taxes in the Netherlands

Various car related taxes:

- Motorrijtuigenbelasting
(annual road tax)
- BTW
(VAT, 21%)
- BPM
(special vehicle purchase tax)
- Bijtelling
(Benefits in kind, applicable for private use of company cars)



BPM

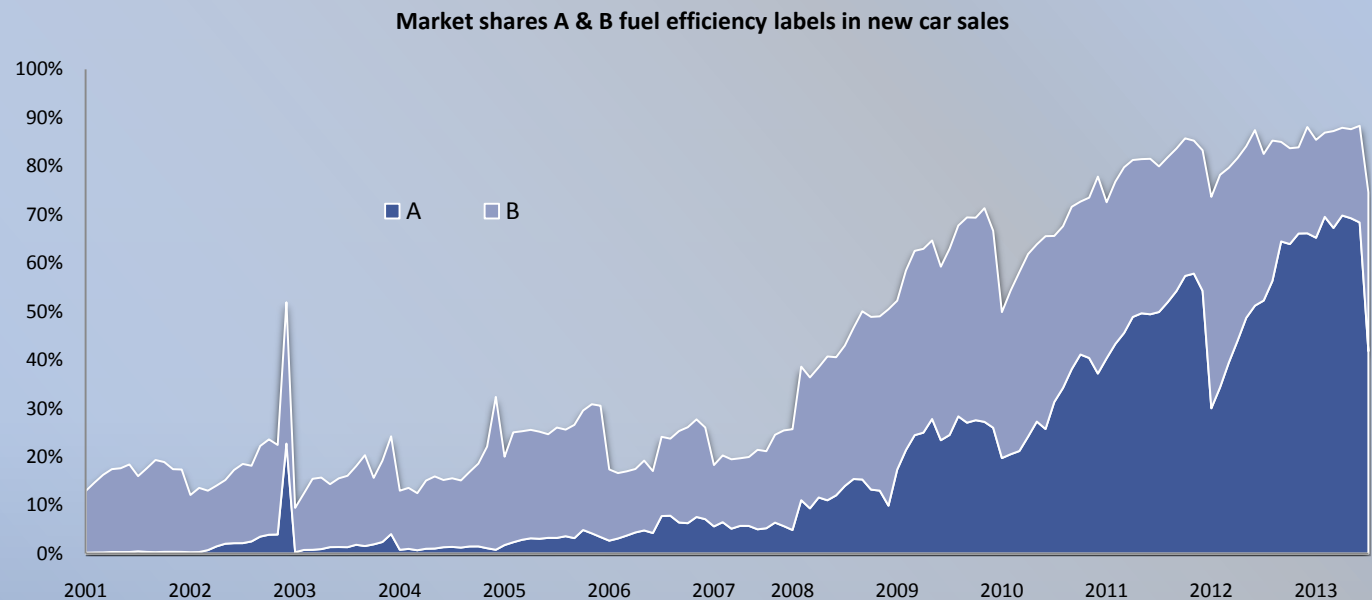
- Since 1993
- 1993 – 2008: BPM is based on nett catalogue price of car
- 2006: introduction of bonus – malus scheme for fuel efficient cars (with labelling)
- 2008: gradual conversion from list price to CO₂ emission as base for BPM
- 2013: BPM fully based on CO₂ emission



BPM

Main effects of conversion from nett catalogue price based BPM to CO₂ emission based BPM

