

Christian Ege, director

CO2-reduction from cars though tax restructuring

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Differentiated registration tax

Registration tax is effective – influences the number of cars

If differentiated, also the fuel efficiency

Denmark is in front on car energy efficiency, due to the Danish car taxation

But much more can be achieved

Denmark and Norway have the highest registration tax in Europe

Necessary to reduce total CO₂-emission from cars – in spite of the growing traffic



Car taxation and EU CO₂ goal

**2007 reform of registration has been effective
per car**

But lead to increased car sales

**CO₂ from new cars: Denmark and Portugal in
2010 reached the EU goal for 2015**

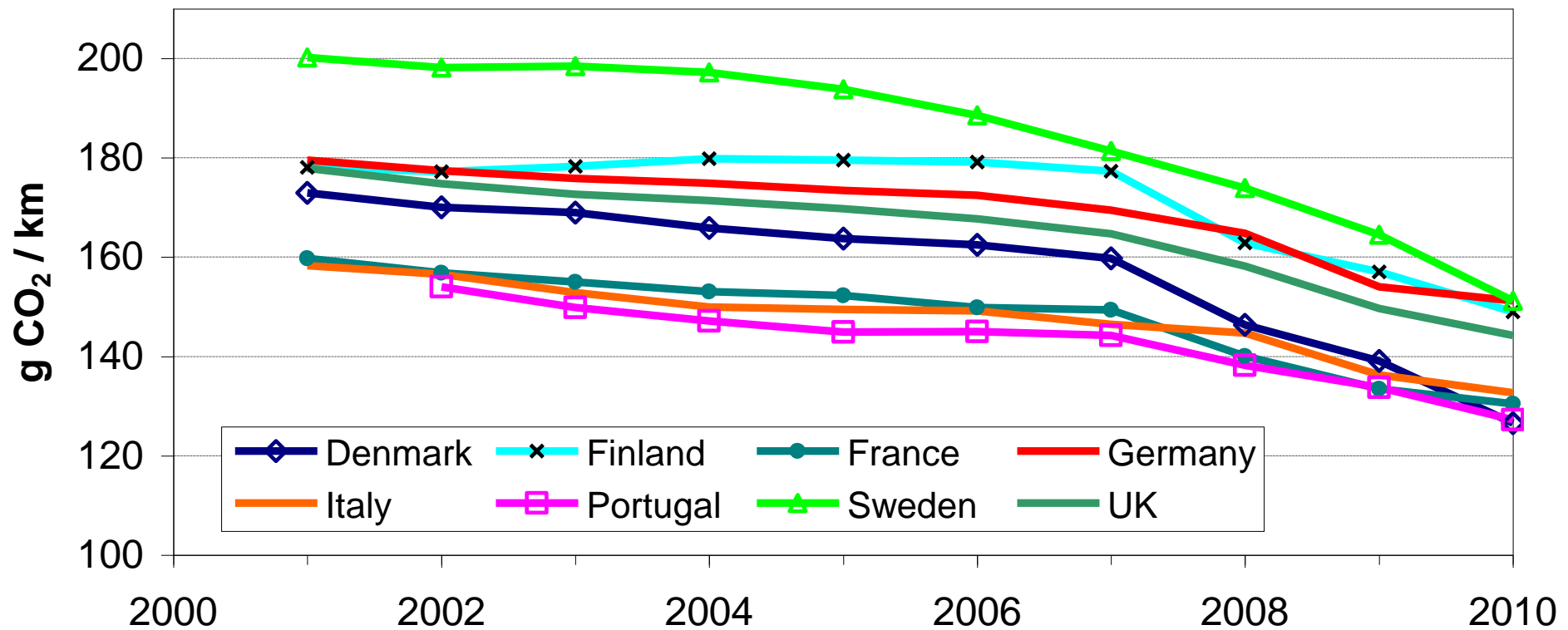
Small efficient cars became much cheaper

