

# **Differences in taxation on heavy goods vehicles in Europe**



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Name of the publication Differences in taxation on heavy goods vehicles in Europe			
Abstract <p>The purpose of the report is to give an overview of the taxes and charges levied on heavy goods vehicles in Europe and to evaluate how the differences are affecting the competitiveness of Finnish road haulage companies. In the comparison between countries three vehicle types are used:</p> <ul style="list-style-type: none"><li>a) lorry (2 axles), total weight 10 tonnes,</li><li>b) lorry (3 axles), total weight 25 tonnes,</li><li>c) articulated vehicle (2+3 axles), total weight 40 tonnes.</li></ul> <p>The material for the study was collected between May-September 2004 from various European ministries and other expert organizations. The countries where information was available are Austria, Belgium, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, the Netherlands, Norway, Poland, Slovakia, Slovenia, Sweden, the United Kingdom and Finland. In addition, information from various publications is used in the report.</p> <p>The report describes the levels of taxes and charges in various countries in 2004, and the results are compared to some prior studies on the same area. According to the results it seems that there is a tendency towards a more efficient use of the User Pays principle and marginal cost pricing in Europe.</p> <p>When comparing the total tax burden of Finnish road haulage companies it can be seen that it is on average European level or slightly above it. However, it has to be pointed out that in the new Member States located near Finland (the Baltic countries and Poland) both annual vehicle taxes and the total tax burden are lower than in Finland. For that reason competition is going to become tighter in the Finnish market, which will make flagging out of vehicles and companies attractive in order to reach the benefit of lower cost level in these countries. The development of flagging out can be observed e.g. from the number of heavy goods vehicle registrations in Finland and the Baltic countries.</p>			
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Julkaisun nimi Raskaaseen tieliikenteeseen kohdistuvien verojen erot Euroopassa			
Tiivistelmä Tämän tutkimusraportin tarkoitus on selvittää raskaaseen tieliikenteeseen kohdistuvien verojen ja käyttäjämaksujen tasoa Euroopassa sekä arvioida erojen vaikutusta suomalaisten kuljetusyritysten kilpailukykyyn. Maiden välisessä vertailussa on käytetty kolmea eri ajoneuvotyyppiä: a) kuorma-auto (2 akselia), jonka kokonaispaino on 10 tonnia, b) kuorma-auto (3 akselia), jonka kokonaispaino on 25 tonnia, c) puoliperävaunuyhdistelmä (2+3 akselia), jonka kokonaispaino on 40 tonnia.  Materiaali selvitykseen kerättiin toukokuun ja elokuun välisenä aikana vuonna 2004 Euroopan eri maiden ministeriöistä ja muista alan asiantuntijaorganisaatioista. Maat, joista tieto oli saatavilla selvitystä varten ovat Itävalta, Belgia, Tsekki, Tanska, Viro, Ranska, Saksa, Kreikka, Unkari, Irlanti, Latvia, Liettua, Norja, Alankomaat, Puola, Slovakia, Slovenia, Ruotsi, Yhdistyneet Kuningaskunnat ja Suomi. Kyselyn lisäksi tietoja etsittiin muun muassa alan julkaisuista.  Raportissa kuvataan raskaan liikenteen verotuksen ja maksujen tasoja eri maissa vuonna 2004 ja saatuja tuloksia verrataan aikaisempien tutkimusten tuloksiin. Saatujen tietojen perusteella vaikuttaa siltä, että Euroopassa ollaan siirtymässä käyttämään markkinaehtoisia maksuja (ns. käyttäjä maksaa -periaate) yhä useammin sekä toteuttamaan rajakustannushinnoittelua selvemmin.  Verrattaessa suomalaisiin kuljetusyrityksiin kohdistuvia maksuja muihin Euroopan unionin jäsenmaihin havaitaan, että suomalaisiin kuljetusyrityksiin kohdistuva kokonaisverorasite on eurooppalaista keskitasoa tai hieman sen yläpuolella. On kuitenkin huomattava, että Suomea lähellä sijaitsevilla uusilla jäsenmailla (Baltian maat ja Puola) sekä vuosittainen ajoneuvovero että kokonaisverorasitus ovat alempia kuin Suomessa. Tämä tulee kiristämään kilpailutilannetta Suomessa sekä tekee ajoneuvojen ulosliputtamisen ja yritysten siirtämisen näihin halvempiin maihin houkuttelevaksi. Ulosliputuksen määrän kehitystä voidaan seurata esimerkiksi raskaiden ajoneuvojen rekisteröintien määrän kehityksellä sekä Suomessa että uusissa Euroopan unionin jäsenmaissa.			
Avainsanat (asiasanat) kuljetusyritykset, raskaat ajoneuvot, verotus, käyttäjämaksut, tietullit, kilpailukyky, ulosliputtaminen			
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Referat Denna undersökning har som mål att utreda nivån på skatter och avgifter som drabbar tunga vägfordon i Europa och att uppskatta effekten av skillnaderna på finska transportföretags konkurrenskraft. I undersökningen har fordonstyperna indelats i tre klasser: a) lastbil (2 axlar), totalvikt 10 ton b) lastbil (3 axlar), totalvikt 25 ton c) kombination av påhängsvagn och lastbil (2+3 axlar), totalvikt 40 ton.  Materialet till utredningen samlades genom en enkät som skickades till ministerier och andra expertorganisationer i Europa mellan maj och augusti 2004. Information fanns tillgänglig om följande länder: Österrike, Belgien, Tjeckien, Danmark, Estland, Frankrike, Tyskland, Grekland, Ungern, Irland, Lettland, Litauen, Norge, Nederländerna, Polen, Slovakien, Slovenien, Sverige, Storbritannien och Finland. Uppgifterna kompletterades bland annat med hjälp av publikationer inom området.  I rapporten beskrivs beskattnings- och avgiftsnivåer i olika länder år 2004. Resultaten jämförs med resultat från tidigare utredningar. Det verkar som om man i Europa är på väg att allt oftare använda avgifter som baserar sig på marknadsvillkor (enligt principen "användaren betalar") och tillämpa prissättning enligt marginalkostnad.  De avgifter som drabbar finska transportföretag är i nivå med eller något högre än motsvarande avgifter i Europeiska unionen när man jämför den totala skattebördan. Det bör dock påpekas att både den årliga fordonsskatten och den totala skattebördan är lägre i de nya medlemsstater som ligger nära Finland (de baltiska länderna och Polen) än i Finland. Detta kommer att skärpa konkurrensen i Finland och att göra utflaggning av fordon och förflyttning av företag till dessa länder till ett lockande alternativ. Hur utflaggningen utvecklas kan observeras till exempel genom att följa upp antalet registreringar av tunga fordon i Finland och i de nya EU-staterna.			
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## PREFACE

The study concerning differences in taxation on heavy goods vehicles in Europe was conducted at the University of Oulu between 1st May and 15th October 2004. The aim of the study was to give an overview of the level and structure of taxation on heavy goods vehicles in the Member States of the European Union including the 10 new Member States that joined the EU on 1<sup>st</sup> of May 2004 as well as in Norway and in Switzerland. The information received concerning the year 2004 was compared to some earlier studies such as Juga (2000) to analyse if there was any change in the relative situation of Finnish road hauliers compared to hauliers from other countries.

Three vehicle types are used in the study. The study concentrates on vehicle and fuel taxation, but also periodic user charges and road tolls are explored to some degree. Based on some earlier studies the report also includes some consideration about the effects of taxation on the road haulage sector, especially on Finnish road hauliers operating in the international market.

The study was done by Ms Päivi Saurento as a researcher and Ms Saara Pekkarinen as a conducting researcher from the University of Oulu under the guidance of professor Jari Juga. The study was supervised by Mr Lassi Hilska and Mr Jari Gröhn at the Ministry of Transport and Communications, Mr Heikki Kuitunen and Leo Parkkonen at the Ministry of Finance and Mr Markku Maukonen and Antti Seppälä at Finnish Transport and Logistics (SKAL).

Helsinki 11 November, 2004

Director of Unit for  
Transport and Logistics Services                      Lassi Hilska

Transport Policy Department  
Ministry of Transport and Communications, Finland

## SUMMARY

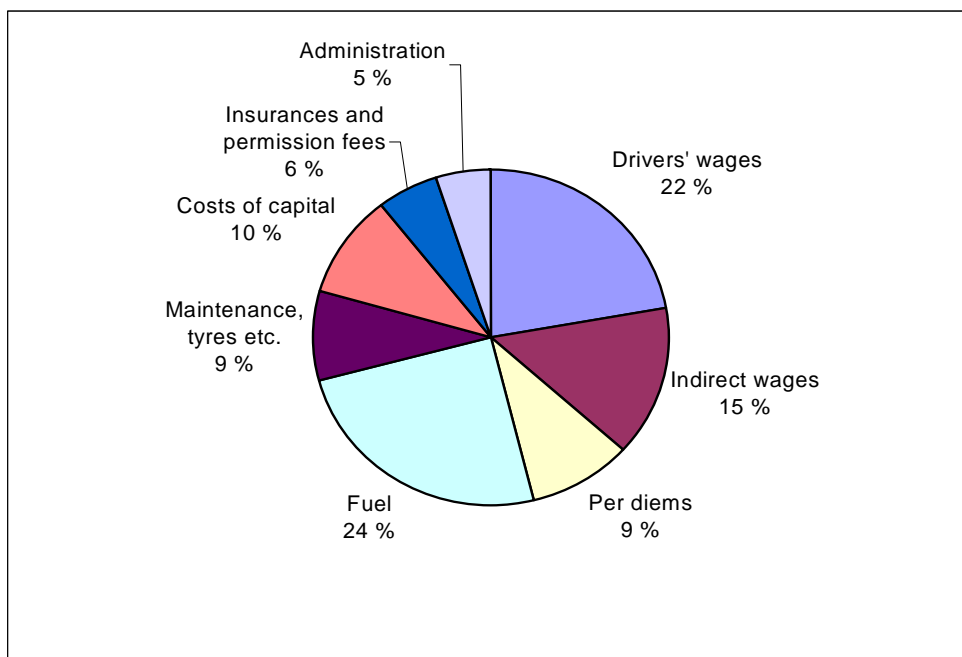
The purpose of this report is to present the levels of different kinds of taxes and charges levied on heavy goods vehicles in various European countries. The enlargement of the European Union gave rise to the need of a study of this kind, because the differences in the levels of taxation on heavy goods vehicles between the Member States have increased, which will tighten the competition in the international road haulage market. The aim of this study is also to evaluate the competitiveness of Finnish road haulage companies compared to other European countries.

To get the information needed an inquiry about taxes and charges was sent to 27 European countries. Information for this study was available from 20 countries. The following items were included in the inquiry: registration taxes and charges, periodic vehicle taxes, periodic user charges, road tolls, bridge and tunnel charges as well as fuel duties. It was also asked whether there are some other charges or exemptions on heavy goods vehicles.

This report presents a comparison of annual vehicle taxes for three representative vehicle types (lorries with a weight of 10 and 25 tonnes, articulated vehicles with a weight of 40 tonnes). It can be seen that there are remarkable differences in the levels of vehicle taxation between European countries. The study also includes a comparison made on fuel-related duties, assuming that the fuel is bought from the country where the vehicle is registered. Total tax burdens in different countries are calculated based on these two comparisons. According to these results, the total tax burden for vehicles registered in Finland is on average European level or a little above it. However, it is important to notice that the new Member States located near Finland have a remarkably lower tax burden, which could make it attractive to register heavy goods vehicles in those countries.

It has to be remembered that these comparisons do not tell the whole truth due to differences in vehicle populations between the countries. In Finland and Sweden, vehicles with a weight of 60 tonnes are used more often than 40-tonne vehicles. The average costs per t-km are thus not as high as could be expected based on taxes and charges on 40-tonne heavy goods vehicles. It must also be noted that in international road haulage fuel is not necessarily bought from the country where the vehicle is registered. Instead, the cheapest fuel available is used. For that reason comparisons of fuel-related duties are not so important when comparing competitiveness in international road haulage.

When evaluating the competitiveness of Finnish road haulage companies also other aspects besides taxation have to be taken into account. The cost structure of a Finnish road haulage company operating in Central Europe is shown below.



It can be seen that the costs of wages and fuel constitute most of the total costs. If the total costs per vehicle are e.g. 150,000 EUR per year, the importance of taxation on vehicles is not as significant as could be expected. Instead, the cost level of labour and fuel is much more important. At the moment the cost level in the Baltic countries and Poland is much lower than in Finland, and hauliers located in those countries can achieve competitive advantage based on the low level of labour and fuel costs when operating in the Internal Market.

It can be concluded that the enlargement of the European Union will tighten the competition in the Internal Market as well as in the Finnish road haulage market. At the moment, competition has increased in the Finnish road haulage market due to the decrease of transit transportation between the European Union and Russia, because after the enlargement it can be done through the Baltic countries. At the moment cabotage is not allowed in Finland for the new Member States. There is a transition period concerning cabotage (2+2+1 years), and it can be expected that the competition will be tighter after cabotage is allowed. If the taxation and cost level is lower in the new Member States also after the transition period, Finnish road hauliers will face hard cost pressure both in the domestic and the Internal Market. A haulier can respond to this cost pressure by improving overall efficiency, by using fuel-efficient vehicles or by implementing flagging out to a country with lower cost and tax level. The situation should be followed up, and the number of registrations in Finland and in the new Member States could be a useful indicator to describe the level of flagging out. The government can influence the level of labour costs and taxation on fuel and vehicles if interventions are needed in the Finnish road haulage sector.

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## 1 INTRODUCTION

The total tax burden on road transportation varies between the Member States, and the differences in the level of taxation have increased due to the enlargement of the European Union. The lower level of costs in the new Member States has created concern as to the competitiveness of road haulage companies located in the older Member States. One main reason for this concern is the fear of flagging out of road haulage companies, which would create hard cost pressure for the road haulage companies located in the older Member States. If road haulage companies did flag out their vehicles, the older Member States would also lose a remarkable amount of revenue from transportation.

The purpose of this study is to provide an overview of the different taxes and charges levied on heavy goods vehicles in Europe. The study follows a corresponding report by Juga (2000). The taxes and charges included in this study are registration charges, vehicle taxes, periodic user charges, road tolls, bridge and tunnel charges and fuel-related duties. The study also explores whether there are any other charges, exemptions or changes planned on the charges on heavy goods vehicles.

In this report, the amount of vehicle taxes and periodic user charges as well as the total tax burden in various countries are calculated for three vehicle types. The vehicle types used are the following: a) lorry, 2 axles, total weight 10 tonnes; b) lorry, 3 axles, total weight 25 tonnes; and c) articulated vehicle, 2+3 axles, total weight 40 tonnes. In the comparisons vehicles are supposed to belong to emission class EURO II and to have air suspension. It must be observed that vehicles with a weight of 40 tonnes are not the most typical ones used in transportations in Finland and Sweden. Instead, in these countries vehicles have more typically a weight of 60 tonnes. The results are thus not directly comparable due to differences in vehicle population.

The material for the study was collected during June – September 2004. The questionnaire was sent to various ministries and other expert organisations in 27 European countries. Information was available from 20 countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, the Netherlands, Norway, Poland, Slovakia, Slovenia, Sweden, the United Kingdom and Finland. In addition to the information received, available literature and other material from earlier studies was used in the study.

The report includes a general description of taxation and taxation politics in the European Union (Chapter 2), followed by a presentation of regulations concerning road haulage in the European Union (Chapter 3). Chapter 4 analyses the competitiveness of road haulage and the factors affecting it. The situation of Finnish road hauliers is described and analysed in Chapter 5. Current taxes and charges levied are analysed in Chapter 6, followed by a comparison to the situation in 2000 according to Juga and in 2001 according to the study of ECMT (Chapter 7). A summary of various taxes and charges levied in Europe is presented in Appendix 1, and a summary of differentiation principles of vehicle taxes, user charges and fuel duties is shown in Appendix 2. A more detailed description of taxes and charges in countries that responded to the questionnaire is presented in Appendix 3. The questionnaire used can be found in Appendix 4.

## 2 TAXATION

### 2.1 General

An important task of taxation is to generate public resources for financing services provided by government. The implementation of this task can be called fiscal policy. The other task of taxation is to improve economic efficiency, which is receiving increasing attention. Transport taxes have become one of the major sources of public finance in European economies, partly because of the rapid growth of transport services in the last century, and partly due to the relative price inelasticity of demand. This is particularly true of the excise duties levied on fuels. (ECMT 2003, 19.)

Taxes can be divided into direct and indirect taxes. Direct taxes are levied on individuals or corporations (e.g. income taxes) and indirect taxes on goods and services (e.g. value-added taxes and excise duties). (Stiglitz 1999, 453.) Both types of taxes concern the transport sector, but there is variation in the taxation on road haulage between the Member States of the European Union. Variation exists due to different taxation structures and rates, although especially indirect taxes have been harmonised to some degree. Direct taxes have mostly been within the Member States' own authority.