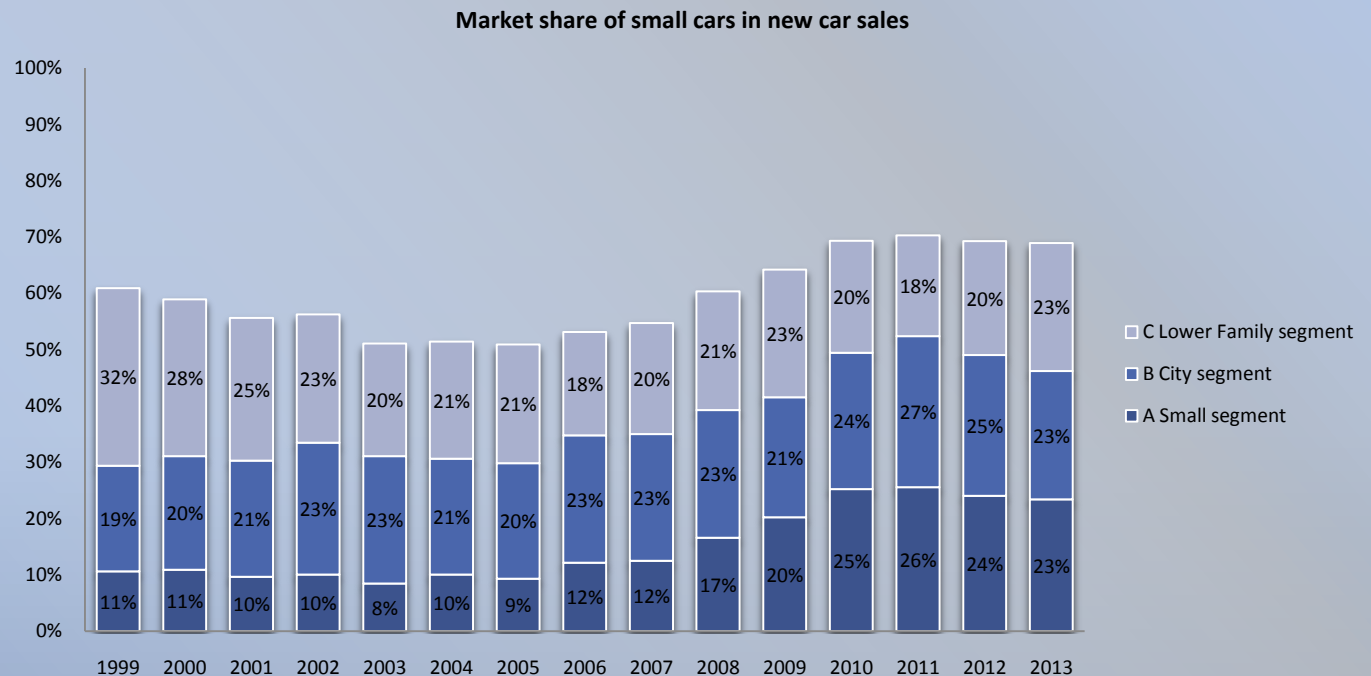
1. Rapid downsizing of new car sales,



BPM

Main effects of conversion from nett catalogue price based BPM to CO₂ emission based BPM

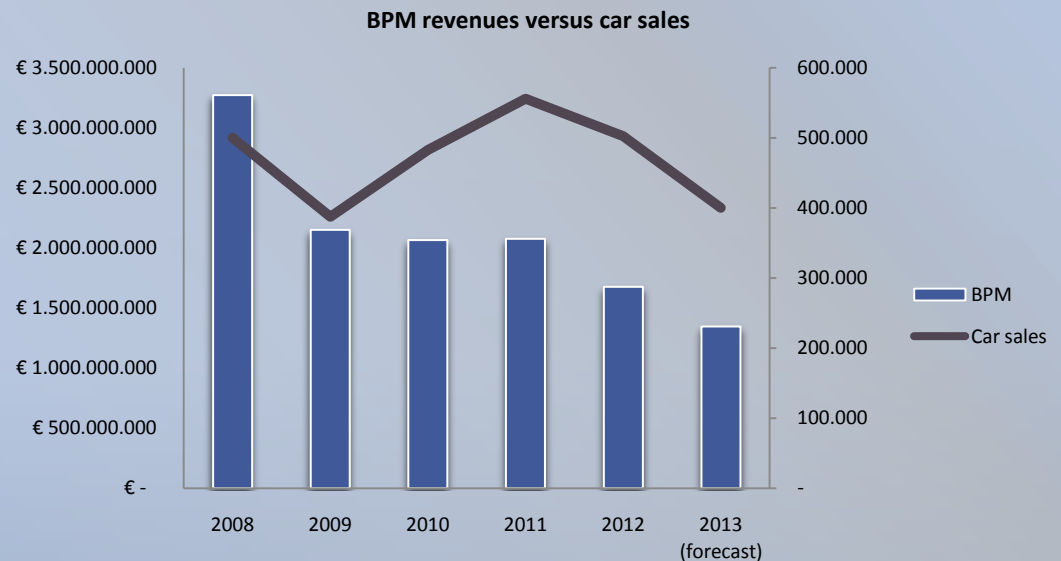
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BPM