**Large reduction of revenue – partly because of
high percentage of more efficient cars – and
lower fuel consumption (partly because of
leasing arrangements)**

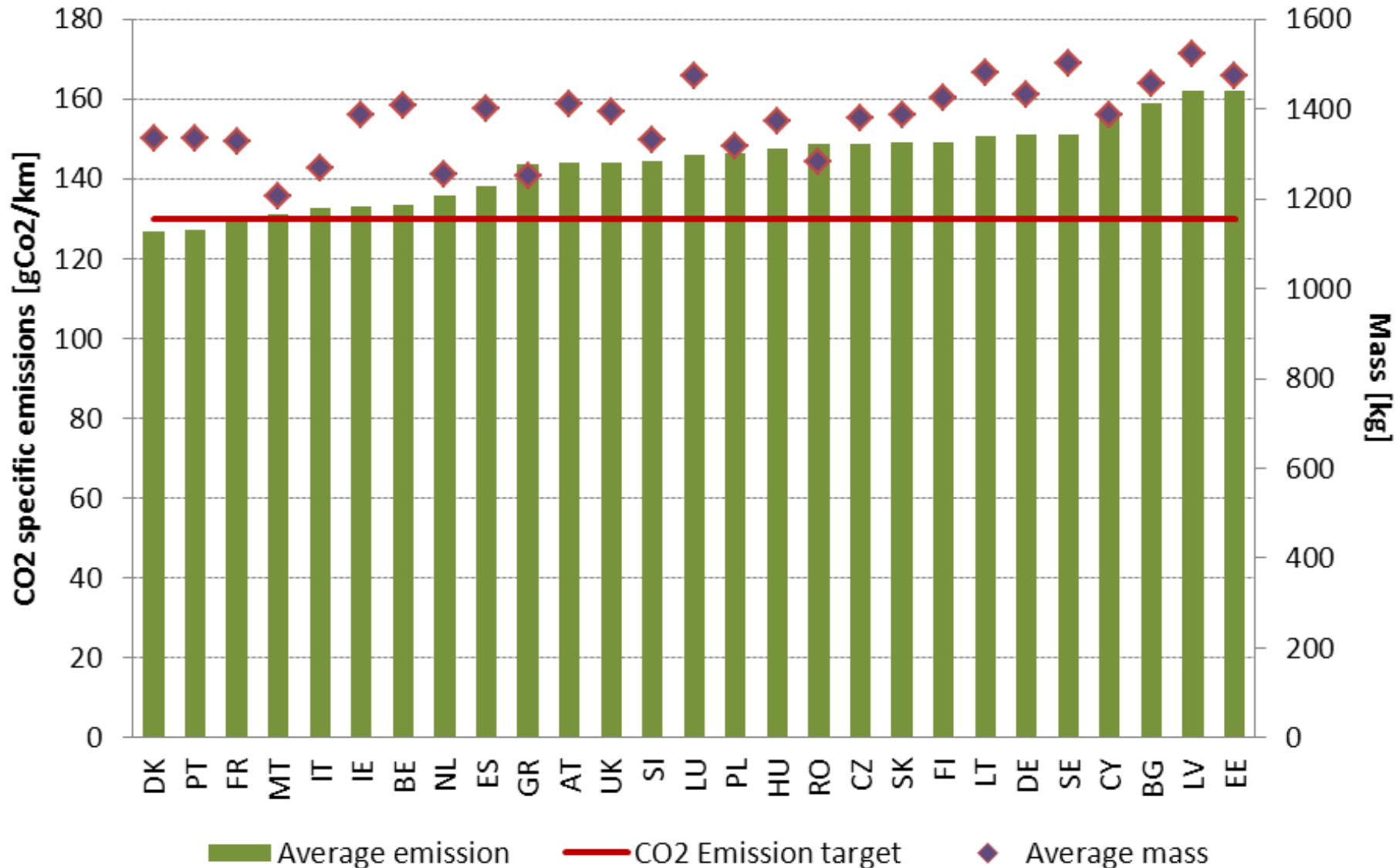


Politics works! New cars in 8 EU countries

Average CO₂ emissions from new passenger cars



Car mass and CO₂-emissions from new cars



Dividing line for taxation

	Km per liter	g CO ₂ per km
Diesel cars	18	150
Gasoline cars	16	150

Dividing line for the registration tax

-very outdated – average for new cars is below 130 g



"Punishment" and "reward"