There are some desirable characteristics that should be included in any tax system. First, a tax system should not interfere with the efficient allocation of resources. Instead, taxation should be used to enhance economic efficiency. This can be done e.g. by internalizing the costs of negative externalities of a given activity. The tax system should be simple to administrate and thus have low costs and high compliance. The tax system must also be fair, treating those in similar circumstances similarly. One important characteristic of a tax system is flexibility. Taxation has to adapt to changed circumstances in order to improve a country's competitiveness. (Stiglitz 1999, 457-458.) All these desirable characteristics have to be taken into account in both national and European Union taxation politics.

### 2.2 Taxation politics in the European Union

The Commission's proposal (COM(2003) 448 final) concerns taxation politics. This section summarises the content of the proposal. The European Union has during recent years focused its taxation politics on the development of the Internal Market, the European Monetary Union and intensive economic integration. In 1996 three important challenges for the European Union were specified: stabilisation of member countries' tax revenue, an undisturbed Internal Market and increase of employment. This has created a framework in which it is possible to implement wider harmonisation concerning taxes. In any case, it is important to ensure that taxation does not create barriers for European Union Member States that prevent them from competing with fair operational preconditions or that prevent them from fully benefiting from the Internal Market.

At the same time, globalisation, increased trade and international capital flows require politics that can improve the competitiveness of the European Union. An entire business environment is changing rapidly, and more and more companies are operating internationally, in many Member States simultaneously. In this environment barriers for

free movement of capital flows as well as taxation distorting competition have to be eliminated.

There is no need to harmonise the taxation systems of the Member States completely. However, taxation in one country has effects in other countries as well, and that is why coordination of taxation by the European Union is needed. Wider harmonisation of taxation is needed for indirect taxes, because they can create barriers for the free movement of goods and services in the Internal Market, which goes against the main principle of the European Union and distorts competition.

Each Member State can still mostly decide the rates of direct taxes, even though they also affect other countries. The reason for this is the fact that the Member States have differing socio-economic systems (e.g. social security, health care, education etc.), and thus the amount of public expenditure that has to be financed by the Member States varies.

### **2.3 Transport policy**

Transport policy is trying to achieve many objectives, such as decreasing pollution and congestion and at the same time increasing the number of pro-environmental vehicles. There are many instruments that can be used when trying to achieve the desired results. Pricing policy is an important tool for transport policy as it affects the demand of transportation. However, pricing policy alone is neither sufficient nor necessarily the most efficient instrument for achieving all objectives of transport policy. This is true e.g. in the case of vehicle emissions, which is why vehicle emission standards are the first-choice tool for controlling air pollution from vehicles. These standards can be used to internalise a major part of the potential air emission costs. (ECMT 2003, 19-20.)

Pricing instruments of transport policy are at the moment already applied to emissions by using differentiated charges for vehicles according to their emission class. This can be called corrective taxation, which generates revenue and improves economic efficiency by imposing taxes on activities with negative externalities (e.g. pollution). Other instruments for implementing transport policy are e.g. regulations, driving restrictions, inspection and maintenance regimes. (ECMT 2003, 19-20.)

Taxation on transport can also be used to influence the choice of which mode of transportation (rail, air, sea etc.) is used. Taxation should reflect the real marginal social costs generated by each mode of transportation and thus help maximise social welfare. For example, in sensitive areas taxation could be higher for heavy goods vehicles and lower for vehicles used in combined transportation.

Taxation and other charges on vehicles and transportation vary between the Member States at the moment. First, in most Member States registration taxes or charges are levied, but the levels vary from country to country. Second, there are periodic vehicle taxes that vary substantially between the Member States, even though minimum levels are defined in Directive 1999/62/EC. There are also differences in calculation and differentiation principles of periodic vehicle taxes. Third, some Member States use periodic infrastructure user charges, others collect road tolls, bridge and tunnel charges, while some do not levy any charges at all for infrastructure use. There are thus very diverse taxation and charging systems in use within the European Union, even though there are some common regulations concerning all Member States.

### 3 REGULATIONS ON ROAD HAULAGE IN THE INTERNAL MARKET

#### 3.1 Permit to operate in the Internal Market

In order to operate in the entire Internal Market a carrier must be authorised to operate international road-haulage services. When a carrier has the authorisation, it is allowed to operate in ETA countries and in Norway, with the exception of Austria, where a transit permit is required if the vehicle's number of eco-points exceeds 5. Permit to operate in the Internal Market is granted to every applier fulfilling the requirements, which enables free competition in the road haulage sector. The permit is personal and may not be transferred to another person or corporation. The vehicle has to be owned or rented with written agreement by the licence owner. In some cases the vehicle may be rented from another Member State. The permit is valid for five years, after which it has to be reapplied for.

([www.laaninhallitus.fi](http://www.laaninhallitus.fi))

#### 3.2 Cabotage

Non-resident carriers may operate national road haulage services within a Member State, but only carriers authorised to operate international road haulage are allowed to do so. Operating and carrying out transportation inside other Member State than the one where vehicle is registered is called cabotage. Cabotage operators are exempt from any quantitative restrictions on market access, and no distinction should be made between domestic and foreign carriers. Cabotage operations are subject to the laws, regulations and administrative provisions in force in the host Member States in the following areas:

- the prices and conditions governing the transport contract,
- weights and dimensions (some regulations from the European Union),
- requirements relating to the carriage of certain categories of goods,
- driving and rest time for drivers (some regulations from the European Union),
- value-added taxes on transport services ([europa.eu.int/scadplus](http://europa.eu.int/scadplus))

There is an exemption concerning the ten new Member States from the first of May 2004. There is a possibility to have a transition period for cabotage to avoid uncontrollable structural change in road haulage. The transition period lasts 2+2+1 years, which means that after two years it is evaluated whether there are some compelling reasons to continue with the restrictions on cabotage. If such reasons are found, the transition period can be extended by two years, after which time the same evaluation is carried out again. If there is still reason to continue the transition period, it can be done for another year. In any case, restrictions on cabotage are lifted after five years. After the transition period cabotage is open for all Member States without discriminating. (Valtioneuvoston kanslian julkaisu 11/2003.)

### 3.3 The Eurovignette Directive

Directive 1999/62/EC (“Eurovignette”) concerning charging of heavy goods vehicles for the use of certain infrastructure was approved on 17 June 1999. The directive concerns vehicle taxes, tolls and user charges levied on heavy goods vehicles not less than 12 tonnes. The directive defines the minimum rates of periodic vehicle taxes and regulations concerning road tolls and user charges. The directive also gives a possibility to encourage the use of road-friendly and less polluting vehicles through differentiation of taxes and charges, providing thus a possibility to improve social welfare.

During the last few years there has been a tendency towards more efficient use of the “user pays” principle, which means that charges should reflect the real marginal cost of infrastructure use. The real marginal cost of infrastructure use means the extra cost that is generated by one more user of the infrastructure. In the Commission’s White Paper (COM(2001) 370) it was found that the users of different transport modes do not always pay enough to cover the costs they have caused. However, some Member States have already introduced new road charging systems based on the distance travelled, which implements better the “user pays” principle.

To implement the “user pays” principle more widely in the European Union some modifications have to be made to Directive 1999/62/EC. The Commission gave a proposal (COM(2003) 448 final) about these modifications in 2003. The proposal contains tendencies to include the costs generated by traffic in prices, to use traffic more efficiently and to improve the economic competitiveness of the European Union. In order to achieve these tendencies national road tolls and user charges should be brought closer to each other to create fair circumstances for competition. It is also important that the revenues from road tolls and user charges are used for improving the road infrastructure and in some cases for alternative modes of transport, not for fiscal purposes.

To implement the “user pays” principle better the structure of road tolls and user charges should be changed. According to the European Union, the charges should reflect the costs of infrastructure building, operation, maintenance and development. For that reason road tolls and user charges may be differentiated by:

- vehicle type (emission class, weight, axle number etc.),
- time of use (peak-time/congestion vs. peak-off-time),
- place (the degree of capacity used in certain infrastructure),
- the distance travelled in infrastructure,
- the type of infrastructure,
- location (environment, e.g. higher charges when travelling through the Alps).

With differentiation every vehicle would in principle be paying the social marginal cost it has caused. According to the directive proposal, road tolls and user charges should be differentiated by July 2008. Another important change in the proposal is that it includes all heavy goods vehicles not less than 3.5 tonnes.

### **3.4 Effects of the new directive proposal**

This section presents the effects of the proposed modifications according to the Commission's proposal COM(2003) 448 final. Implementation of the modified directive would execute the "user pays" principle better and create some benefits by improving efficiency and productivity of the road traffic sector and also by affecting market efficiency positively. The proposed directive would create a framework that would enable fairer prices for infrastructure users. The proposal also aims at creating fair circumstances for hauliers from different Member States. This is important, because fair circumstances will strengthen the Internal Market.

The proposed directive would help to decrease negative externalities. First, the use of less polluting and heavier vehicles would be encouraged by differentiated road tolls and user charges, because charges per ton-kilometre are higher for small or more polluting heavy goods vehicles. The shift towards heavier vehicles is desirable, because smaller heavy goods vehicles contribute to wearing down of the infrastructure and to congestions almost as much as heavier vehicles, even though the amount of goods transported is smaller. Second, transport routes would be optimised. Due to higher charges in sensitive areas, transportation routes would also be transferred to other regions, and if that is not possible, alternative modes of transport will be searched for (e.g. combined transportation through the Alps).

Taken together, these measures would mean considerable savings for the Member States, because the quality of the environment would improve, the time wasted due to congestions would decrease and optimal transportation routes and modes would be used. The directive proposal would also create fair circumstances for hauliers from different Member States. This would strengthen the Internal Market and thus competitiveness of the European Union.

### **3.5 Concrete tools to implement the modified directive**

The Commission's proposal (COM(2003) 448 final) also includes concrete tools to implement the modified directive, which are presented in this section. The objective of collecting infrastructure user charges is not to levy new revenue, but to provide economic incentives to include costs of externalities and infrastructure in tariffs in the transportation sector. For that reason Member States will be given an opportunity to decrease periodic vehicle taxes when implementing new road tolls or user charges.

In the new user charge system the new technology available should be used in order to avoid distortions for road users and to improve the fluency of traffic. The new technology can provide possibilities to charge users automatically, to register the distance travelled and type of vehicle and also to define which route was used. This kind of technology is already in use in some Member States (e.g. Austria, Germany), and in many countries concrete plans have been made about the introduction of charging systems of this kind. Compared to traditional charging systems, new technology provides a tool to implement differentiated user charges at a much lower cost. It is also important to make sure that automatic charging systems in different countries are as compatible as possible.

### 3.6 Restructuring of Energy Products Taxation

Directive 2003/96/EC concerns restructuring the Community framework for the taxation of energy products and electricity. The directive defines the minimum levels of taxation for energy products, including excise duties on fuel and taxes affecting the road haulage sector. It is thought that significant differences in energy taxation may be distorting competition in the Internal Market and prevent it from functioning properly.

Differentiated tax bases are allowed if they are directly related to the quality of the products. For example, reduced tax rates can be applied for fuel with a low level of sulphur. It is also possible to make differences in taxation between fuel used for commercial transportation and other (private) transportation to ensure that the tax burden of private transport is never lighter than that of commercial transport (Hjerppe *et al.* 2003). Commercial transport means goods transportation with motor vehicle or articulated vehicle that has a weight of at least 7.5 tonnes.

Many of the current Member States have a transition period during which they must reach the minimum level of excise duties on fuel required in the directive. A transition period is permitted for those Member States who would have serious problems in implementing the required levels immediately. However, these transition periods are not allowed to cause serious distortions on competition. The minimum levels should be reached in all Member States by January 2012 at the latest. There are also several other reductions and exemptions on taxes for many Member States that are defined in the directive's appendix.

## 4 COMPETITIVENESS IN THE ROAD HAULAGE SECTOR

### 4.1 What is competitiveness in the road haulage sector?

The basic function of road haulage is to provide reliable transportation services for customers so that the right items are in the right place in time. What is taken into consideration when talking about competitiveness of road haulage depends on customers' requirements: low costs are always important, but some customers value services highly when deciding which haulier to use. However, it has to be noted that also service-oriented road hauliers have to be able to operate cost-efficiently.

Costs in road haulage consist of many items, such as costs of labour and fuel, planning, organising, repairing and maintenance of vehicles, tyres, insurances, interest rates, taxes etc. Lower costs can always be achieved with know-how and by improving efficiency in all operations of the company, such as logistics planning, organising and driving. Skilled labour is thus needed in order for the company to be competitive in the road haulage market.

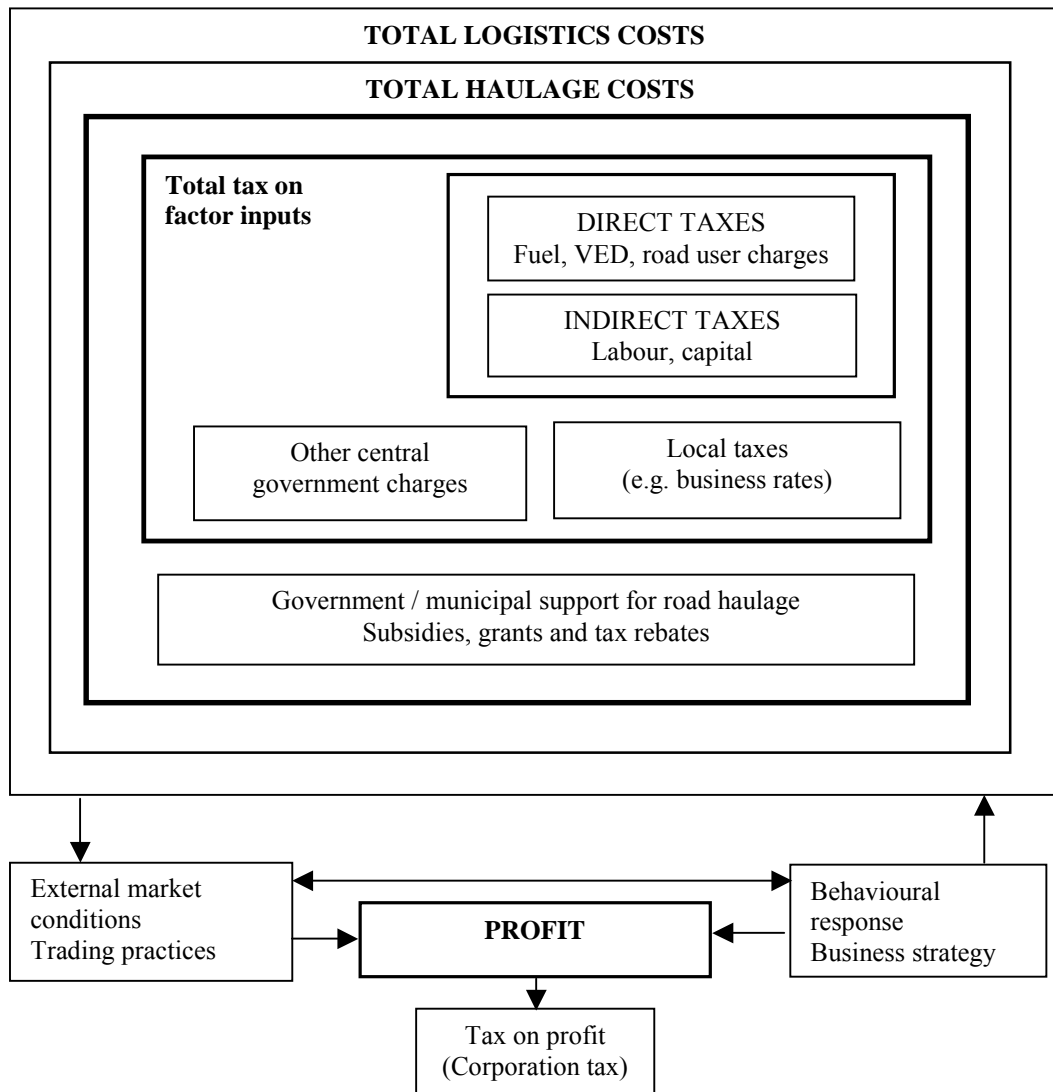
### 4.2 A framework for analysing competitiveness

When analysing competitiveness of road hauliers from different countries, various factors have to be considered. Because the total costs of operating are an important factor concerning competitiveness, various costs in use in different countries have to be investigated. Taxes are only one part of the total costs that vary between countries. Within the European Union, indirect taxes have been harmonised to some degree, but direct taxation is mostly on the Member States' own authority. There are thus differences in the levels of total taxation between the Member States. In addition, other public and obligatory charges levied on road haulage may exist that vary from one region to another. For example, hauliers have to purchase operators' licences and pay fees for vehicle maintenance tests. (ECMT 2003.)