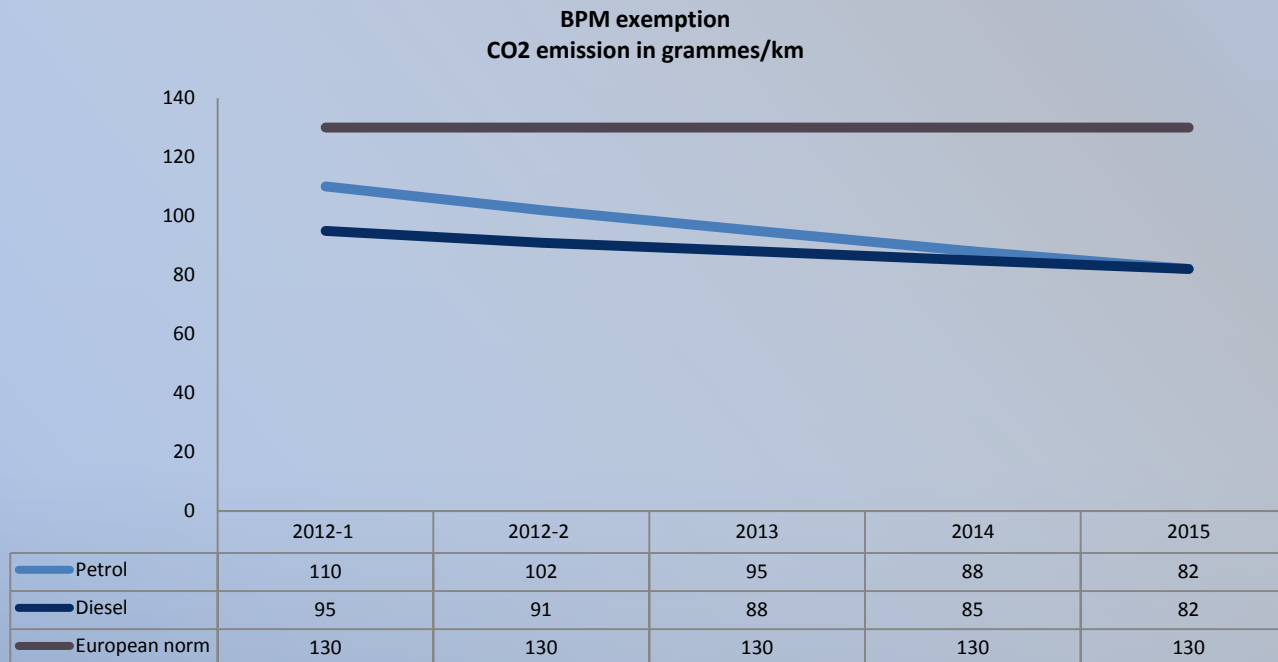
Main effects of conversion from nett catalogue price based BPM to CO₂ emission based BPM

1. Rapid downsizing of new car sales
2. Rapid decline of BPM tax revenues
(2012 target € 2.1 billion,
realisation € 1.7 billion)



BPM

- Dutch CO₂ emission policy more strict than European norm



BPM

Petrol	2012-1	2012-2	2013	2014	2015
exempt from BPM	≤110	≤102	≤ 95	≤ 88	≤ 82
1 tariff group	111-180	103-159	96-140	89-124	83-110
2 tariff group	181-270	160-237	141-208	125-182	111-160
3 tariff group	≥ 271	238-242	209-229	183-203	161-180
4 tariff group		≥ 243	≥ 230	≥ 204	≥ 181

Diesel	2012-1	2012-2	2013	2014	2015
exempt from BPM	≤ 95	≤ 91	≤ 88	≤ 85	≤ 82
1 tariff group	96-155	92-143	89-131	86-120	83-110
2 tariff group	156-232	144-211	132-192	121-175	111-160
3 tariff group	≥ 233	212-225	193-215	176-197	161-180
4 tariff group		≥ 226	≥ 216	≥ 198	≥ 181

Tariff for every gram CO₂ per km	2012-1	2012-2	2013	2014	2015
1 tariff group	€ 94	€ 101	€ 122	€ 101	€ 88
2 tariff group	€ 280	€ 121	€ 145	€ 121	€ 106
3 tariff group	€ 654	€ 223	€ 270	€ 228	€ 205
4 tariff group		€ 559	€ 539	€ 456	€ 411

	2012-1	2012-2	2013	2014	2015
Diesel surcharge for every gram CO ₂ per km > 70 gram	€ 40,68	€ 40,68	€ 54,92	€ 70,17	€ 81,36

