Green Budget Europe, European Environmental Bureau,
in cooperation with
DG TAXUD, European Commission

Is the tax treatment of company cars environmentally harmful in the European Union?

Monday 28th February 2011

Centre Conference Albert Borschette, room 3C, rue Froissart 36, Brussels
Introduction to the Workshop

The starting point for this workshop was on the one hand a study commissioned by DG TAXUD on company car taxation and on the other hand, a letter written to Commissioner Šemeta following the GBE 2010 Annual Conference in Budapest where the results of the study were presented for the first time. In the letter, GBE and the EEB suggested that they collaborate with DG TAXUD to organise an event to discuss the findings in more detail, compare the study with other similar research, and to give the topic more publicity and bring it to a wider audience. This workshop is the result.

The research, carried out by Copenhagen Economics, revealed that direct revenue losses as a result of the tax treatment of company cars may approach 0.5% of EU GDP (€54 billion) and welfare losses from distortions of consumer choice are substantial, perhaps equal to 0.1 to 0.3% of GDP (€12 billion to €37 billion). The figures speak for themselves – the tax treatment of company cars should be of considerable interest to national governments, particularly in an era where fiscal consolidation is a priority.

This workshop sets out to discuss and analyse the impact of company car taxation in the EU on the environment, on welfare, and on our fiscal systems, e.g. in terms of lost revenues. Its purpose is on the one hand to bring information about company car taxation to a wider audience and on the other, to put this in the context of the broader issue of environmentally harmful subsidies in the transport sector, and the current G20 process which is working towards phasing out subsidies for fossil fuels.

We hope that we find time not only to discuss the effects and impacts of the tax treatment of company cars, but also to discuss some new ideas to reform the current systems in place and to identify windows of opportunity in the future, e.g. linking the issue more closely to the G20 process for the phase-out of fossil fuel subsidies. Presentations of the tax treatment of company cars in many EU Member States will analyse company car taxation practices in relation to sustainability criteria and investigate if - and to what extent - the tax treatment of company cars subsidises unsustainable and climate-damaging behaviour. We hope that the workshop will give participants the opportunity to learn from each other, and from different models of taxation already in place.

The topic is extremely timely because:

- The consolidation of budgets in EU member states in the wake of the economic crisis demands cost cutting measures, and it is preferable that such measures take environmental considerations into account.
- Since the G20 summit in Pittsburgh, 09/2009, the G20 countries have been investigating ways of phasing out fossil fuel subsidies. This is directly related to the tax treatment of company cars, which tends to incentivize increased levels of fuel use and encourage purchasing decisions unrelated to engine efficiency or emissions levels.
- The Europe 2020 Strategy states: “At national level, Member States will need to phase out environmentally harmful subsidies, limiting exceptions to people with social needs.”
- More broadly, it is important to communicate how the removal of environmentally harmful subsidies can be an effective tool to address the current economic, social and environmental crises.
Workshop programme

Is the tax treatment of company cars environmentally harmful in the European Union?

09.30 – 11.00: Session 1 – welcome, introduction, keynote(s)

Chair: Jacqueline Cottrell, Green Budget Europe

Philip Kermode, Director, Direct Taxation, Tax Coordination, Economic Analysis and Evaluation, DG TAXUD

Welcome and introduction

Dr. Anselm Görres, President, Green Budget Europe

Welcome and introduction

Nils-Axel Braathen, OECD

Environmentally Harmful Subsidies in the transport sector

11.00-11.30: Coffee break

11.30 – 13.00: Session 2 – Approaches to company car taxation – methodologies and in-depth case studies

Chair: Jean-Pierre De Laet, DG TAXUD

Sigurd Næss-Schmidt (Partner), Copenhagen Economics

Company Car Taxation – Subsidies, Welfare and Environment

Jos van Ommeren, VU University, Amsterdam

The impact of Company Car Taxation on economic welfare

Michael Thöne, Institute for Public Economics (FiFo), University of Cologne

German Company Car Taxation: Subsidies and their Remedies

Stephen Potter, Professor of Transport Strategy, The Open University, Great Britain

An example of best practice? Company car taxation related to CO2 emissions in the UK

13.00- 14.00 LUNCH

14.00 – 15.30: Session 3 – good and best practice – country cases and policy options

Chair: Jean-Philippe Barde, Former Head of the National Policies Division, OECD, Environment Directorate and Lecturer at SciencesPo

Andras Lukacs, President, Clean Air Action Group

Tax treatment of company cars in Hungary
Michael Mossakowski, Head of Environmental Taxation, Cabinet of the Secretary of State for Finance, Belgium  
*Tax treatment of company cars in Belgium*

Adam Helebrant, Department of Economic Instruments, Ministry of the Environment of the Czech Republic  
*VAT exemptions for company cars - does it effect the environment in the Czech republic?*

Tonia Pediaditaki, Layer specialised in Tax law  
*Tax treatment of company cars in Greece*

15.30 – 16.00: Coffee break

16.00 – 17.30: Session 4 – panel discussion – making progress on company car taxation.