In order to get a general view of the effects of haulage tax regimes on transportation companies and competitiveness, examining these taxes within a wider business context is needed. Figure 1 illustrates the analytical framework within which the examination concerning competitiveness can be carried out. In the core of the framework lie direct and indirect taxes, e.g. vehicle excise duties (VED) or taxes on labour income. There may also be other charges and taxes on road haulage that affect the total tax burden on factor inputs.

In contrast to taxes and charges there exist some benefits as well. The main benefit is obviously the transport infrastructure and maintenance provided. Because hauliers' balance sheets are not directly affected by it, it is excluded from the ECMT's framework. However, transport infrastructure has indirect effects on total haulage costs and thus on the balance sheet. Governments also inject public funds into the haulage industry in the form of grants and subsidies that directly affect competitiveness and profitability. By deducting these benefits it is possible to calculate the full net taxation of the road haulage industry. (ECMT 2003, 150.)





**Figure 1. A framework for analysing the effects of taxation on competitiveness (ECMT 2003, 149).**

Net taxes are only one part of the whole range of operating costs. Some of these other costs vary in relation to the distance travelled, while others do not (standing costs). Standing costs can be subdivided into vehicle- and non-vehicle-related charges. In the framework all distance-related and standing costs are included in the “total haulage costs”. An increasing proportion of road haulage companies provide integrated logistics service that includes e.g. warehousing, materials handling, inventory management and order processing. These costs are included in “total logistics costs”, which determine their profitability and competitiveness. The effect of road taxes and charges on overall performance of integrated logistics service providers is thus decreasing. (ECMT 2003, 150.)

A correlation does exist between logistics costs and profitability, but there are at least two other elements that have to be considered (ECMT 2003, 150):

1. *The nature of the industry response to tax levels and other cost pressures.* First, e.g. in countries with high fuel taxes hauliers have a greater incentive to improve fuel efficiency. Second, hauliers may choose to register their vehicles in foreign countries to escape high levels of vehicle excise duty in their home countries. Thus, business strategy is influenced by the relative costs of various factor inputs, including taxation, and this is reflected in vehicle utilisation.

2. *External conditions in the haulage/logistics market.* In some countries, trading practices (such as the specification of distribution contracts) may allow hauliers to recover tax increases with relative ease, whereas in others such concessions are much harder to secure. The marketing and pricing of haulage services also varies between countries, distorting further the effects of tax differences on competitiveness and profitability.

Based on this wide framework it can be said that competitiveness of road hauliers is composed of many factors that might also be affecting each other. For that reason it is not straightforward whether hauliers from one country have a competitive advantage over hauliers from other countries. What makes the situation even more complicated is the fact that the structure of costs and taxation varies between countries, and for that reason it is hard to evaluate reliably the effective total costs the company is facing in one country.

There are also other things affecting competitiveness of road hauliers that are not included in the framework presented. A company can achieve competitive advantage by providing services that the others do not provide. That also makes it possible for a company to guard itself to some degree against competition on the part of companies from countries with a lower cost level. If the services the company is providing can offer some benefit or added value for the customer, it may be competitive regardless of cost differences.

### **4.3 Taxation, location decision and flagging out**

Location also affects the cost level of road haulage companies. Road haulage companies are naturally obliged to pay the domestic authorised taxes that concern every corporation regardless of business area, such as corporation taxes. In addition, taxation of road haulage companies includes vehicle registration taxes/charges, periodic vehicle taxes and excise duties that vary between the Member States. The taxes can be differentiated e.g. by vehicle type, emission class or axle number. The taxation practises and levels concerning road haulage are thus very diversified in Europe.

Variation in taxation may create differences in competitiveness of hauliers located in different countries and may thus affect the location decision. For example, road haulage operators can escape high tax rates on heavy goods vehicles in one country by registering their vehicles in another country charging lower rates. This “flagging out” can be made in two alternative ways. In *full flagging out* the operator both registers vehi-

cles in a foreign country and obtains an operator's licence there. Such operators are subject to all of the relevant regulations and taxes imposed in that country. In many cases, even though taxation is lower in another Member State, labour costs can be higher in that country, decreasing the benefit of full flagging out (e.g. United Kingdom and France). (ECMT 2003, 167.)

Companies implementing *partial flagging out* register their vehicles in a foreign country, but retain their licence in their home country and generally continue to employ staff resident there. In the United Kingdom, for example, the rate of periodic vehicle tax is higher than in France. By partial flagging out British hauliers can exploit the "best of both worlds" and take advantage of the low levels of periodic vehicle taxes in another Member State (in this case France) while continuing to employ staff at the lower UK rates and avoiding the need to obtain a licence in the other country. It is thus possible to achieve remarkable savings by implementing partial flagging out. (ECMT 2003, 167.)

There have been serious doubts about the legality of partial flagging out, because it appears to contravene the EU ban on the cross-border hiring of vehicles (directive 92/881/EC). The situation has been confusing e.g. in the United Kingdom, because the government's official view there has been that foreign-registered vehicles operated on a British O-licence should only be used temporarily. However, no attempt has been made to define what "temporarily" means in terms of time, distance travelled or tonnage carried. (ECMT 2003, 167-168.)

It is important to remember that there are various factors to be considered when the location decision for a company is made. The taxation rate is only one of the factors affecting the decision, albeit an important one (Alho *et al.* 2004). Even though information about tax rates is relatively easy to achieve, net tax rates are hard to calculate (and thus to compare) due to different taxation and refunding systems in different countries. For these reasons, when the hazard of flagging out is talked about also other factors concerning the location decision have to be considered.

An interesting question is to what degree taxation does in fact affect location decisions. There are some Finnish studies that look at how direct taxation has influenced direct investments in foreign countries (e.g. Ali-Yrkkö & Ylä-Anttila (2002) and Finnish Industry and Employers (2003)). The results imply that taxation is not the most important factor when deciding the location of Finnish industry, whereas other factors, such as level of wages, geographic location and infrastructure, have a greater influence. However, in some cases lower taxation might be the deciding factor if the other factors are pointing in the same direction. (Alho *et al.* 2004.)

Possible factors affecting location decision include the rate of market growth, competition in the existing market, availability and education of labour, infrastructure of transport and communication, corruption, functioning of public governance and level of costs. Level of costs is composed of wages, overhead costs of labour, taxation etc. Many factors are thus considered when deciding on location, and the weight of different factors varies between industries. In the case of the transport sector, the level of costs and market growth as well as infrastructure are important factors. (Alho *et al.* 2004.)

## 5 THE SITUATION OF FINNISH ROAD HAULAGE

### 5.1 Description of the Finnish road haulage sector

Finnish road haulage companies are typically small in size. The number of authorised companies in goods transport totals about 9,500, 62% of which do not have more than two employees. Only 1.4% of the companies have 20 or more employees. Most Finnish road hauliers are thus small companies, and the average number of vehicles per company has been around 2.9. (Tilastokeskus 2004; Karhunen *et al.* 2004.)

In the year 2003, domestic goods transportation by heavy goods vehicles registered in Finland was about 29.4 billions ton-km. In 2003, international road transportation for goods import was 1,659 millions ton-km and export was 2,247 million t-km, and the total amount of international transportation was 3,906 million ton-km. International transportation is thus only a small part of Finnish road haulage companies' total output. (Tilastokeskus 2004.)

At the end of 2003, the number of permits allowing international goods transportation was 4,680. The number of companies having one or two permits is 2,772, and 93 companies have 19 or more permits. There are thus both small and large companies operating in the international market, and both kinds are important. (Tilastokeskus 2004.)

### 5.2 Enlargement of the European Union

The European Union was enlarged with 10 new Member States in May 2004. The enlargement has effects on companies operating in the older Member States due to the free flow of capital, labour, goods and services inside the Internal Market of the European Union. The effects of the enlargement on Finnish companies vary between different business categories. In some sectors the effects are positive, in others negative, and in some sectors the enlargement has hardly had any effect at all. Sectors that are supposed to suffer because of the enlargement can be called risk sectors, and one of these risk sectors in Finland is road haulage. There is a possibility to have a transition period concerning cabotage in and to new Member States so as to have time to be prepared for the changes in the road haulage industry, but in all cases all restrictions are removed in a few years' time.

Road haulage is supposed to suffer due to competition, because the level of costs in the new Member States is lower than in Finland. In the new Member States the level of wages and taxation is relatively low, and they can gain some advantage from this by providing transportation services at lower prices. For example, in Estonia the level of labour costs in the transport and communication sector in 2001 was only 22% of the labour costs in Finland (Alho *et al.* 2004).

However, the level of costs does not tell the whole truth about competitiveness; productivity has to be considered as well. Productivity can be determined by productions value added (in euro, producer price) divided by number of staff. To go back to the example about Estonia and Finland, it has been determined that in 2001, productivity in Estonia was 21% of that in Finland. From that point of view, the advantage

achieved by a low level of costs does not necessarily affect the competitiveness as much as could have been expected based solely on cost level. (Alho *et al.* 2004.)

It has to be noticed that in the previous example only labour costs and productivity were considered. There are significant differences in other costs as well, such as in direct taxation, which may be creating differences in competitiveness between companies located in different countries. Table 1 summarises the differences in taxation between Finland, the Baltic countries and Poland. From Table 1 it can be pointed out that corporation tax rates are lower in the Baltic countries and Poland than in Finland. The rates of value added taxes are also lower in the Baltic countries.

However, it is important to remember that the situation in economies is not stable but dynamic. Tax rates can be changed and the level of costs can increase in one country faster than in another. In Finland reductions concerning taxes on corporation income, capital gains and dividends have already been approved (re: <http://www.vm.fi>). With the reduction of taxation companies are supposed to be competitive in the international market. Convergence of costs between old and new Member States is also going to take place, but its speed and thus the duration of the new Member States' cost advantage is hard to estimate.

*Table 1. The most important tax bases of Finland, the Baltic countries and Poland in 2004 (income and social taxes from the year 2003). (Alho et al.2004.)*

Type of Tax	Finland	Estonia	Latvia	Lithuania	Poland
<b>Taxes on corporation income</b>	29	Not levied	15	15	19
<b>Taxes on capital gains</b>	29	26	15	15	Progressive, added to income
<b>Taxes on dividends</b>	0	26	15	15	15
<b>Value added tax<sup>1</sup></b>	22	18	18	19	22
<b>Income tax</b>	Progressive, on average 26,7	26; very low income relieved	25	Progressive, 5-33	Progressive, 9-40
<b>Social security tax/charge</b>					
- employer	23,62-25,65	on average 33	24	29	18,29
- employee	6	0	9	1	18,71

1) Rates for value added taxes have also been given, but they do not concern the transport sector.

## 5.3 To flag out or not?

### 5.3.1 Competition

Competition in the road haulage sector is going to become more intensive, especially after the transition period concerning cabotage. In this situation companies are searching for opportunities to survive in the market. According to Porter (1985), companies can get competitive advantage by differentiating their products, being the cost leader in the market or by focusing on some market niche. In the road haulage sector this means that the company is either providing differentiated services, operating at a low cost or providing services for a certain market niche, e.g. providing refrigerated transport. These three kinds of strategies can be called basic strategies that are not exclusionary, and they can be implemented simultaneously. In addition, strategies based on customer relationship management and a combination of know-how, technology etc. can be found. These kinds of strategies are nowadays having increasing importance.

The tightening competition in road haulage has forced companies to consider the possibility to flag out in order to reach lower costs. The most natural Member States to which Finnish hauliers could flag out their vehicles or companies are the Baltic countries due to their location, low level of labour costs and taxation. In fact, some Finnish hauliers have already formed subsidiaries located in Estonia (Valtioneuvoston kanslian julkaisu 11/2003).

### 5.3.2 Costs and convergence

As was mentioned earlier, labour costs and productivity are lower in Estonia compared to Finland. The situation is the same in the other Baltic countries as well. In addition, taxation on corporations, vehicles and fuel are also at a lower level in the Baltic countries than in Finland. This clearly provides an advantage for companies located in these countries. (Alho *et al.* 2004.) The Baltic countries do not implement all requirements of the European Union concerning road haulage (such as the level of excise duties on fuel) at the moment, and they have transition periods to reach the required levels. It can be expected that this will raise the level of costs and taxation in the Baltic countries.

Finnish road hauliers are facing higher taxation rates and level of costs. However, this does not mean that flagging out is absolutely the best alternative to implement. Finnish hauliers gain advantage from know-how, from services that hauliers are able to provide and from efficiency. One of Finnish road hauliers' competitive advantages is reliability, which is important in different kinds of networks, e.g. when logistic services are outsourced. Also if customers and operations are located solely in Finland, the benefits of flagging out have to be carefully considered.

According to Alho *et al.* (2004), the most important factors against flagging out to the new Member States are unsatisfactory public governance, economic instability and inadequate infrastructure in the new Member States. These problems will diminish in the future, but it will take many years before the new Member States have reached the level of the EU15 countries in all areas. However, the situation is challenging for Fin-

nish hauliers. By flagging out advantage can be gained by obtaining lower costs. It would be ideal for companies if the “best of both worlds” could be achieved, meaning that a company could get both the low level of wages and taxes in Estonia and Finnish know-how in management and strengths in other areas. One possibility is to use rented labour from countries with a lower level of wages, such as Estonia. However, it can be proposed that this kind of situation would not be long-lasting, because it would increase the wage level in Estonia when labour is becoming a scarce resource.

The general cost level will also change. Convergence of costs between new and old Member States is going to happen, but the question is during which time the new Member States are going to reach the same level as the older Member States. According to Alho *et al.* (2004), the most probable scenario at the moment is that the Baltic countries will reach the cost level of older Member States in 30 years. However, the rate of convergence depends on many factors, such as productivity of open and closed sectors as well as changes in wage levels, and the rate of convergence is thus very hard to predict. The faster the convergence of costs takes place, the sooner the new Member States will lose their competitive advantage generated by a lower cost level.

### 5.3.3 Cabotage and its effects on the Finnish road haulage market

There is a possibility to have a transitional period for cabotage that lasts five years at the most. When cabotage is allowed also for the new Member States, the whole business environment of the road haulage sector will change, and competition is going to be tight. After the transitional period domestic deliveries are opened up for competition from all Member States, which might attract road hauliers from other countries as well to the Finnish transportation market. The situation of the Finnish market after the transitional period is illustrated in Figure 2. The question of how appealing the Finnish transportation market will be found is an interesting one. The northern and eastern location of Finland might have an effect so that cabotage operations in Finland are not regarded as being so attractive, and cabotage may be done in addition to import or export transport between Finland and other Member States.

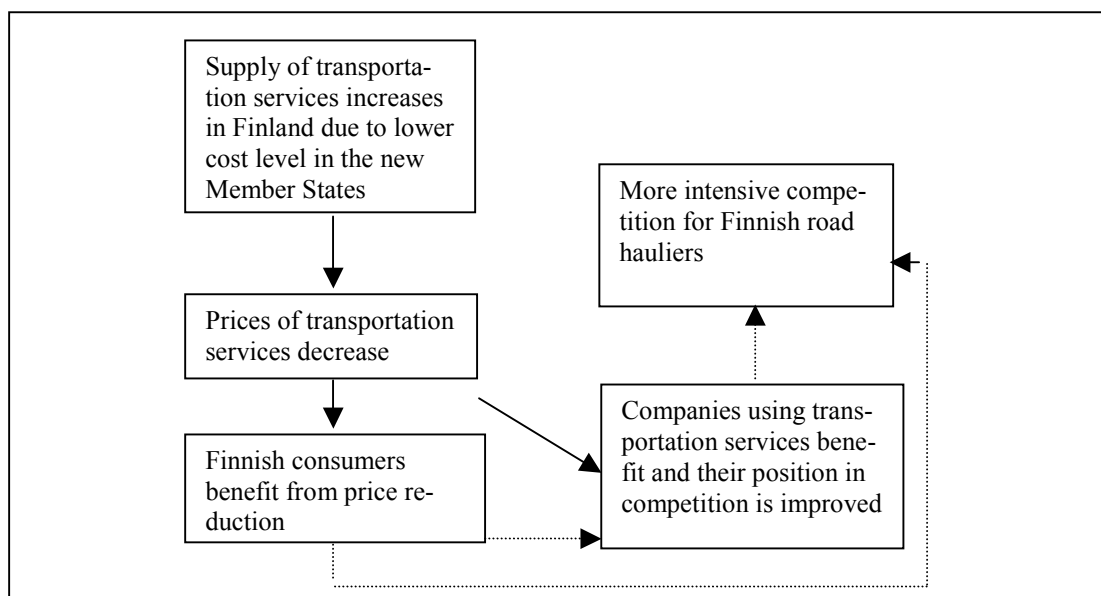
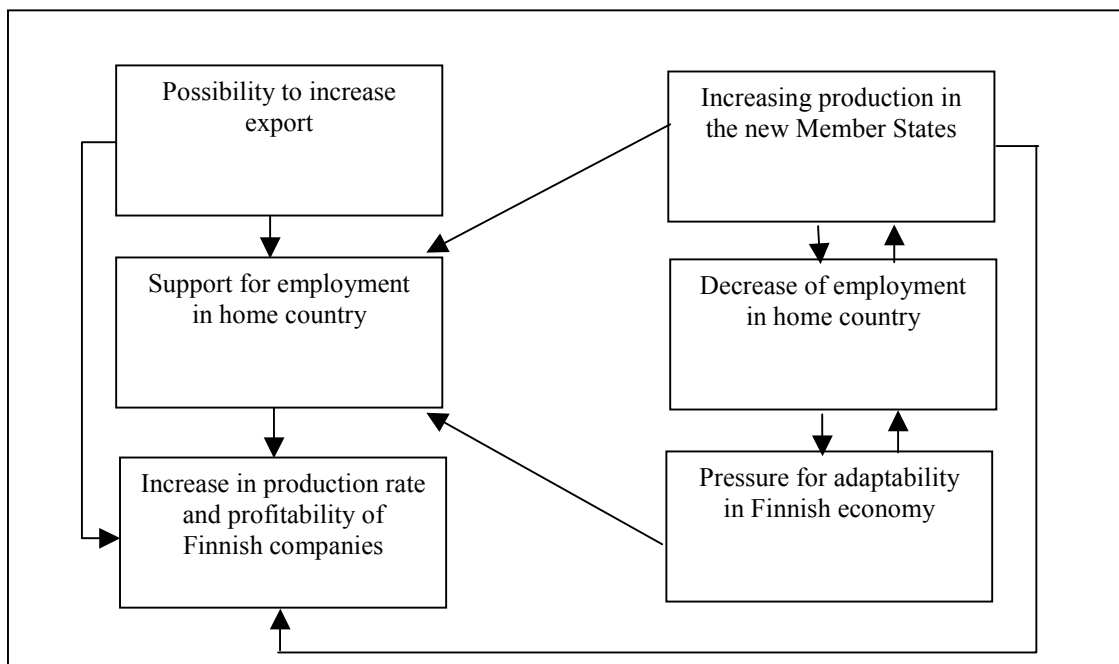


Figure 2. Effects of enlargement on Finnish road haulage market (modified from Alho *et al.* 2004).