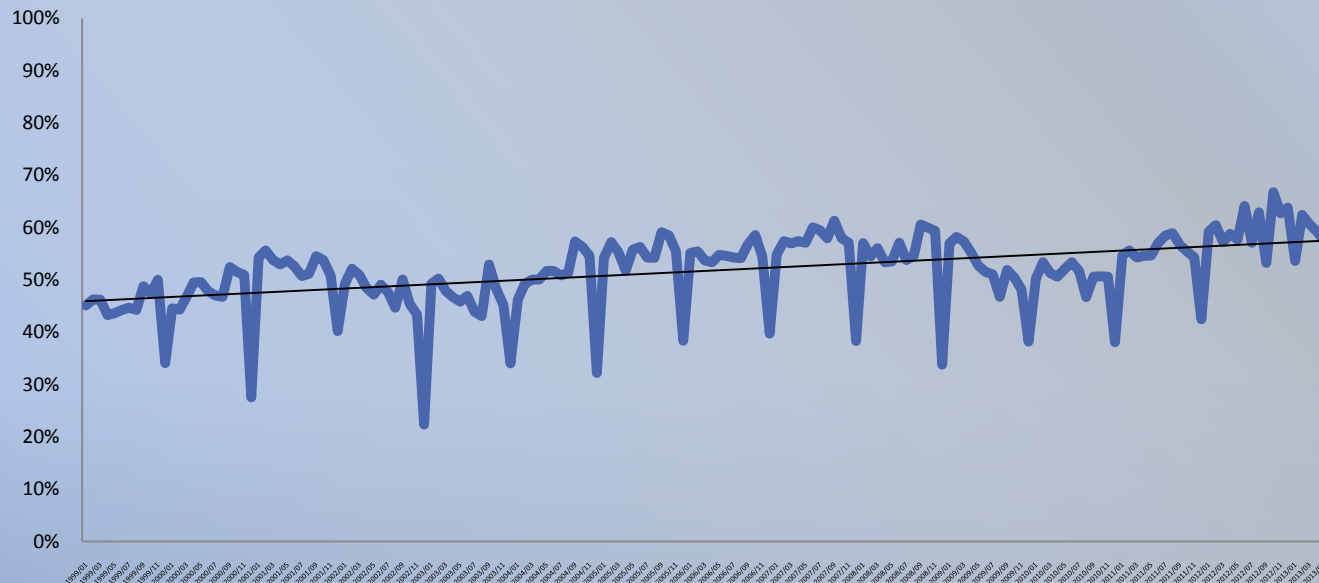
Bijtelling

- Bijtelling is a form of income tax
- The private use of a company car (> 500 km per year) is seen as a benefit in kind
- If the private use of the company car is limited to less than 500 km per year than there is no 'bijtelling'
- 0%, 14%, 20% or 25% of the list price of the company car is to be added to the annual income
- Percentage of the bijtelling is based on the CO₂ emission of the company car

Bijtelling

- Company cars dominate the new car sales
- Approximately 60% of new car sales are company cars

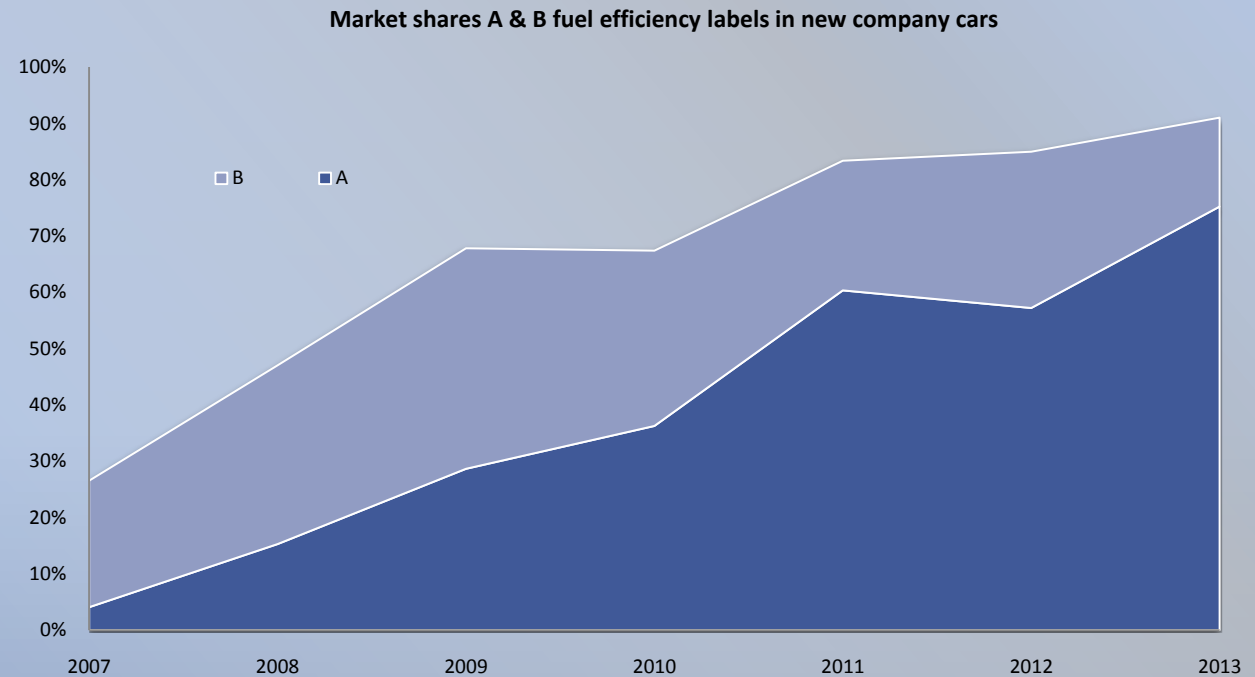
Market share company cars in new car sales
1999 - 2013