	DKK	Euro
"Punishment" per km	1,000	134
"Reward" per km	4,000	538

"Punishment" and "reward" for cars less or more effective than the dividing line

Outdated dividing line and imbalance between "reward" and "punishment" lead to large loss of revenue and to increase of car sales



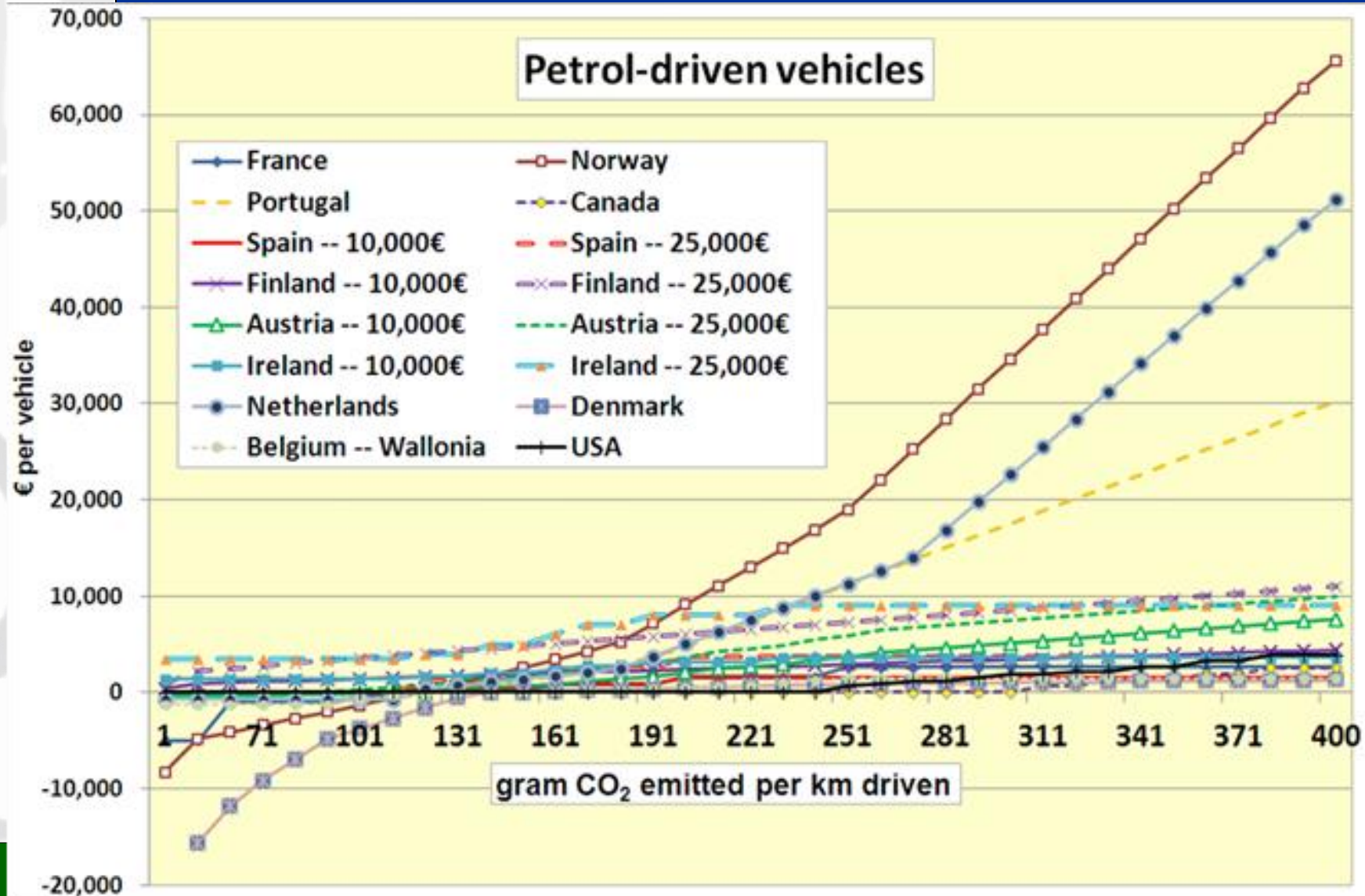
Danish registration tax

Strong "carrot" and a weak "stick"

Norway, Netherlands, and Portugal have a much stronger "stick" for the inefficient cars



Tax increase and reduction - CO2



Next reform of registration tax

Proposal before last election, September 2011, from the two Danish parties, the Socialists (social democrats - S) and the Socialist Peoples Party (SF):

to raise the "punishment" and the "reward" to both 6,000 DKK (806 Euro), below as well as above the dividing line

– and to push the dividing line upwards.

Today, the government declaration (S-SF, RV - October 2011): it must be cheaper to buy an energy efficient car – not directly saying it must be more expensive to buy an inefficient car.



>Titel<

Will they repeat mistake from 2007:

Increased car sales and loss of revenue?

TEC supports a "stick" of 6,000 DKK (806 Euros)

But not a larger "carrot"

Avoid further increase of car sales – and loss of revenue



New dividing line

	Km per liter	g CO ₂ per km
Diesel cars	21	126
Gasoline cars	19	126

Proposal for new dividing line – corresponding to new average for new cars



Electric cars and plug in hybrids

Electric vehicles exempted from registration tax until 2015

Should be extended – until 100,000 Evs on the Danish roads – app. 5% of car fleet

We need tax *reduction* for the best plug in hybrids: serial hybrids – with the longest range of the battery

Like Opel Ampera – 40-80 km, depending on the driving and electrical equipment

A parallel plug in hybrid like Toyota Prius plug-in: only 10-15 km range – should have lower reduction



Ownership tax