Cabotage also provides opportunities for Finnish road hauliers. If the level of costs and tax rates are still lower in the new Member States than in the old ones, it will be attractive to flag out vehicles from old Member States to new ones. In doing so the haulage companies can exploit the lower level of costs in the new Member States while still operating in the old ones. (Alho *et al.* 2001) This might decrease the prices of transportation, which may also affect the location decisions of other industries.

It is difficult to evaluate whether the total effect of the enlargement is positive or negative for the Member States, because there are many variables that have different effects on economies, which is making the situation complicated. First, the level of direct export and import is important for Finnish hauliers, because in international road haulage they are competing almost exclusively on transportation to or from Finland. The other thing affecting the demand of transportation services is the level of vertical intra-industry trade, which depends on the number of Finnish production companies locating their plants or having subcontractors in the other Member States. For example, if some stage of production is done in another Member State while the others are done in the home country, the demand for transportation services is going to rise. Figure 3 illustrates the effects on companies located in Finland.



**Figure 3. Effects of enlargement on companies located in Finland. (Alho *et al.* 2004)**

The third factor affecting the demand on the road haulage sector is the rate of transit transportation. Finland has been an important country through which transportations between the European Union and Russian have been carried out. After the enlargement of the European Union transit transportation can be executed through the Baltic countries, which is expected to decrease the demand in the road haulage market in Finland.



## 6 COMPARISON OF TAXES AND CHARGES IN EUROPE

Information for the study was collected during June–September 2004. A questionnaire was sent to various ministries and other expert organisations in 27 European countries. In addition, information about taxes and charges was searched for from various publications and the Internet. Every effort was taken to access information from as many countries as possible and to ensure reliability of the data. Information from 20 countries was available for this study. There were three countries that could not answer the inquiry in time due to a heavy work burden.

A summary about taxes and charges levied in 24 European countries is shown in Appendix 1. The summary includes information received in this study and information from the study of ECMT from the year 2002. Even though the summary does not include information about the level of taxes and charges, it does provide a quick overview about the kinds of taxes and charges levied in Europe. A summary of differentiation principles of vehicle taxes, user charges and fuel duties in various European countries is shown in Appendix 2. In this chapter results of the study are analysed and compared to some available statistics from the year 2004. More detailed information about taxes and charges can be found in Appendix 3.

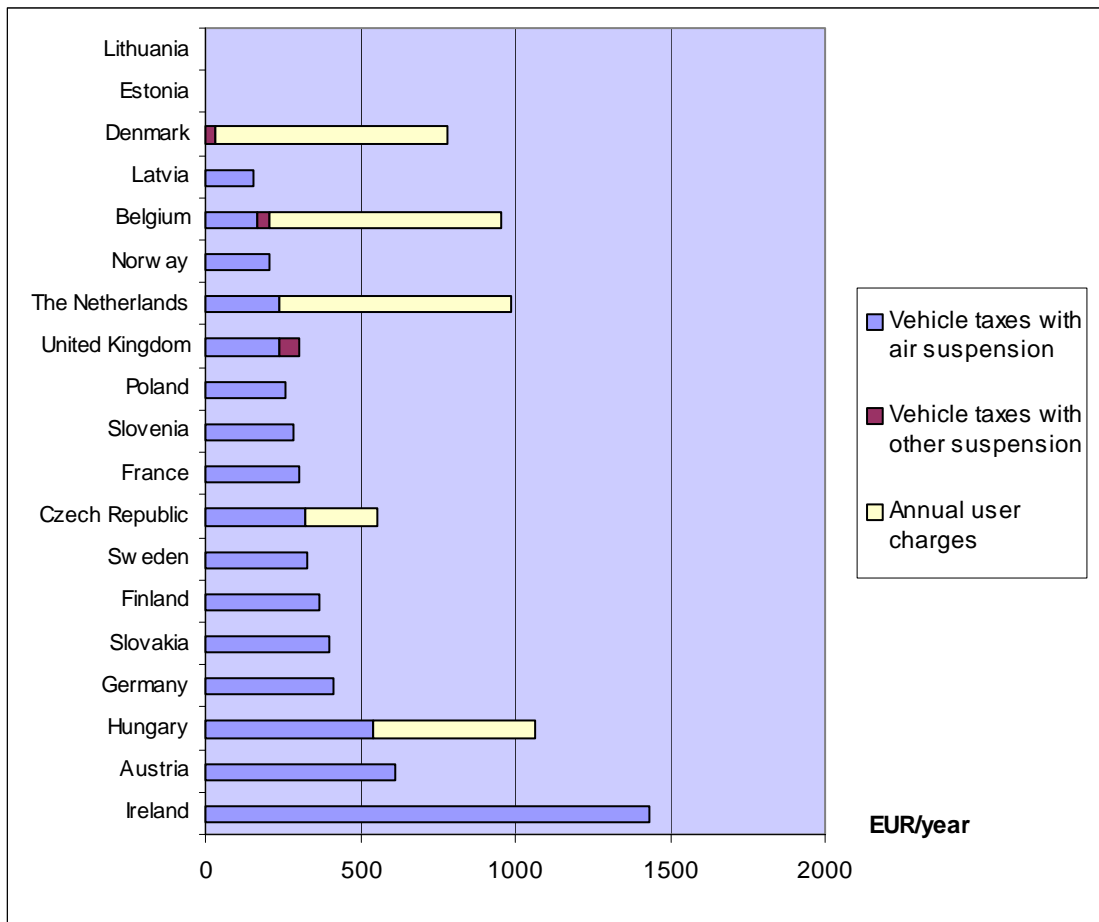
### 6.1 Periodic vehicle taxes and user charges

In this study annual vehicle taxes are calculated using three vehicle combinations. First, taxes are calculated for lorries with 2 axles and a weight of 10 tonnes as well as for lorries with 3 axles and a weight of 25 tonnes. Third, taxes are calculated for articulated vehicles (truck and semi-trailer) with 2+3 axles and a weight of 40 tonnes. In all these three cases emission class is assumed to be EURO II.

Annual taxes and charges levied on heavy goods vehicles (fuel duties excluded) are shown in Figures 4, 5 and 6. The annual vehicle taxes levied are presented both with and without air suspension. If vehicle taxes are not differentiated according to suspension system, the tax is presented as with air suspension. In addition, periodic user charges levied in each country are shown separately, as well as other obligatory taxes or charges. Information about calculation principles of taxation was also available from Greece, where taxation is based on the price of the vehicle. Because reliable information of the average price of heavy goods vehicles in Greece was not available, it is not included in the following figures. In the United Kingdom there is no differentiation according to the type of suspension. Instead, annual vehicle taxes are calculated for vehicles with reduced and standard pollution.

Figure 4 shows taxes and other periodic charges levied on lorries with 2 axles and a weight of 10 tons. According to this study, the heaviest taxation on vehicles with two axles and a weight of 10 tonnes is in Ireland. Next in line are Austria, Hungary, Germany and Slovakia, the last two of which have almost equal vehicle taxation in this case. In contrast, the Baltic countries have the lightest taxation, and in Estonia and Lithuania there are no annual taxes at all for vehicles less than 12 tonnes. When taking into account the Eurovignette that has to be paid by vehicles from Belgium and Den-

mark, Finnish taxation on lorries falls in the middle category in a European comparison.



**Figure 4. Annual vehicle taxes and user charges levied on lorry with 2 axles, 10 tonnes.**

Figure 5 contains information about taxes and charges levied on lorries with three axles and a weight of 25 tonnes. In this case taxation is still heaviest in Ireland and Austria, followed by Germany and Finland. When comparing Figures 4 and 5 it can be seen that compared to the other European countries, Finnish taxation is heavier for lorries with a weight of 25 tonnes than for lorries of 10 tonnes.

Comparison made for articulated vehicles that have a weight of 40 tonnes and 2+3 axles is shown in Figure 6. Ireland still has the heaviest taxation, but in this case Finnish taxation is next in line. It seems that the heavier the vehicle, the higher the taxation in Finland compared to other European countries.

According to this study, the Baltic countries and Poland have the lightest taxation when taking into account the Eurovignette used in Belgium, Denmark and the Netherlands. However, when comparing vehicles having road haulage in the Eurovignette area where every haulier has to purchase a Eurovignette, the situation is different. In this case Belgium, Denmark and the Netherlands are managing well, having lighter taxation than Latvia and Lithuania.

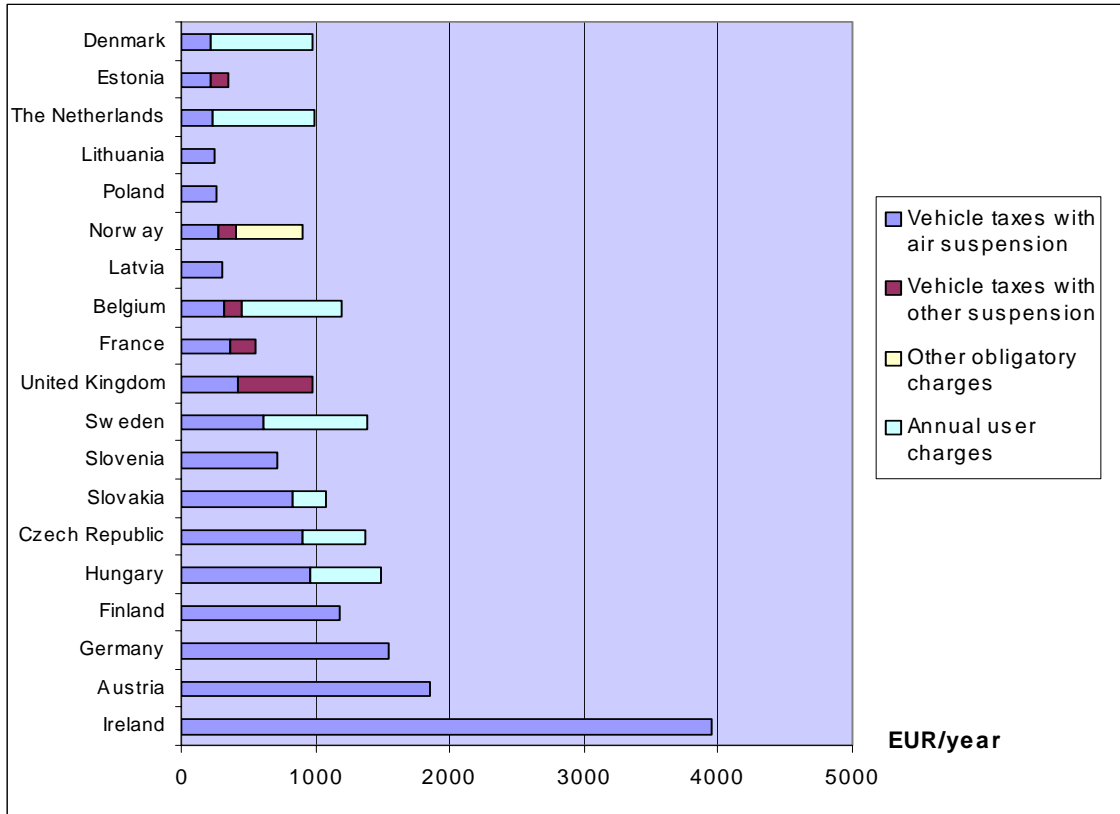


Figure 5. Annual vehicle taxes and other charges levied on lorry with 3 axles, 25 tonnes.

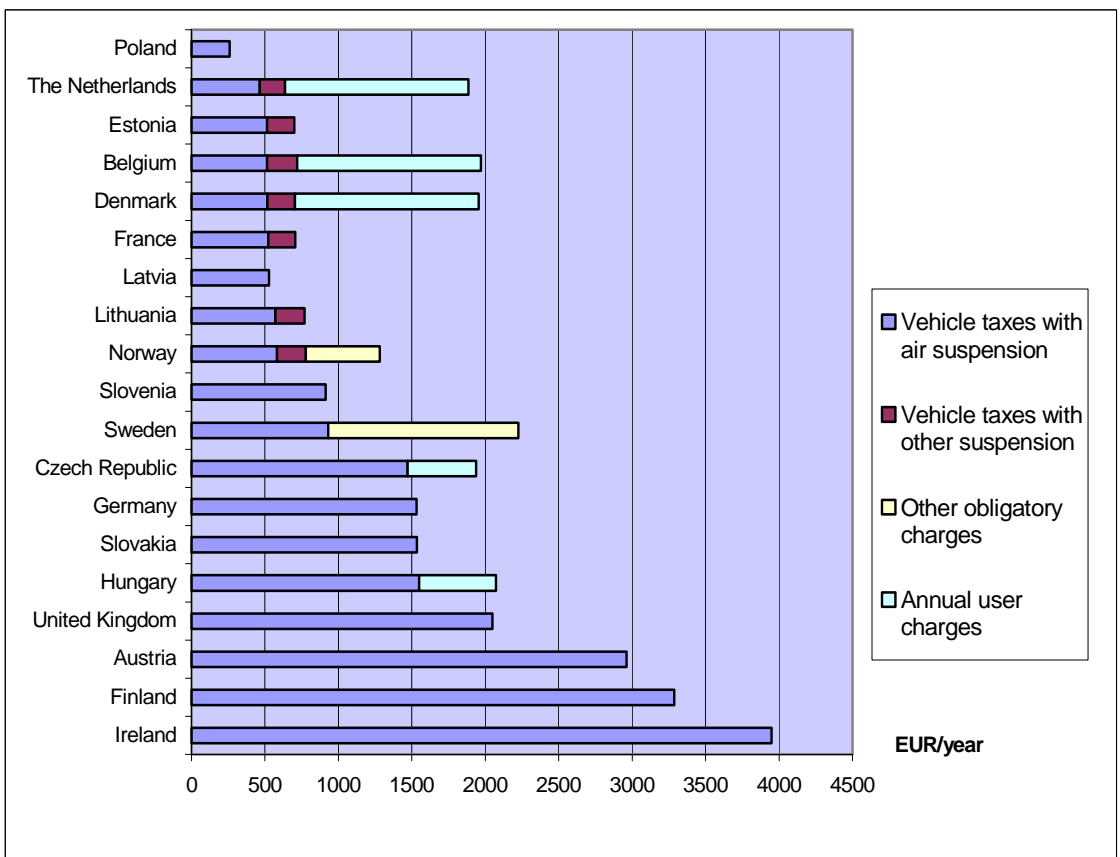
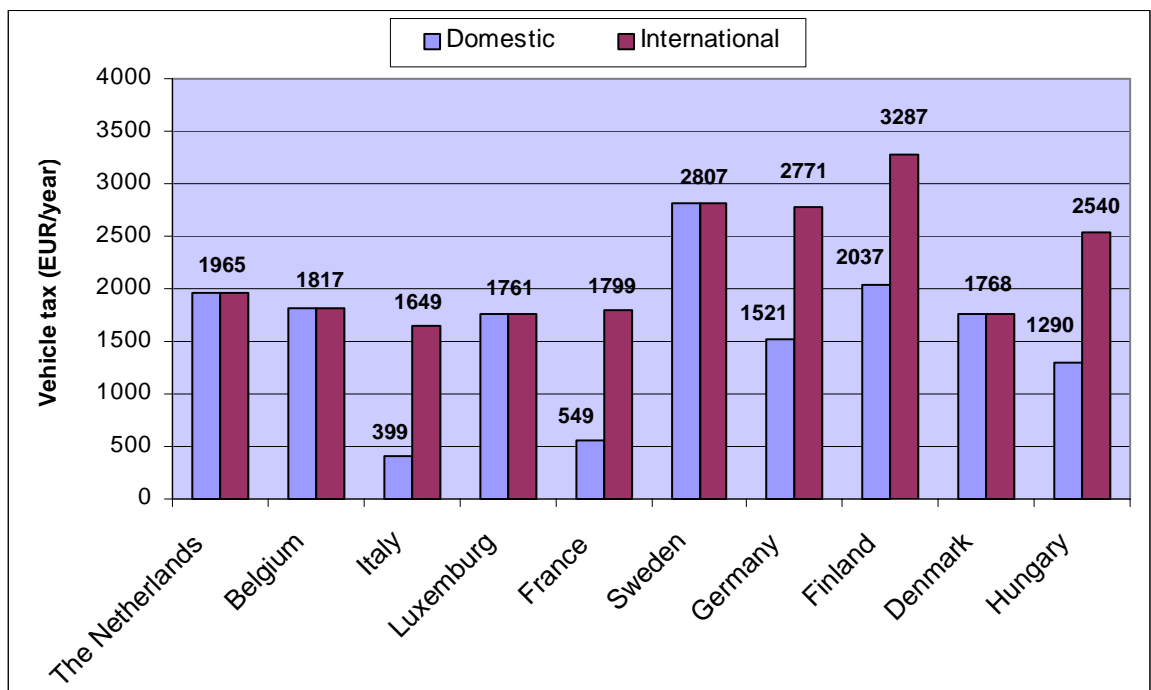


Figure 6. Annual vehicle taxes and user charges levied on articulated vehicle with 2+3 axles, 40 tonnes.