Bijtelling

Main effects of conversion from nett catalogue price based Bijtelling to CO₂ emission based Bijtelling

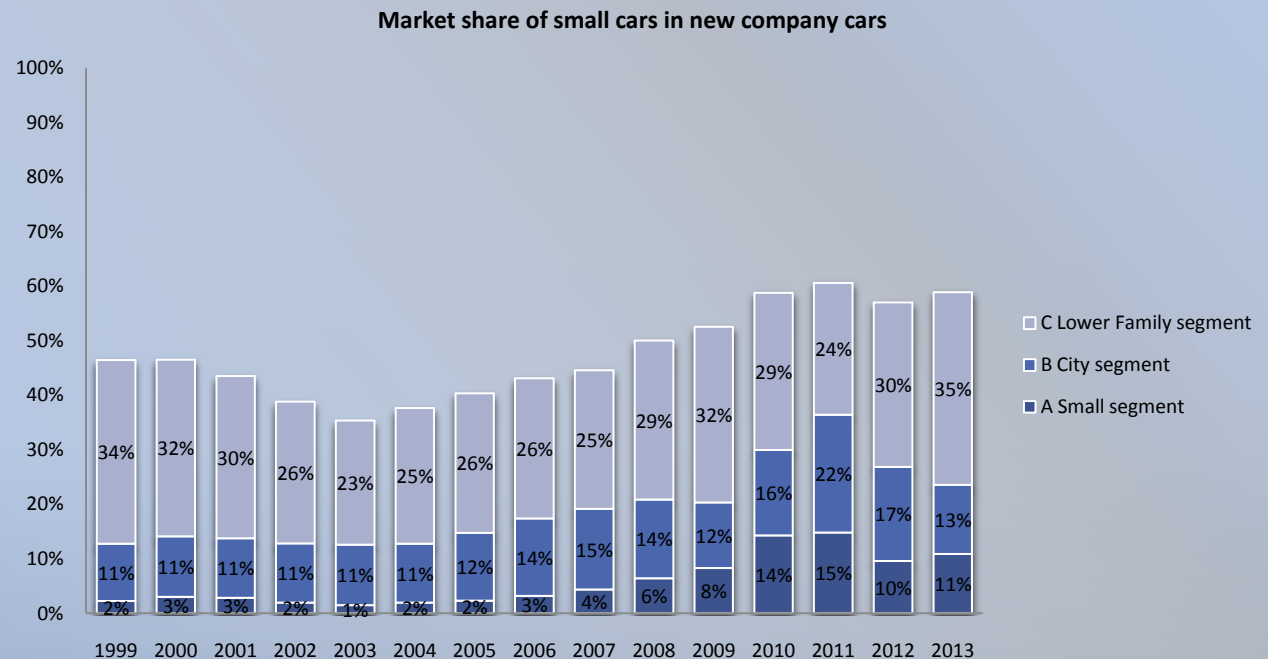
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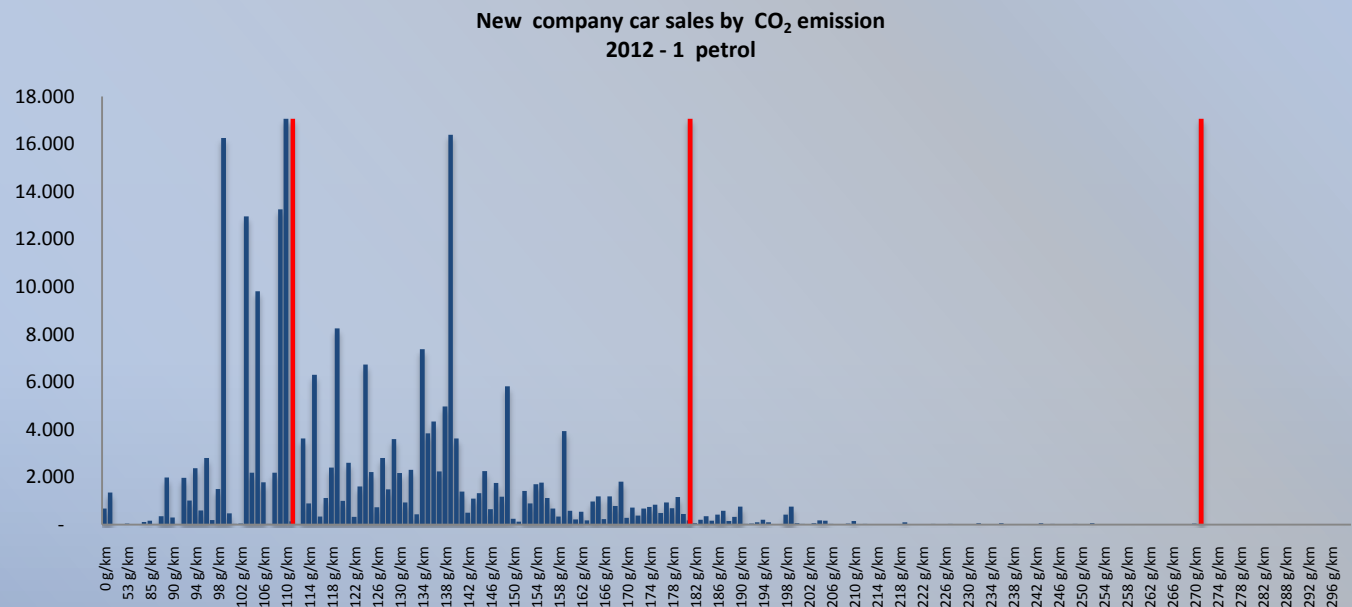