Differentiated according to fuel consumption

You might change a minor part of the registration tax into higher ownership tax

- to increase the incentive to scrap old inefficient cars.**

Old cars pollute much more than new cars

Does Denmark have a very old car fleet because of the high registration tax? This is a myth.

Average age of cars is high, app. 9 years

- but the same in countries with a very low registration tax (Finland)**

- or even with no registration tax (Sweden).**



Company cars

35-40% of the total sales of new cars are company cars

– less than 10% of the total car fleet

Many company cars are sold for private use after few years

The Danish taxation of company cars (“free car”) is an income tax

You try to assess the value of having a free car that you can also use in your spare time.



A distorted car taxing system

Lower taxation → you can get a company car cheaper than buying the same car on your own.

Contributes to a distorted car taxing system.

A "free car" is taxed by 25% of the value up till 300,000 DKK (40,000 Euro).

Above this the tax is only 20 %.

TEC propose a 25% tax below as well as above the limit.



TEC-proposal

Taxation of private car driving in a company car is independent of the number of km's

→ incentive to drive longer.

The amount was increased in the latest tax reform

TEC-proposal: You register the number of km's you drive for the work place - you subtract this from the total number of km's.

→ you can tax private driving without having to directly register the number of km's you drive privately.



Test of electronic registration

A test should be carried out, with electronic registration of company car driving.

This could provide experience that could lead to a taxation of the actual use of the company cars.

This would probably require a sealed odometer, in order to avoid fraud – like we have sealed electric meters at home.