It is interesting to compare these results with information from some earlier studies. Results from Finnish Transport and Logistics (SKAL) are shown in Figure 7 and those from Bundesverband Güterverkehr Logistik und Versorgung (BGL) in Figure 8. Both of these results are for articulated vehicles with semi-trailer, air suspension and a weight of 40 tonnes.

In the study of SKAL, annual vehicle taxes levied in Europe are separated into burden on domestic and international road haulage. For the countries where Eurovignette is not used, it is added to the taxes in order to get the total tax burden levied in international road haulage. For the Netherlands, Belgium, Luxemburg, Sweden and Denmark Eurovignette that amounts to 1,250 EUR/year is included in taxes levied on both domestic and international haulage. According to this study, Finland and Sweden have the heaviest taxation on vehicles in international road haulage among the countries included. However, it has to be noted that the difference between taxation in Finland and other countries is not so high when operating outside the Eurovignette area.

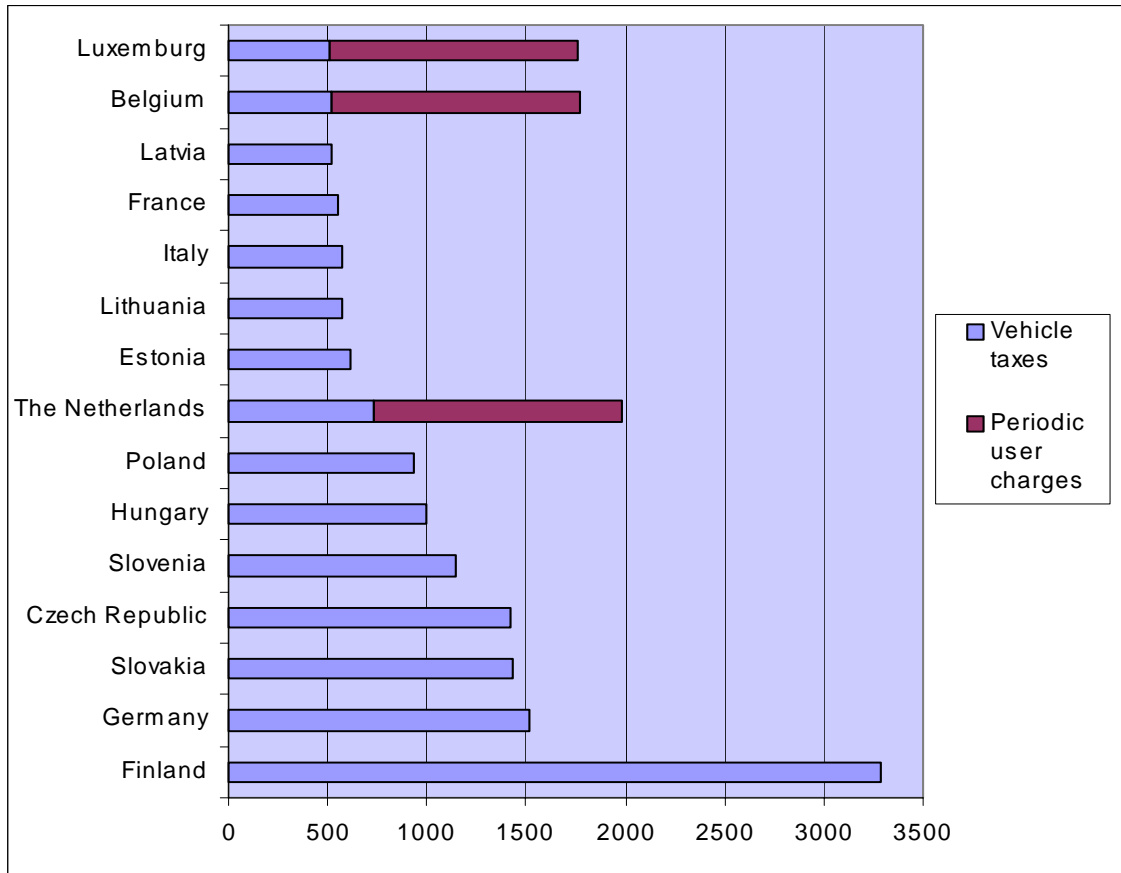


**Figure 7. Periodic vehicle taxes (including Eurovignette) in Europe for semi-trailer with a weight of 40 tonnes, 2004. (SKAL)**

In the study of BGL periodic vehicle taxes are not separated into taxes levied on domestic and international road haulage. Instead, periodic user charges are added for the countries using Eurovignette. Vehicles registered outside countries using Eurovignette naturally have to pay these charges if operating in that area. This study focused on continental Europe including the new Eastern European Member States of the European Union, the Benelux countries, Germany, France and Italy. This kind of comparison is interesting, because Finnish road haulage companies in international transportation are mostly operating in continental Europe.

When comparing results from the BGL study to the Finnish level of taxation, it can be seen that vehicles are taxed much more heavily in Finland than in countries involved in the BGL study. If periodic user charges are included when comparing taxation, it

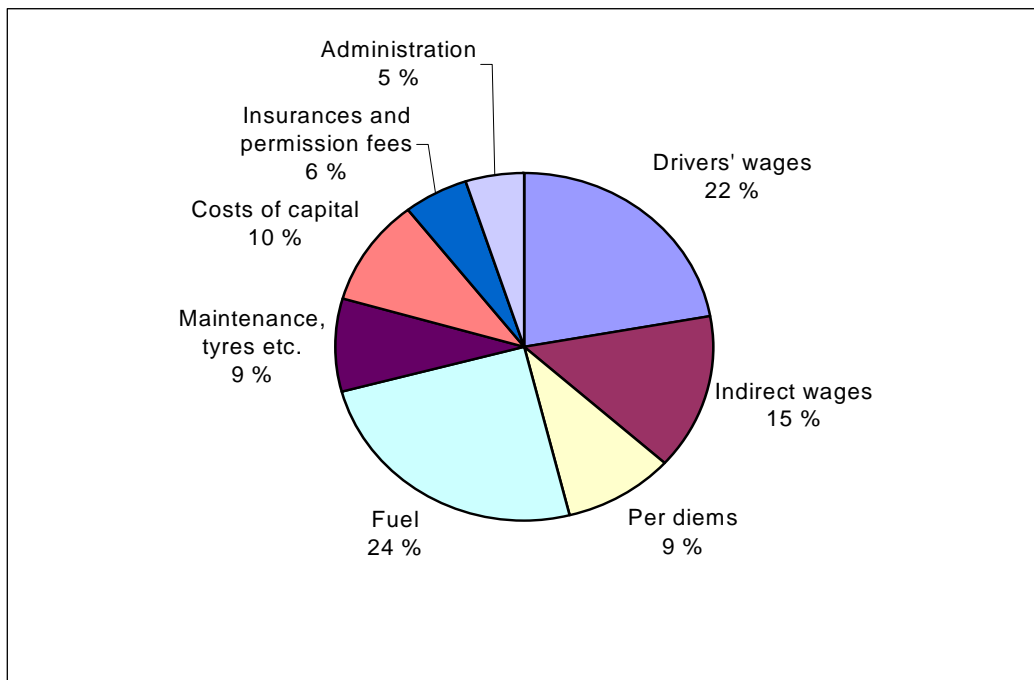
can be seen that all new Member States have lower taxation on vehicles than Finland, Germany and the Benelux countries.



**Figure 8. Periodic vehicle taxes and user charges in Europe for semi-trailer with a weight of 40 tonnes, 2004 (BGL, modified to include taxes levied in Finland).**

Based on these three studies it can be concluded that vehicle taxation in Finland is high compared to most European countries, the difference being hundreds of Euros per year. When taking into account periodic user charges levied on Finnish hauliers operating in the Eurovignette area, the total burden of vehicle taxes and periodic user charges is significantly higher for Finnish hauliers than for most hauliers from other countries. According to these studies it can be also concluded that all the new Member States located near Finland have lower rates of vehicle taxation, which might attract Finnish hauliers to register vehicles in those countries.

However, the amount of taxes paid has to be compared to total annual costs per vehicle in order to evaluate the importance of the differences in taxation. A typical Finnish road haulage company's cost structure per one heavy goods vehicle operating in Central Europe is shown in Figure 9. It can be seen that fuel, driver's wages and indirect wages constitute the biggest share of the costs. The amount of total costs can be around 150,000 – 200,000 EUR/year (Oksanen 2003), and thus the share of vehicle taxes is not as important as the other aspects. However, differences in taxation on heavy goods vehicles may encourage flagging out, if other aspects are indicating a similar, positive influence on profitability.



**Figure 9. Costs structure of heavy goods vehicle registered in Finland and operating in Central Europe. (SKAL-USL, 2004)**

## 6.2 Excise and other duties on diesel fuel

Excise and other duties on fuel vary between the Member States. Table 2 shows the prices of fuel and rates of duties levied according to the Finnish Oil and Gas Federation (July 2004), the European Union Commission (August 2004) and this study. Minimum levels of excise duties are defined in Directive 2003/96/EC, but there are transitional periods for eleven old Member States to reach the minimum levels required. Also some new Member States of the European Union have a lower than required rate of excise duty on fuel at the moment. Every Member State should have reached the minimum levels by the year 2010. Most countries have differentiated excise duty on fuel according to the degree of sulphur included in the fuel or other environmental aspects.

Figure 10 shows the diesel prices (VAT included) and duties included in diesel prices (VAT excluded) as reported by the European Union Commission. There might be some differences in calculation or definition principles of the prices shown in Figure 10 because accurate information about sources or definitions of the prices was not available.

Table 2. Diesel fuel prices and duties (cents/litre).

	Finnish Oil & Gas Federation July 2004			EU Commission		This study (year 2004)
	1) Price, duties included	2) Price, duties excluded	3) Duties (=1-2)	4) Prices (Aug. 2004)	5) Indirect taxes, VAT excl.	6) Fuel-related duties, VAT excluded
Austria	80	36	44	82	31	30.2
Belgium	82	35	47	84	33	33.0
Czech Republic	79	35	44	78	31	35.0
Denmark	88	34	54	91	37	33.2 / 36.9
Estonia	61	29	32	65	25	25.0
France	88	32	54	91	42	41.7
Germany	94	34	60	95	47	47.0 / 86.0
Greece	74	37	37	74	25	24.5
Hungary	89	36	53	90	33	34.3
Ireland	91	38	53	91	37	36.8 / 42.0
Latvia	64	32	32	64	23	-
Lithuania	69	34	35	69	25	25.0
The Netherlands	88	36	52	88	38	36.0
Norway	105	45	60	-	-	34.0 / 38.1
Poland	70	32	38	72	23	22.1 / 23.2 / 24.9
Slovakia	84	34	50	84	36	36.2
Slovenia	75	32	43	75	30	30.8
Sweden	88	34	54	94	37	-
United Kingdom	124	34	90	123	70	71.0 / 80.0
<b>Finland</b>	<b>83</b>	<b>36</b>	<b>47</b>	<b>84</b>	<b>35</b>	<b>31.9 / 34.6</b>

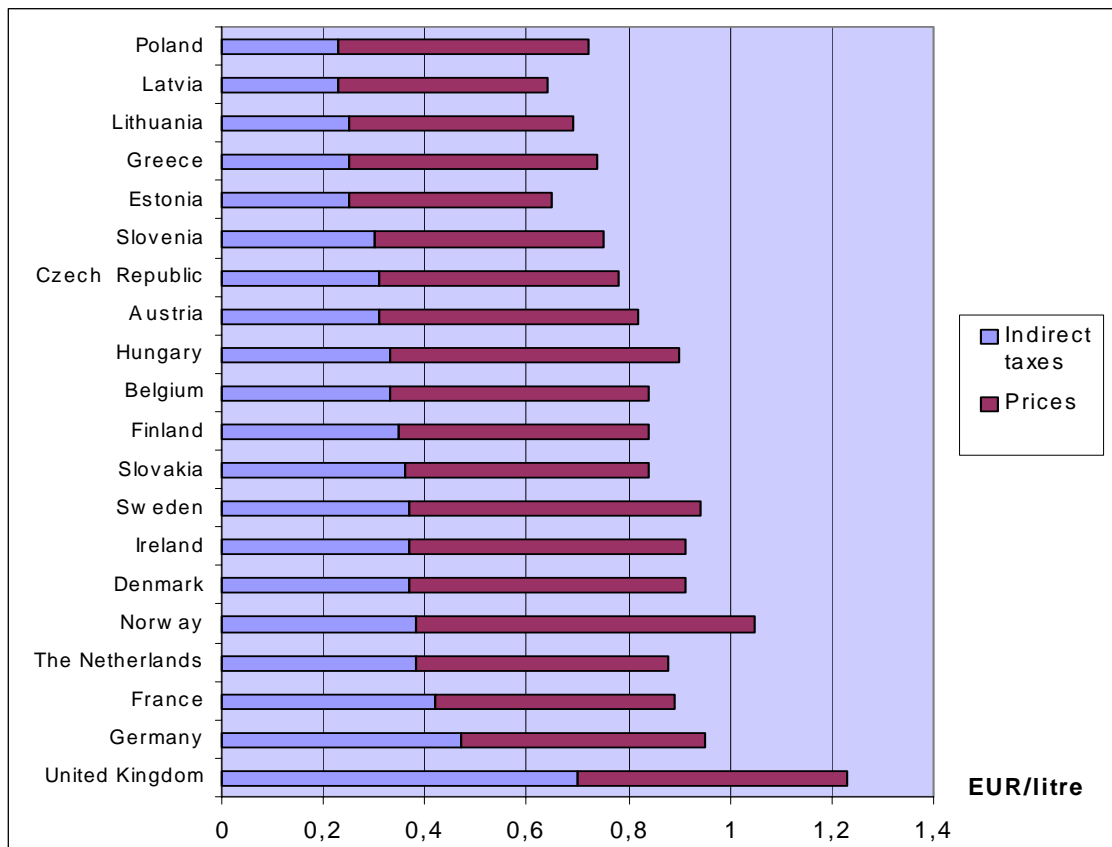
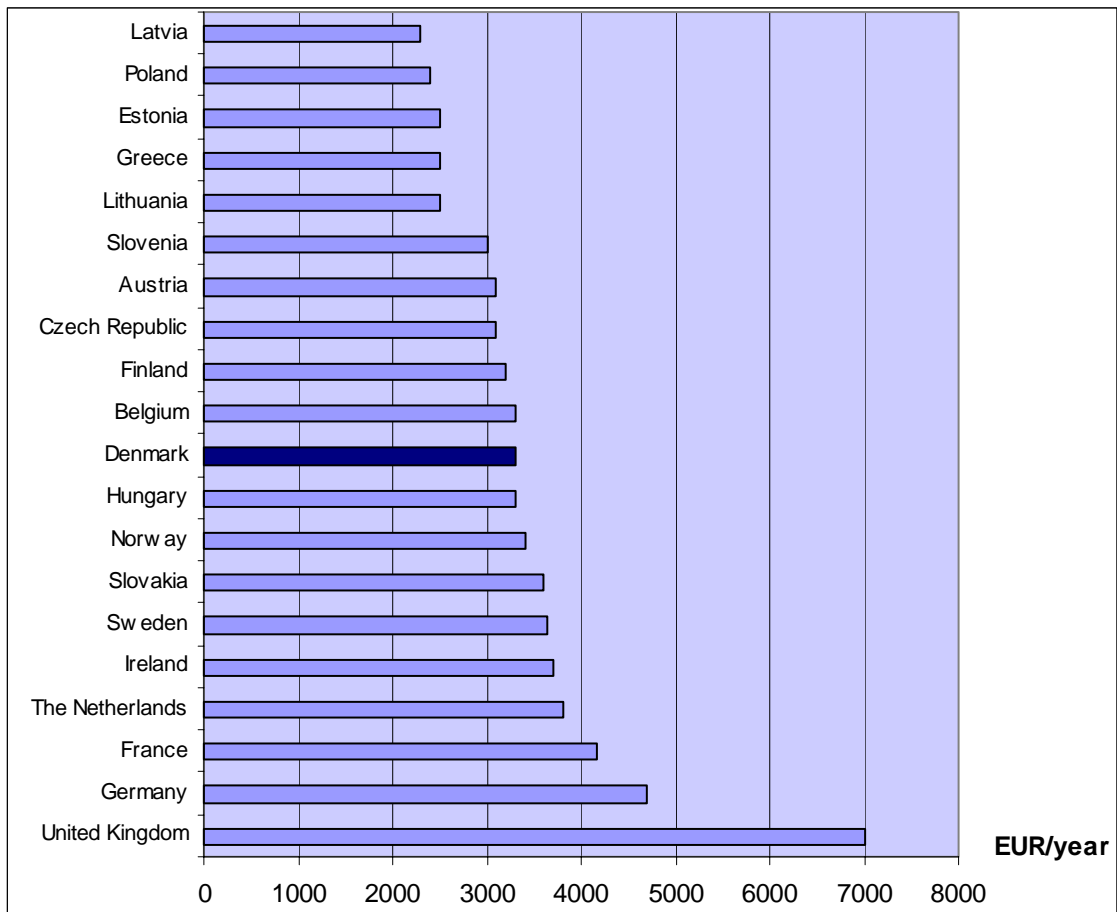