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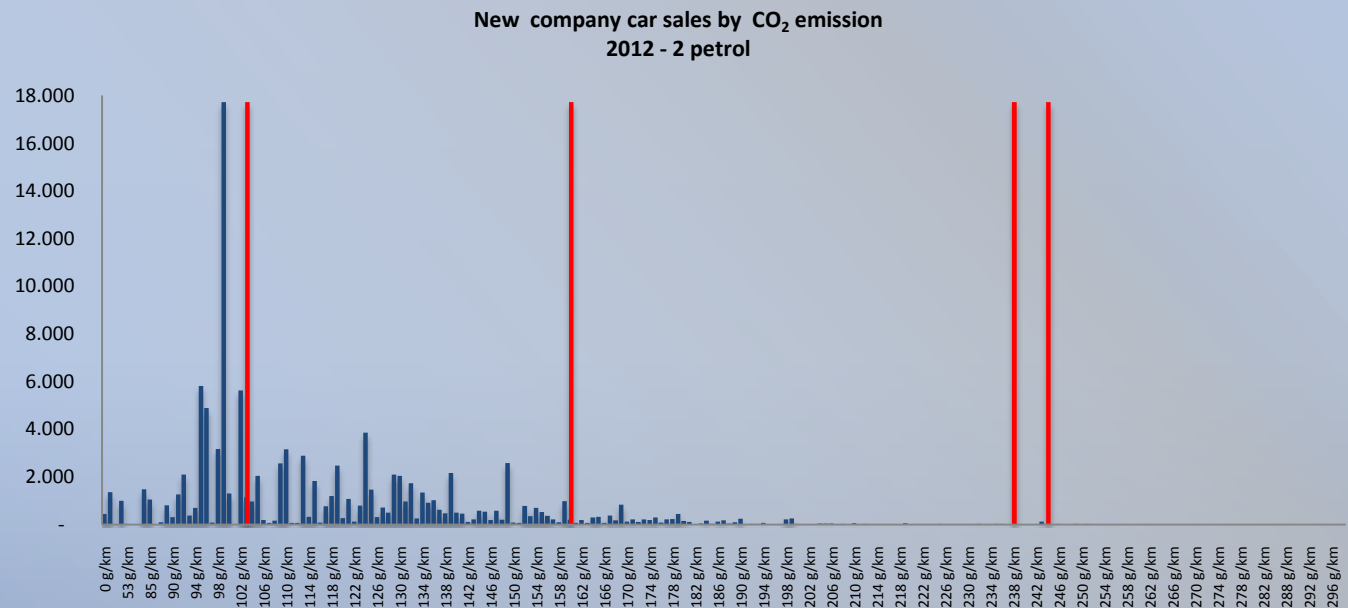
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2. Emission limits have major impact on company car sales