Chair: Kai Schlegelmilch, Green Budget Europe

- Jos Dings, T&E (Transport and Environment)
- Ronald Steenblik, OECD
- Dr. Anselm Görres, President, GBE
- Dr. Rolf Diemer, DG Taxation and Customs Union
- Stephen Potter, Professor of Transport Strategy

17.30 – 17.45: Conference close

Final comments from Dr. Anselm Görres (Green Budget Europe) and Jean-Pierre De Laet (DG TAXUD)

17.45 – 19.00: Drinks reception
Speakers and chairs

Jacqueline Cottrell is a freelance environmental consultant and project manager of Green Budget Europe (GBE) – hosts of this conference and European expert platform to promote Market-Based Instruments for the environment. Jacqueline has organised and contributed to numerous international conferences, symposia, seminars and workshops on the topic of Environmental Fiscal Reform. She has published widely in the field of environmental economics and sustainability. She also works as a consultant for capacity development and EFR for poverty reduction for the GIZ (German International Cooperation).

Philip Kermode is a graduate of Trinity College Dublin and a member of the Institute of Taxation in Ireland. He has worked in different functions in the Commission's Taxation and Customs Union Directorate General and in the Commission's Anti-Fraud Service (OLAF). Since November 2008 he has been Director responsible for 'Direct taxation, Tax coordination, Economic analysis and Evaluation' where his main responsibilities are in relation to direct taxation policy.

Dr. Anselm Görres was born in 1952, studied economics in Heidelberg, Geneva, Stuttgart, and Munich and researched at the IMF in Washington. As a consultant with McKinsey&Co., he served clients like Allianz, Daimler-Benz, Deutsche Bahn, Krupp, Siemens inside and outside of Germany. Since 1996, he is owner/manager of ZMM Zeitmanager München GmbH, a leading provider of interim services (www.zmm.de)

Nils-Axel Braathen is a Principal Administrator in the Environment Directorate of OECD, working among other things on environmental taxation, transport and environment issues, economic valuation of environmental externalities and on improving the environmental effectiveness and economic efficiency of “command-and-control” regulations. Prior to joining OECD in 1996, he was Deputy Director General in the Ministry of Finance in Norway.

Sigurd Næss-Schmidt has a Master’s degree in economics from the University of Copenhagen. He provides consulting services primarily to public clients with a focus on public finance aspects, impact assessments and policy evaluation. Prior to joining Copenhagen Economics he has worked for the Danish Ministry of Finance, the OECD, the EU Commission and for a Danish business organisation. He has taught economics both at the University of Copenhagen and the Copenhagen Business School.
Jos van Ommeren is associate professor in economics at the VU of Amsterdam. His research focuses on government policy regarding transport issues in a labour market and housing market setting. One of his main research interests is the economic effects of company car taxation.

Michael Thöne is the Managing Director of the FiFo Institute for Public Economics, University of Cologne. He studied economics and political sciences at the Trinity College, University of Dublin, and at the University of Cologne, where he also received his doctorate. Michael's research covers environmental economics and public economics, here mainly taxes and subsidies. He acts as a policy consultant to numerous government and public bodies in Germany and Europe.

Stephen Potter is Professor of Transport Strategy, undertaking work on the design processes involved for the diffusion of cleaner transport technologies, cleaner vehicle technologies (including participation in the Milton Keynes electric vehicle project) and more sustainable travel behaviour. This also includes work on specific topics such as travel plans and the design of transport environmental taxation. As well as transport research, Stephen also undertakes studies in other sustainable design issues. He works in both the Design Innovation Group and in the Energy and Environment Research Unit (EERU). Stephen is active in postgraduate training work and from 2007-10 was Chair of the Research Degrees Committee.

Jean-Philippe Barde holds a PhD in Economics (Paris University). He is now retired from the OECD where he was Head of the National Policies Division of the Environment Directorate and in charge, inter alia, of the OECD work on environmental policy instruments. He was also teaching at Paris University (Paris 1), lecturer at the European School of Advanced Environmental Studies (University of Pavia, Italy) and at the Institute for High Studies in Public Administration (Lausanne, Switzerland)

András Lukács is President of the Clean Air Action Group (CAAG), one of the best known NGOs in Hungary dealing with the protection of the environment, and an umbrella organisation of 132 environmental NGOs. Its main fields of activity are greening the state budget, sustainable transport, energy policy, urban development, use of chemicals. Its activities include public awareness raising, consulting, research, publishing and advocacy at local and national levels. András Lukács, a geophysicist and economist, has headed CAAG since its foundation in 1988. He is author or co-author of more than 40 studies and several hundred articles on economic instruments for environmental protection, transport and environment, energy and environment, and urban sprawl
Michael Mossakowski trained as a lawyer and as an economist. He joined the cabinet of Bernard Clerfayt, Belgian Secretary of State for Finance, in 2008. He is in charge of environmental taxation at federal level. Before joining the cabinet, Michael Mossakowski had a long career in Finance and Business Development, mostly in the pharmaceutical industry.