Figure 10. Diesel fuel prices and fuel-related duties in 2004.

It has to be observed that fuel consumption and thus the amount of excise duty paid depends on the distance travelled. Fuel consumption also depends on vehicle type, weight, driving style and the environment where the vehicle is driven. Figure 11 shows the annual fuel-related duties (VAT excluded) levied on lorries with a weight of 10 tonnes calculated assuming that the distance travelled is 50,000 km per year, fuel consumption is 20 litres per 100 km and total fuel consumption is thus 10,000 litres per year. For the countries where rates of excise duties are differentiated, the rates of low-sulphur grade have been used, because in these countries low-sulphur grades are used almost exclusively.



**Figure 11. Annual fuel-related duties in Euro for lorry 10 t, 50 000 km/year, 10 000 litres.**

It can be seen that the highest fuel taxation is in the United Kingdom. Next in line is Germany, but the difference to other countries is not as wide as in the case of the United Kingdom. However, there are going to be reductions in fuel taxation in the United Kingdom around the year 2006, when a lorry road charging system concerning all lorries regardless of nationality will be introduced. The differences between fuel taxation in the United Kingdom and other European countries are thus going to shrink. From the figures it can also be seen that the lowest fuel taxation is found in the Baltic countries, Poland and Greece. For the new Member States there is a transition period to reach the minimum level required in the directive, so the lower rate of taxation in those countries is going to last only for a few years. However, it has to be remembered that in international road haulage fuel can be bought from countries with the lowest price levels, and the differences in fuel-related duties are thus not so important.



### 6.3 Total amount of tax burden

To get a total annual tax burden on vehicles, vehicle taxes, user and other obligatory charges as well as fuel charges have to be added up. The comparisons made concerning total tax burdens are shown in Figures 12, 13 and 14. To calculate annual fuel-related taxes some assumptions have to be made in terms of the distance travelled and fuel consumption:

- Lorry 10 t	20 litres/100 km	50,000 km/year	10,000 litres/year
- Lorry 25 t	30 litres/100km	80,000 km/year	24,000 litres/year
- Articulated vehicle 40 t	40 litres/100 km	125,000 km/year	50,000 litres/year

It is assumed as well that fuel is bought from the country where the vehicle is registered. That is not the case in international transportation. Instead, fuel is bought from countries with the lowest fuel price, if possible. Based on the figures it can be seen that the total tax burden is heaviest in the United Kingdom due to the high tax rate on fuel. The total tax burden in Finland seems to be on an average European level. It can be seen as well that the tax burden in the Baltic countries and Poland is lower than in other countries.

When comparing tax burdens of lorries and articulated vehicles it can be found that the same countries have the lowest tax burden in all situations. The order of the countries based on tax burden changes depending on vehicle type, but no remarkable differences are found. However, it can be seen that compared to other countries, the heavier the vehicle, the higher the tax burden of Finnish hauliers. It must also be noticed that the total tax burden is lower than in Finland in those new Member States that are located close to Finland.

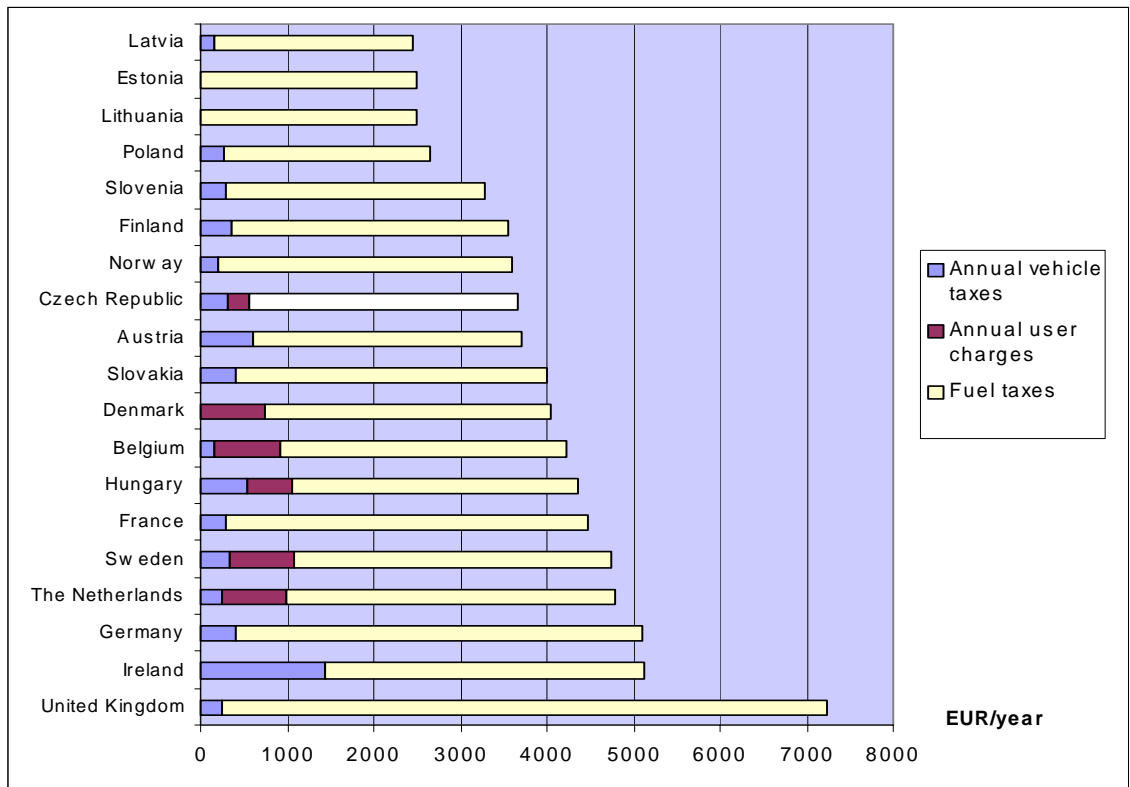


Figure 12. Total amount of taxes and charges (EUR/year: lorry 10 tonnes, 2 axles, 50 000 km=10 000 litres).

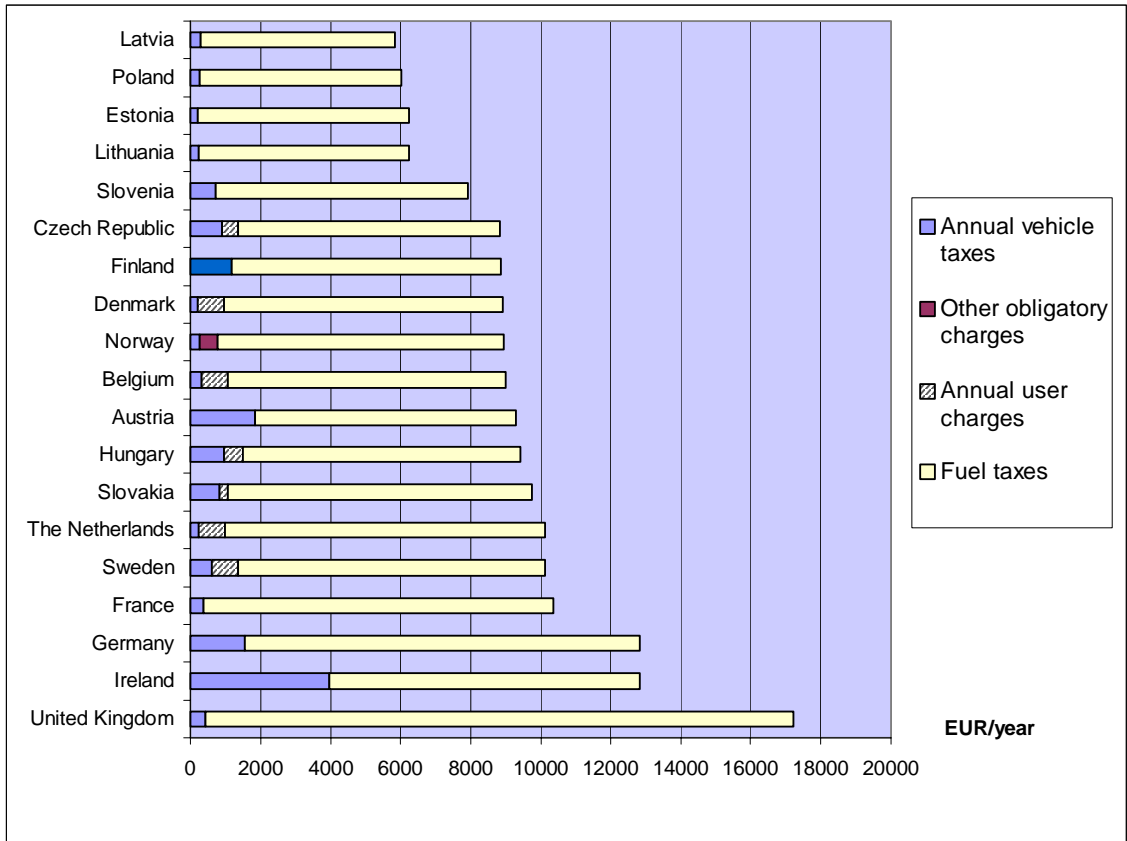


Figure 13. Total amount of taxes and charges (EUR/year: lorry 25 tonnes, 3 axles, 80 000 km=24 000 litres).

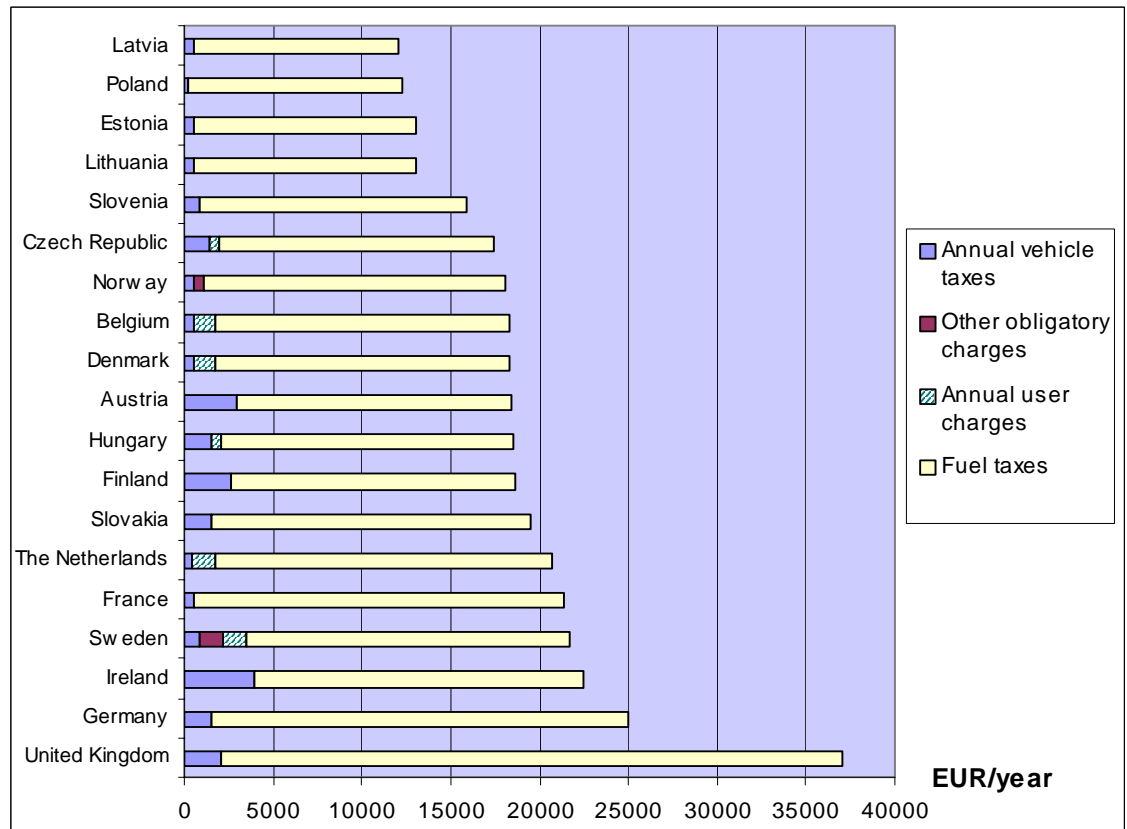
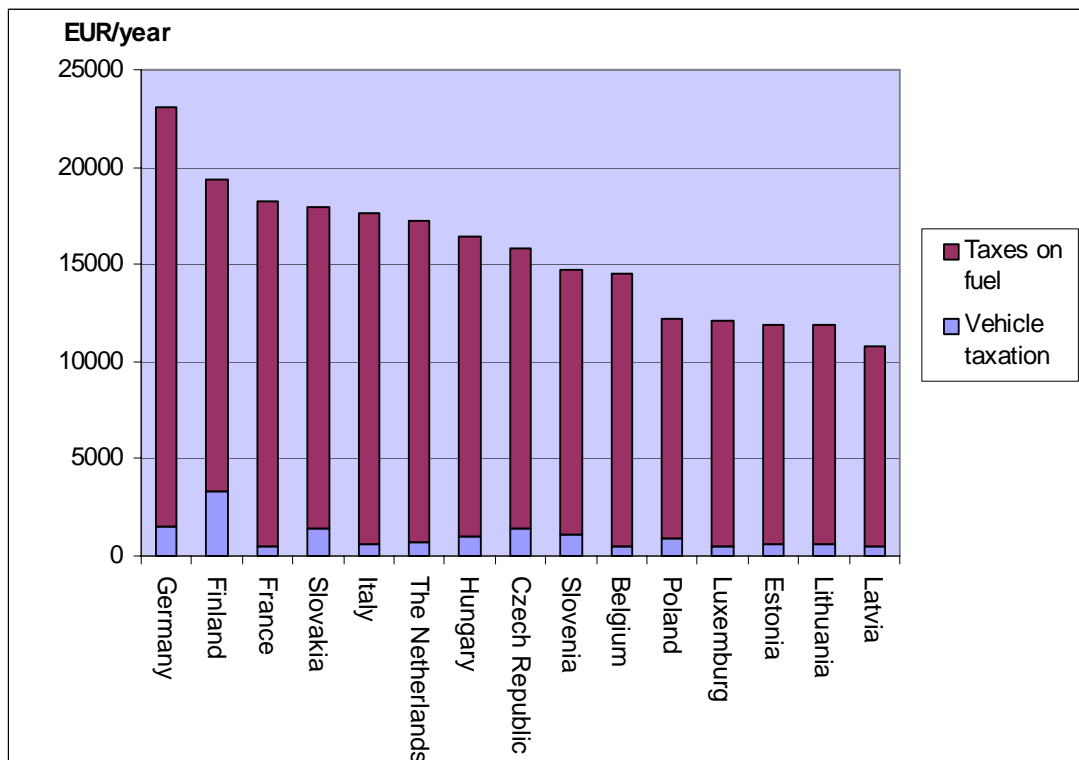


Figure 14. Total amount of taxes and charges (EUR/year: articulated vehicle, 40 tonnes, 2+3 axles, 125 000 km=50 000 litres).