Bijtelling

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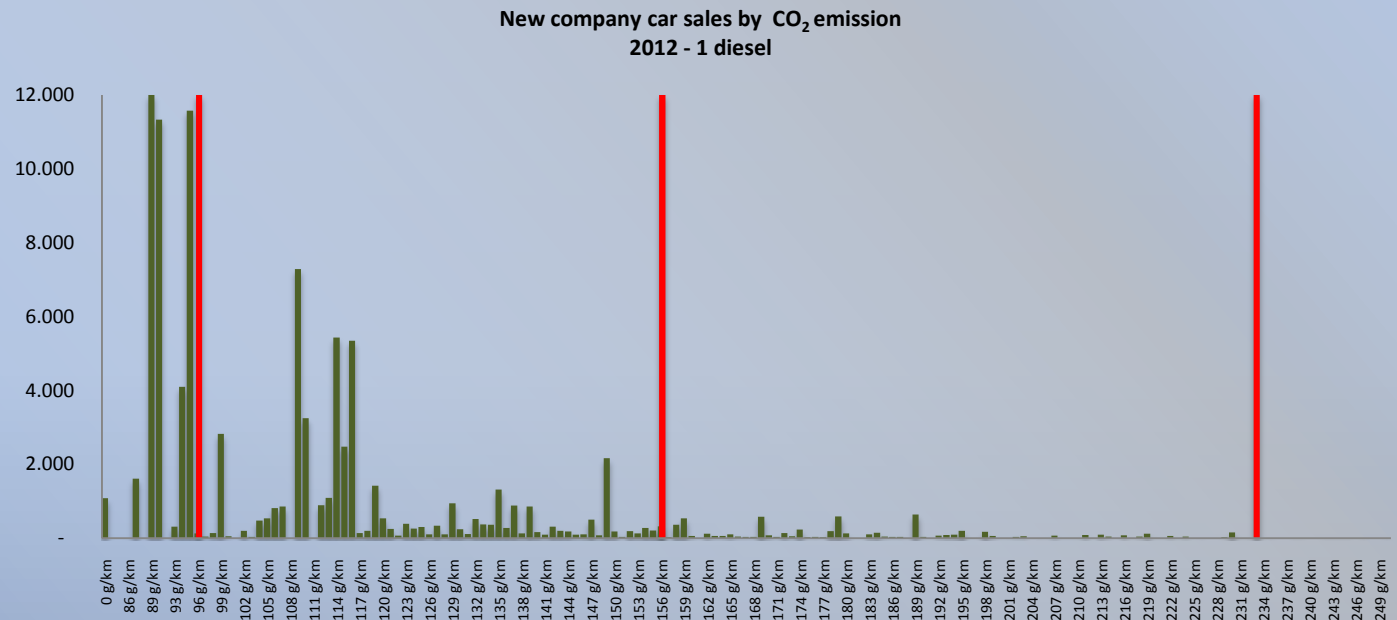
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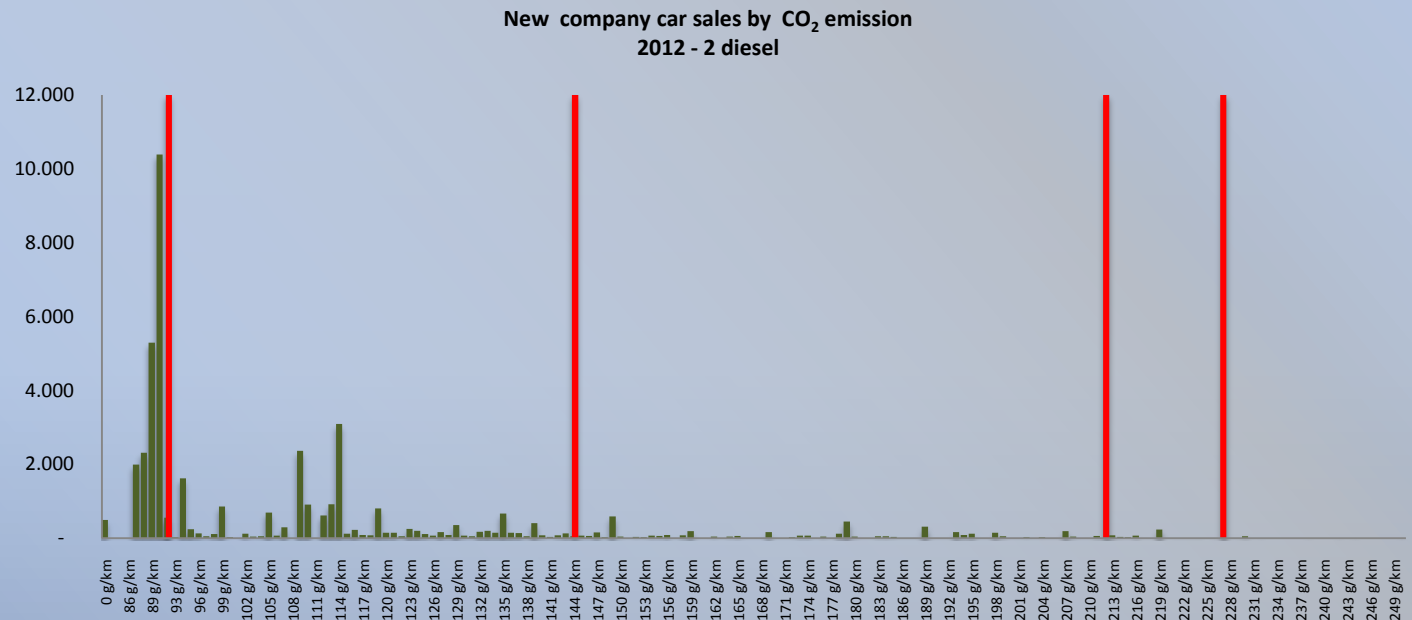
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Bijtelling