Adam Helebrant (43) has been working for the Ministry of the Environment of the Czech Republic since 2007. In the department of economic instruments he takes care of subsidies programmes, relationship with EU and OECD and especially of state aid agenda. He also cooperates with Product Contact Point on introduction of products in EU common market. Before, he worked in IT services for an insurance company. Originally, he studied at the Czech Technical University in Prague and graduated in automotive engineering and transportation sciences.

Tonia Pediaditaki

Kai Schlegelmilch is an economist, who also trained as Bank Clerk, and is Official in Charge at the Federal Environment Ministry. Kai has advised governments in China, Vietnam and Thailand regarding the introduction of environmental taxation on behalf of the GIZ (German International Cooperation). Formerly, he worked for the Wuppertal Institute for Climate, Environment, Energy and the European Environment Agency in Copenhagen. He is a founding member, and since 2002 Vice-President, of FÖS/GBG.

Jos Dings (40) is Director of Transport and Environment, Europe's principal environmental organisation campaigning specifically on transport issues. As Director Jos carries responsibility for strategy, staffing, fundraising and external representation of T&E.

Before joining T&E in 2004, Jos worked at CE Delft, an environmental consultancy, where he headed the transport division. Jos graduated in Mechanical Engineering at the Delft University of Technology.

Jos is married with three children, and loves bike racing in the mountains.
Kerryn Lang is a Research Officer for the Global Subsidies Initiative based in Geneva. She coordinates the GSI’s main research projects such as country case studies to quantify producer subsidies. In addition, Kerryn follows and advises on the G-20 initiative to phase out subsidies to fossil fuels and writes regular policy briefs on emerging issues.

Before joining IIID, Kerryn worked as a consultant with the International Trade Centre (UNCTAD/WTO) in Geneva and spent several years as International Adviser on trade and environment policy for New Zealand’s Ministry for the Environment. Kerryn has also been admitted as a Barrister and Solicitor in the Wellington High Court, New Zealand.

Ronald Steenblik leads the work on trade and the environment, including the reform of fossil-fuel subsidies, in the OECD’s Trade & Agriculture Directorate. Ronald’s contributions to the field of subsidy quantification and analysis stretch back 25 years, covering subsidies to energy, agriculture and fisheries. Since 2009 he has been part of an international team supporting the G-20 initiative on fossil-fuel subsidies. While on sabbatical from the OECD, in 2006 and 2007, he served as the Director of Research for the IIID’s Global Subsidies Initiative (GSI), an ambitious new program developed by the IIID aimed at improving information on the extent and effects of subsidies, especially those that are harming developing countries or the environment. Ronald has also made important contributions to the WTO negotiations on environmental goods and services. He earned degrees from Cornell University’s School of Natural Resources (1974) and from the University of Pennsylvania (1985).

Dr. Rolf Diemer is Head of Unit for “Environment and other indirect taxes” in the EU Commission’s Directorate General for the Taxation and Customs Union. In this function Mr. Diemer notably oversees the revision of the EU’s energy tax directive. He is also responsible for environmental tax issues in general as well as other indirect taxes like excise duties. Before he headed the European Commission’s department for ‘value added tax and other turnover taxes’ which covers the whole range of policy and technical VAT issues at EU level. Before that he worked as policy officer in the unit responsible for the ‘analysis and co-ordination of tax policies’ (since 1998). Responsibilities there included the secretariat of the high-level Taxation Policy Group and work on the longer-term options for company taxation in the EU.

Jean-Pierre De Laet
The organisers

Green Budget Europe – GBE

Green Budget Europe (GBE) is a European expert platform to promote Market Based Instruments for the environment. GBE brings together representatives of business, international organisations, ministries, NGOs, political decision-makers, the research community and civil society to protect climate and environment.

Our goal is to promote Environmental Fiscal Reform to address climate change and the degradation of the natural environment, including green taxation, emission trading, phase-out of environmentally harmful subsidies and greening local, national and EU budgets and spending.

GBE was founded in Brussels in September 2008 – as a project of the NGO FÖS/GBG – in response to the EU's growing influence on environmental and fiscal policy. New members welcome!

You can become a member online at www.foes.de.

The European Environmental Bureau

The EEB, set up in 1974, is Europe's largest coalition of grass-roots environmental organisations and the environmental voice of European Citizens. It works to promote environmental issues on a European level and represent the demands of European citizens. EEB policy officers are in almost constant dialogue with the European institutions (Commission, Parliament and Council) and strive to improve or protect environment laws in Europe.

The EEB also supplies quality information to the public, its members and the European institutions through articles, reports and papers. It offers expert comment, analysis and recommendations on most of the latest environmental issues.

For more information see: www.eeb.org