It is interesting to compare these results to the study of Bundesverband Güterverkehr Logistik und Versorgung. The study is not directly comparable, because it was made for semi-trailers with a weight of 40 tonnes, distance travelled per year of 135,000 km and fuel consumption of 34 litres/100 km (= 45 900 litres/year). Periodic user charges (Eurovignettes) are also excluded. The results of the BGL study are shown in Figure 15. It can be seen that among the countries included in the BGL study, Finland has the second heaviest tax burden after Germany. Also according to the study of BGL, the Baltic countries have the lowest total tax burden, and the difference to Finland is about 6,000 Euro per year.



**Figure 15. Total amount of taxes and charges (EUR/year: semi-trailer, 135 000 km=45 900 litres). (BGL 2004.)**

Based on these two studies it can be concluded that the total tax burden in Finland is on an average European level. The tax burden increases relative to the other European countries the heavier the vehicle used. The tax burden is lower for lighter vehicles that are mostly used in domestic transportation. On the other hand, heavier vehicles used in international transportation have higher taxation compared to most European countries, which might constitute a competitive disadvantage for Finnish road haulage companies operating in the international market.

However, it is important to realise that there are differences in vehicle population between European countries. In Finland and Sweden 60-tonne vehicles are used more often than 40-tonne vehicles, which decreases costs per t-km. Thus the comparisons made for 40-tonne vehicles do not tell the whole truth about the situation of Finnish road haulage companies.

## 7 COMPARISON TO SOME PRIOR STUDIES

### 7.1 Comparison to Juga (2000)

A corresponding study about taxes and charges on heavy goods vehicles was made in 2000 by Juga. Twelve of the seventeen countries where information was available for this study are the same as in Juga's report. The comparisons for lorries with a weight of 10 tonnes and articulated vehicles of 40 tonnes in chapter 6 are made with the same assumptions as in Juga's study, and it is thus interesting to compare those prior results to the results of this study. The only difference is in vehicle emission class used in the calculations: in Juga's study vehicles had emission class EURO I and in this study EURO II.

When comparing the results of this study to those of Juga (Table 3), it can be seen that vehicle taxation on lorries with two axles and a weight of 10 tonnes has decreased or stayed on the same level in most of the countries. However, taxation has increased in two countries. Vehicle taxation on heavy goods vehicles with 2+3 axles and a weight of 40 tonnes has increased in half of the countries and decreased in half of the countries. Thus it seems that there might be a tendency toward higher taxation on heavier vehicles. However, it has to be noted that the number of countries included in both studies is small and no reliable conclusions about trends in taxation can be made.

*Table 3. Annual vehicle taxes in various European countries in Euro, the years 2000 and 2004.*

Country	Lorry, 10 tonnes		Articulated vehicle, 40 tonnes	
	Juga (2000)	This study	Juga (2000)	This study
Austria	610	610	2817	2962
Belgium	206	165	436	516
Denmark	277	0	519	518
France	274	300	652	524
Germany	538	409	1881	1533
Latvia	85	154	597	528
Lithuania	75	0	250	571
Norway	142	206	1197	584
Sweden	329	331	1319	2224
United Kingdom	481	241	9218	2048
<b>Finland</b>	<b>454</b>	<b>365</b>	<b>1458</b>	<b>3287</b>

Information from the Finnish Oil and Gas Federation and the EU Commission concerning fuel prices and excise duties is used in both studies. According to these studies, diesel prices (duties included) have increased in nearly all countries since the year 2000. The rate of increase has not been the same in every country. When comparing the amounts of total duties on fuel it can be seen that according to the Finnish Oil and Gas Federation total duties have increased slightly since the year 2000. The situation is different if value-added taxes are excluded: according to the Commission other taxes on fuel have decreased in almost every country.

Table 4. Prices and duties on fuel in cents, the years 2000 and 2004.

Year	Finnish Oil & Gas Federation				EU Commission			
	Price		Duties		Prices		Indirect taxes	
	2000	2004	2000	2004	2000	2004	2000	2004
Austria	72	80	41	44	60	82	38	31
Belgium	73	82	42	47	61	84	39	33
Denmark	82	88	51	54	64	91	44	37
France	81	88	53	56	65	91	47	42
Germany	77	94	48	60	60	95	40	47
Latvia	-	64	-	32	-	64	-	23
Lithuania	-	69	-	34	-	69	-	25
Norway	111	105	70	45	-	-	-	-
Sweden	80	88	50	34	73	94	45	37
United Kingdom	123	124	95	34	101	123	83	70
Finland	82	83	45	47	64	84	42	35

According to these studies there are no radical changes in the total amounts of charges paid. In the Baltic countries the total charges have increased, but the total tax burden is still lighter there than in other countries. On the other hand, the total tax burden has decreased in the United Kingdom and Norway, which had the heaviest burden in the year 2000. Thus it seems that the total tax burden in different countries is converging.

It can be said that compared to 2000, vehicle taxation is today more often differentiated according to axle number, the suspension used and emission class. Also road tolls and other charges are more often differentiated according to the vehicle's axle number, weight, emission class, duration period or the distance travelled, time of day etc. Eurovignette is still used in Belgium, Denmark, the Netherlands and Sweden, and it is differentiated according to vehicle weight and emission class. Germany has given up Eurovignette and introduced road tolls based on vehicle type and the distance travelled. Generally it seems that there is a tendency in Europe to use the "user pays" and "polluter pays" principles more efficiently.

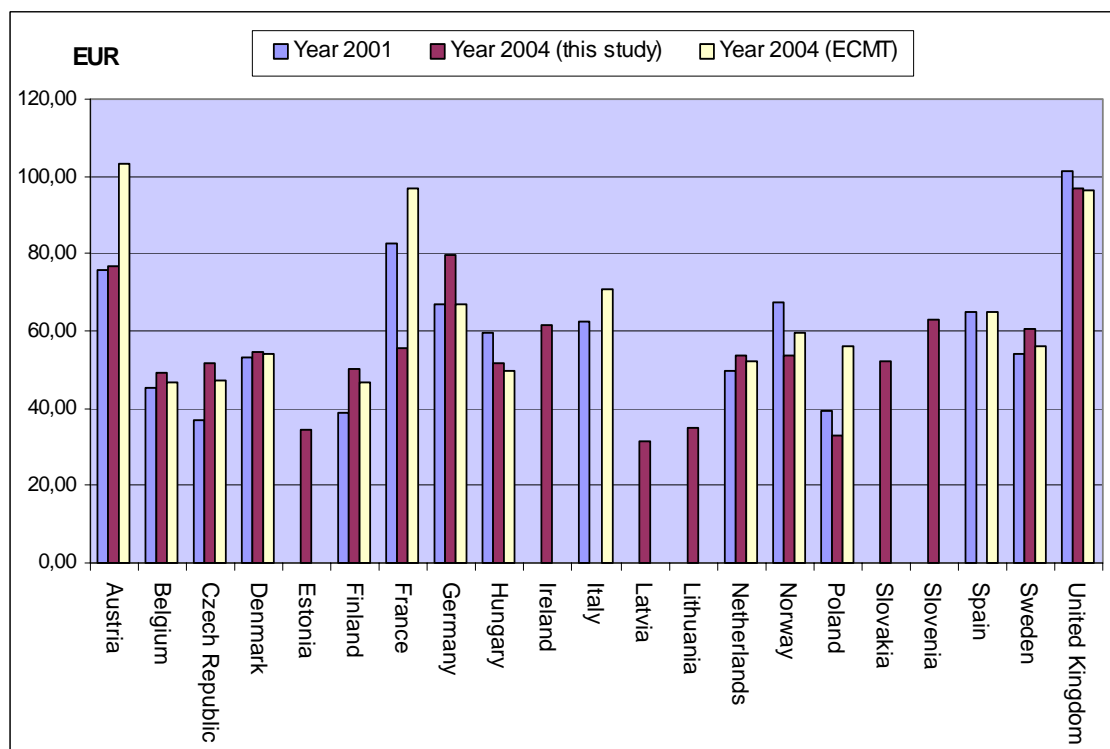
However, these results are only very tentative, because the number of countries that answered both questionnaires is not large enough to ensure a representative sample.

## 7.2 Comparison to the studies of ECMT

In 2003 the European Conference of Ministers of Transport published a report entitled "Reforming transport taxes". The report includes a summary of road haulage charges levied as well as a more detailed analysis of various charges in different European countries. In the analysis total net taxation for domestic transport of a distance of 400 km (fuel consumption 128 litres) by a vehicle with a weight of 40 tonnes is calculated. Vehicle and fuel taxation, periodic user charges and estimated road tolls are included in the calculation. Annual charges are calculated per day using a fiscal year of 276 days. Figure 14 shows the results based on this study and the study of ECMT based on information from the years 2001 and 2004 (first quarter). There are differences between this study and the ECTM study, because the

ECTM study also included estimated road tolls that were not available for our study.

From Figure 16 it can be seen that in Finland the net amount of charges paid has increased since 2001, but the net amount of charges paid by Finnish hauliers is still on average European level. It can also be seen that the net amount of charges paid per haul are lower in the Baltic countries, as could be expected according to the results of total tax burden.



**Figure 16. Net amount of charges paid on domestic haul (400km, 40 t), the years 2001(ECMT, Switzerland excluded) and 2004 (this study and <http://www1.oecd.org/cem/topics/taxes/AnnexB3e.xls>).**

In the study of ECMT, marginal effective taxation rates (METR) are used to get some comparable variables that take into account wider fiscal environment (ECMT 2003, 127-131.). In METR all inputs (L = labour, K = capital and G = fuel and other), their respective shares and individual tax rates are combined into a single equation to compute marginal effective taxation rates. METRs represent overall tax rates paid for one additional unit of freight service. The METR is calculated with the following equation:

$$METR = (1 + t_L)^{\alpha L} \times (1 + t_K)^{\alpha K} \times (1 + t_G)^{\alpha G} - 1,$$

in which t is the rate of tax and  $\alpha$  the share of the relevant input. Thus two parameters, proportional share of relevant input and its taxation rate, are taken into account. Table 5 shows the input shares and taxation rates used in calculation. Mar-

ginal effective tax rates from the years 2001 and 2004 in various European countries according to the study of ECMT are shown in Figure 17. The average METR was 24.6%; the marginal effective tax rate in Finland is thus on average European level.

Table 5. Input shares, tax rates and METRs in various European countries in 2001 (%).

	Input Share Structures			Taxation rates			METRs
	Fuel	Capital	Labour	Fuel Ad valorem	Capital	Labour	
<b>A</b>	9.42	49.28	41.30	190.40	5.88	20.00	22.62
<b>B</b>	10.40	50.00	39.60	106.91	8.00	26.00	22.83
<b>CH</b>	5.11	40.40	54.49	592.12	6.19	10.00	19.13
<b>CZ</b>	27.00	46.00	27.00	87.04	8.00	26.00	30.59
<b>D</b>	7.68	44.12	48.20	158.24	5.88	17.00	18.98
<b>DK</b>	19.70	48.40	31.90	125.97	10.53	0.00	23.25
<b>E</b>	8.00	49.00	43.00	154.51	6.25	24.00	21.77
<b>F</b>	5.69	43.27	51.04	195.57	5.00	30.00	24.20
<b>Fin</b>	17.90	44.10	38.00	91.68	3.57	20.00	22.20
<b>H</b>	21.00	61.50	17.50	141.42	5.00	32.00	30.17
<b>I</b>	12.00	45.00	43.00	147.95	6.25	32.00	29.13
<b>NL</b>	8.60	52.60	38.80	117.63	6.85	8.00	14.06
<b>NO</b>	18.50	36.86	44.63	130.64	4.00	11.00	24.07
<b>PL</b>	25.00	54.78	20.22	93.44	5.41	33.00	28.59
<b>S</b>	18.00	31.00	51.00	132.57	6.67	25.00	33.07
<b>UK</b>	9.00	44.00	47.00	240.27	4.00	9.00	17.54

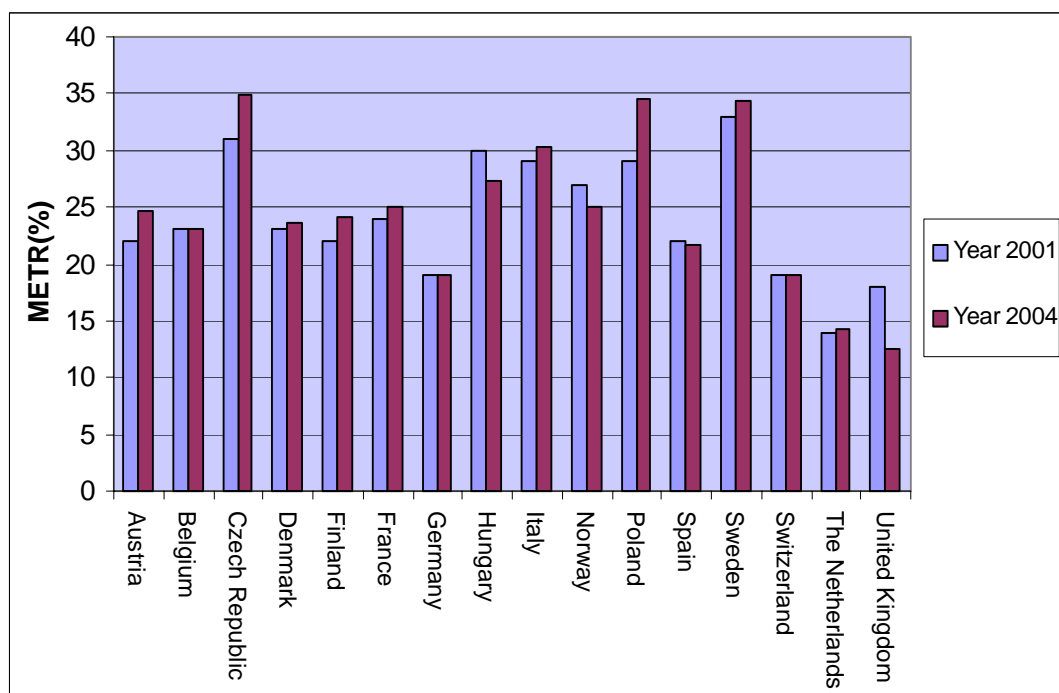


Figure 17. Marginal effective tax rates for various European countries, the years 2001 (ECMT 2003) and 2004 (<http://www1.oecd.org/cem/topics/taxes/AnnexB3e.xls>).

It is surprising that METRs are low for the United Kingdom, Austria and France, in which the net amounts of charges paid were high. In contrast, METRs are high for the Czech Republic, Poland and Sweden, where the net amount of charges paid per haul was not high. It is worth considering what is causing these differences. They are due to variation in input structures as well as in taxation rates. For example, in the United Kingdom the ad valorem tax rate on fuel is high, 240%, but fuel's share of total input is only 9%. On the other hand, taxation rate of labour is low (9%), and its share is 47%. Similar kinds of features can also be found for the other countries with low marginal effective tax rates.

Corresponding features can be found for the countries with high METRs. For example, in Poland the ad valorem tax rate on fuel is low (93%) and its input share is as high as 25% of total inputs, whereas taxation on labour is 33% and its share of total inputs is only 20%. It seems that taxation rates have a significant effect on input share structures, and taxation can thus be used when trying to enhance economic efficiency.

In Finland the input share of fuel, capital and labour was estimated to be 18%, 44% and 38%, respectively. The corresponding tax rates were 92% on fuel, 3.6% on capital and 20% on labour. It can be pointed out that the ad valorem tax rate on fuel was the lowest among the countries in the study, but the input share of fuel is lower in Finland than in six other countries.

It has to be taken into account that the calculation of marginal effective tax rate is problematic due to differences in taxation practices, social security systems, capital depreciation rules etc., all of which affect effective tax rates. Calculation of effective tax rates is not easy, and compromises have to be made. In addition, there is no straightforward method to calculate input share structures in various countries so that the results are comparable. However, METR provides a useful tool to evaluate taxation in different countries.