Main effects of conversion from nett catalogue price based Bijtelling to CO₂ emission based Bijtelling

1. Rapid downsizing of new company cars
2. Emission limits have major impact on company car sales
3. Rapid decline of tax revenues

Bijtelling

Main effects of conversion from nett catalogue price based Bijtelling to CO₂ emission based Bijtelling

1. Rapid downsizing of new lease cars
2. Emission limits have major impact on company car sales
3. Rapid decline of tax revenues
4. “Winner takes all”

New company car registrations	2011	2012	2013
Renault Megane	3.842	15.091	4.192
Volkswagen Passat	4.498	3.162	303
Fiat Punto	3.533	841	77



Position RAI Vereniging on taxation (1)

- Taxation should not be local but on an EU basis
Currently, the Netherlands is among the countries in the EU with the highest car taxation.
- Automotive taxes should be efficient and should not cause unnecessary administrative burdens
- Automotive taxes should have broad support in politics and society and should be **easy to explain**
- Automotive taxes must be **predictable** and robust
- In the long run, automotive taxes should be technology neutral

Position RAI Vereniging on taxation (2)

- The current 'greening' of the BPM, annual road tax and 'bijtelling' has disproportional and undesirable effects on the car market. Small differences in CO₂ emissions can have major consequences.
- The different treatment of fuels in taxation delays the introduction of alternative fuels
- The BPM, annual road tax and bijtelling are taxes based on the purchase or possession of the car. In the long run, taxation of the use of the car is the only 'sustainable' way of taxation.
- Anders Betalen voor Mobiliteit (*Introduction of a form of road tax*) is RAI Vereniging's solution for sustainable automotive taxation

Anders Betalen voor Mobiliteit

- System of variable taxation
- Based on the use of cars instead of ownership
- Tariff per kilometre
- Tariff differentiates by:
 - time
 - place
 - emission
- Benefits:
 - better accessibility
 - cleaner environment
 - positive impuls on new car sales



Anders Betalen voor Mobiliteit

Critical factors for success

- System should be simple and explicable
- System must be future-proof
- System must not cause major market distortions
(new and used cars)
- System should encourage replacement of older cars for new cars
- System should take into account the development of alternative fuels and drive systems

Public opinion

Pro

- The principle of paying for the use of the car, not ownership
(*'the polluter pays'*)

Contra

- Distrust of government
(*'car as cash cow'* and recent experiences with failed major infrastructure projects)