## 8 CONCLUSIONS

The purpose of this study was to discover current levels of taxes and charges levied on heavy goods vehicles in various European countries. This study follows a corresponding report by Juga from the year 2000. The need for updating the information concerning taxes and charges was a result of the enlargement of the European Union. Due to differences in taxation and cost level between the new and the old Member States there has been a fear that road haulage companies will move and register their vehicles in Member States with a lower tax burden. On the other hand, hauliers from the new Member States are competing in the international market with Finnish hauliers, which has given rise to concern about the competitiveness of Finnish road haulage. When cabotage is allowed after a transitional period of 2+2+1 years hauliers from the new Member States will be able to compete with Finnish hauliers also in the domestic market in Finland.

According to the comparative analysis of current levels of taxation in Chapter 6, the United Kingdom has the heaviest total tax burden. In contrast, the lightest taxation on heavy goods vehicles is found in the Baltic countries and Poland, taking into account periodic user charges in various countries. The total tax burden on Finnish hauliers is on European average for lorries with a weight of 10 and 25 tonnes. Compared to other countries, tax burden in Finland is higher for heavier goods vehicles. It has to be taken account in the comparisons, however, that vehicles above 40 tonnes are used more often in Finland, which decreases the amount of costs per ton-kilometre. Thus the comparisons made do not tell the whole truth about the situation of Finnish road haulage.

It has to be noted as well that even if Finnish taxation on heavy goods vehicles is on European average or somewhat above it, in the new Member States located near Finland the total tax burden is lower in every vehicle class. For articulated vehicles the difference in total tax burden can be as much as 5,000 EUR/year for one vehicle (assuming that fuel is bought from the country of registration), which might make it attractive to flag out vehicles to those countries. Flagging out would generate significant extra profit for companies with a large vehicle fleet of their own. Getting the same amount of profit while staying in Finland would require a large increase in sales.

It is worth noting that it is hard to compare the level of total tax burden due to variations in taxation bases, rates and structures in European countries. Also structures of inputs vary from country to country, and for that reason the same increase in e.g. excise duties on fuel has different effects in different countries. It would be interesting to develop some kind of indicator that would take into account differences in taxation systems as well as in input structures.

In the study of ECMT an attempt was made to develop such an indicator: the marginal effective tax rate takes into account both input structure and tax rates on inputs. However, there are problems in defining input shares in a comparable way, and the calculation of effective tax rates on inputs is also problematic. It is also hard to ensure that the statistics from different countries are comparable, which makes

accurate comparisons more challenging. However, estimations of current levels are available, and according to the study of ECMT the Finnish marginal effective tax rate is on average European level. From the estimates of METRs it can also be concluded that taxation can be used to increase economic efficiency. For example, in countries with a high tax rate on fuel the input share of fuel was lower than in the other countries.

However, vehicle taxation makes up only a minor part of the total costs that may amount to more than 150,000 EUR per year for one vehicle. Other costs, such as labour and fuel costs, make up a greater share of the cost structure. For that reason the lower general cost level in the Baltic countries compared to Finland might make flagging out appealing for companies facing hard cost competition. In addition to the cost level, the differences in productivity between countries have to be considered when comparing costs in different countries. The differences in vehicle taxes are therefore not so important, and other aspects besides the level of taxation have to be considered before flagging out is implemented. For example, the location decision of a company is also affected by public governance and the quality of infrastructure as well as the rate of market growth and geographic location in relation to the customers of the company. Even though many companies are transferring their operations to the new Member States, taxation is hardly the only reason for doing so; the location decision is affected by expected market growth as well.

At the moment the Baltic countries have not reached some of the requirements of the European Union that will cause an increase in cost level in those countries. It is expected that convergence of costs will take place between the new and the old Member States. However, it will take several years before the level of costs is approximately the same in all Member States. When evaluating the duration of cost advantage of some Member States, it has to be taken into account that at least at the moment public expenditure is lower in many new Member States than in the old ones. It means that total taxation can be lower in those countries without an increase in budget deficit. If the situation is the same in the future as well, there is no need to increase taxation above the desired level in the new Member States. Instead, it might create pressure for the old Member States to give up some public expenditure in order to survive in the tax competition.

In any case, the enlargement of the European Union is going to tighten competition in the Finnish road transport sector due to competition concerning Russian transit transportation, increased competition in the Internal Market and lifting of cabotage restrictions after the transitional period. It is worth considering what kind of hauliers might be flagging out their vehicles. Bigger road haulage companies would probably be more interested in registering their vehicles abroad than companies with one or two vehicles, because the potential profit for bigger companies with many vehicles is higher. That would make the situation of small hauliers more difficult due to cost-competition that they have to meet.

On the other hand, the enlargement of the European Union with ten new Member States provides opportunities for road haulage companies who are strategically ready to go with their Finnish customers to new locations and markets, or who are big enough to enlarge their own business into new areas (international transport).

Smaller road haulage companies have difficulties in adapting to a new situation, because they only do business in the domestic market, and hence they are facing the threat of lower cost competition on the part of foreign companies, but also on the part of Finnish companies established in new Member States.

Finally, it can be concluded that the enlargement of the European Union provides opportunities as well as challenges for Finnish road transportation. It is possible that at least companies with several vehicles are going to transfer their operations to new Member States and register their vehicles there. The development of the situation and the tendency to flag out are worth following in the future. One indicator that might give information about the level of flagging out could be the numbers of registrations of heavy goods vehicles in Finland and in the new Member States. If flagging out seems to be going on, the government could improve the situation of Finnish road hauliers operating both in the domestic and the international market by lowering the taxation on vehicles or on labour if it seems necessary.

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APPENDIX 1. Summary of taxes and charges levied in Europe.

Country	Regist. charge/ tax or adm. fee	Periodic vehicle tax		Periodic infrastructure charges		Road tolls, tunnel and bridge charges		Excise duty and other duties on diesel fuel		Other taxes and duties	Exemptions, reductions etc.
	1)	1)	2)	1)	2)	1)	2)	1)	2)	1)	1)
Austria	√	√*	√	-	√	√*	-	√	√	-	
Belgium	√	√*	√	√*	√	√*	-	√**	√	√	√
Czech Republic			√		√		-		√		
Denmark	√	√*		√*		√*		√**		-	√
Estonia	√	√*		-		-		√		-	-
Finland	√	√*	√	-	-	-	-	√**	√	-	-
France		√*	√	-	-	√*	√	√	√		√
Hungary			√		-		√		√	-	
Germany	√	√*	√	-	√	√*	-	√	√	-	√
Italy			√		-		√		√		
Greece		√		-		√*		√		-	√
Ireland	√	√*		-		√*		√**		-	-
Latvia	√	√*		-		-		√		-	-
Lithuania	√	√*		√		-		√		√	√
The Netherlands			√		√		-		√		
Norway	√	√*	√+env.tax	-	-	√	-	√**	√	√	-
Poland	√	√*	√	-	-	√*	√	√**	√	-	-
Portugal			√		-		-		√		
Slovakia	√	√*		-		-		√**		-	-
Slovenia	-	√*		-		√*		√**		√	√
Spain			√		-		√		√		
Switzerland			√		√		√		√		
Sweden			√		√		-		√		
U.K.	√	√*	√	-	-	√	-	√		-	√

1) This survey, year 2004

2) Survey of ECMT, 2003

\* Differentiated according to vehicles weight, axles number, emission class etc.

\*\* Differentiated according to fuel type etc.

- = not levied

(empty) = no information

**APPENDIX 2.** Differentiation principles of vehicle taxes, user charges and fuel duties in various European countries in 2004.

	Vehicle taxes:					User charges, road tolls etc.:				Fuel duties differentiated according to:
	Weight	Axle number	Emission	Suspension	Other	Weight	Axle number	Emission	Other	
<b>Austria</b>	Yes						Yes			
<b>Belgium</b>	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Sulphur content
<b>Czech Republic</b>			Yes			Yes				
<b>Denmark</b>	Yes	Yes	Yes	Yes			Yes	Yes	Yes	Sulphur, CO2, SO2
<b>Estonia</b>	Yes	Yes	Yes	Yes						
<b>Finland</b>	Yes	Yes								Sulphur content
<b>France</b>	Yes	Yes		Yes			Yes		Yes	
<b>Germany</b>	Yes		Yes		Yes			Yes		Sulphur content
<b>Greece</b>			Yes							
<b>Hungary</b>	Yes		Yes			Yes				Sulphur content
<b>Ireland</b>	Yes									Sulphur content
<b>Latvia</b>	Yes									
<b>Lithuania</b>	Yes		Yes							
<b>The Netherlands</b>	Yes	Yes		Yes			Yes	Yes		
<b>Norway</b>	Yes	Yes	Yes							Sulphur content
<b>Poland</b>	Yes									Sulphur content
<b>Slovakia</b>	Yes	Yes				Yes				
<b>Slovenia</b>	Yes	Yes	Yes				Yes		Yes	
<b>Sweden</b>										
<b>The United Kingdom</b>	Yes	Yes	Yes			Yes	Yes		Yes	Sulphur content

### **APPENDIX 3: COUNTRY REPORTS**

- Austria
- Belgium
- Czech Republic
- Denmark
- Estonia
- France
- Germany
- Greece
- Hungary
- Ireland
- Latvia
- Lithuania
- The Netherlands
- Norway
- Poland
- Slovakia
- Slovenia
- The United Kingdom
- Finland



## AUSTRIA

### A summary of taxes and charges in Austria

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Administrative fee	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	Road tolls for motorways	No
Excise duty and other duties on diesel fuel	Excise duty	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	No	No

#### Registration charges and administrative fees

Administrative fees 165 EUR are levied.

#### Periodic vehicle taxes

Periodic vehicle taxes (“Kraftfahrzeugsteuer”) are levied based on vehicle’s weight:

- vehicles under 12 tons 5.09 EUR /ton/month (minimum 43.50 EUR),
- vehicles from 12 tons to 18 tons 5.45 EUR/ton/month,
- vehicles from 18 tons 6.17 EUR/ton/month (maximum 246.80 EUR).

#### Periodic infrastructure user charges

No periodic infrastructure user charges are levied in Austria.

#### Road tolls, tunnel and bridge charges

Road tolls for motorways are levied. Tolls are distance related for all vehicles with more than 3,5 tons on all motorways and expressways since 1.1.2004. Rate of tolls depends on number of axles:

- 2 axles 0.130 EUR/km,
- 3 axles 0.182 EUR/km,
- 4 and more axles 0.273 EUR/km.

There exist higher toll-rates on specific Alp-crossing motorway-sections (tolled already before). On the A13, Brenner motorway there is a double toll-rate for heavy goods vehicle with 4 or more axles during night-time (from 22:00 until 5:00 o’clock).

## APPENDIX 3: Country reports

### **Excise duty and other duties on diesel fuel**

Excise duty is 0.302 EUR/litre, VAT 20% excluded. Excise duty on diesel fuel is not differentiated.

### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

There are no exemptions, reductions, compensations schemes or refunding systems.

### **Other:**

More information concerning road tolls can be found from:

[www.asfinag.at](http://www.asfinag.at)

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## APPENDIX 3: Country reports

### BELGIUM

#### A summary of taxes and charges in Belgium

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Registration charge	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	Yes (Eurovignette)	No
Road tolls, tunnel and bridge charges	Road tolls for motorways and tunnel charges	No
Excise duty and other duties on diesel fuel	Excise duty (basic and special), energy tax	No
Other taxes and duties on heavy goods vehicles	Tax on insurance premiums	No
Exemptions, reductions, compensation schemes and refunding systems	Yes	No

#### Registration charges and administrative fees

Registration charge 31 EUR is levied.

#### Periodic vehicle taxes

Periodic vehicle taxes are levied. Taxes are categorised by type of vehicle, vehicle's weight, number of axles, emission class and suspension system (tables 1,2 and 3).

#### Periodic infrastructure user charges

There are periodic infrastructure user charges (Eurovignette) that vary with duration period, vehicle's number of axles and emission class. The rates of Eurovignette are shown in table 4.

APPENDIX 3: Country reports

Table 1. Taxes on lorries.

Weight (kg)	Air suspension	Other suspension
<b>Lorry, max 2 axles:</b>		
3501 - 3900	59.97	74.96
4000 - 4999	74.96	93.7
5000 - 5999	89.94	112.44
6000 - 6999	104.93	131.19
7000 - 7999	119.93	149.93
8000 - 8999	134.68	168.37
9000 - 9999	149.68	187.11
10 000 - 10 999	164.68	205.85
11 000 - 11 9999	179.67	224.59
12 000 - 12 999	194.65	243.33
13 000 - 13 999	209.64	262.07
14 000 - 14 999	224.64	280.81
15 000 - 15 999	239.64	299.55
16 000 - 16 999	254.64	318.3
over 17 000	269.61	337.04
<b>Lorry, 3 axles:</b>		
3501 - 15 999	209.67	299.55
16 000 - 16 999	222.81	318.3
17 000 - 17 999	235.92	337.04
18 000 - 18 999	249.03	355.78
19 000 - 19 999	262.15	374.52
20 000 - 20 999	262.15	374.52

21 000 - 21 999	265.69	379.57
22 000 - 22 999	277.76	396.83
23 000 - 23 999	289.84	414.08
24 000 - 24 999	301.93	431.33
over 25 000	314.01	448.59
<b>Lorry, 4 axles:</b>		
3501 - 23 999	248.44	414.08
24 000 - 24 999	258.8	431.33
25 000 - 25 999	269.14	448.59
26 000 - 26 999	279.5	465.84
27 000 - 27 999	289.84	483.09
28 000 - 28 999	300.2	500.35
29 000 - 29 999	337.21	517.6
30 000 - 30 999	337.21	534.86
over 31 000	337.21	552.11
<b>Lorry, more than 4 axles:</b>		
3501 - 3900	59.97	74.96
4000 - 4999	74.96	93.7
5000 - 5999	89.94	112.44
6000 - 6999	104.93	131.19
7000 - 7999	119.93	149.93
8000 - 8999	134.68	168.37
9000 - 9999	149.68	187.11

10 000 - 10 999	164.68	205.85
11 000 - 11 9999	179.67	224.59
12 000 - 12 999	194.65	243.33
13 000 - 13 999	209.64	262.07
14 000 - 14 999	224.64	280.81
15 000 - 15 999	224.67	299.55
16 000 - 16 999	238.72	318.3
17 000 - 17 999	252.78	337.04
18 000 - 18 999	249.03	355.78
19 000 - 19 999	262.15	374.52
20 000 - 20 999	262.15	374.52
21 000 - 21 999	265.69	379.57
22 000 - 22 999	277.76	396.83
23 000 - 23 999	269.14	414.08
24 000 - 24 999	280.37	431.33
25 000 - 25 999	291.57	448.59
26 000 - 26 999	279.5	465.84
27 000 - 27 999	289.84	483.09
28 000 - 28 999	300.2	500.35
29 000 - 29 999	337.21	517.6
30 000 - 30 999	337.21	534.86
over 31 000	337.21	552.11

APPENDIX 3: Country reports

Table 2. Taxes on articulated vehicles (truck and trailer or semi-trailer).

Weight (kg)	Air suspension	Other suspension						
<b>Articulated vehicle, 1+1 or 2+1 axles:</b>			25 000 - 25 999	371.84	486.96	40 000 - 40 999	515.62	718.69
3501 - 3900	59.97	74.96	26 000 - 26 999	384.23	505.41	41 000 - 41 999	515.62	736.24
4000 - 4999	74.96	93.7	over 27 000	396.63	524.15	42 000 - 42 999	515.62	753.79
5000 - 5999	89.94	112.44	<b>Articulated vehicle, 2+2 axles:</b>			over 43 000	515.62	771.35
6000 - 6999	104.93	131.19	3501 - 23 999	260.29	449.48	<b>Articulated vehicle, 3 + 1 or 3 + 2 axles:</b>		
7000 - 7999	119.93	149.93	24 000 - 24 999	269.58	468.22	3501 - 36 999	429.2	648.79
8000 - 8999	134.68	168.37	25 000 - 25 999	278.88	486.96	37 000 - 37 999	434.16	666.34
9000 - 9999	149.68	187.11	26 000 - 26 999	288.18	505.41	38 000 - 38 999	453.99	683.89
10 000 - 10 999	164.68	205.85	27 000 - 27 999	297.47	524.15	39 000 - 39 999	453.99	701.14
11 000 - 11 999	179.67	224.59	28 000 - 28 999	409.02	542.89	40 000 - 40 999	571.00	844.70
12 000 - 12 999	210.71	243.33	29 000 - 29 999	421.42	561.63	41 000 - 41 999	571.00	844.70
13 000 - 13 999	223.1	262.07	30 000 - 30 999	433.81	580.37	42 000 - 42 999	571.00	844.70
14 000 - 14 999	235.5	280.81	31 000 - 31 999	446.21	580.37	over 43 000	571.00	844.70
15 000 - 15 999	247.89	299.55	32 000 - 32 999	458.6	580.37	<b>Articulated vehicle, 3 + 3 axles:</b>		
16 000 - 16 999	260.29	318.3	33 000 - 33 999	466.04	705.98	3501 - 36 999	286.07	648.79
17 000 - 17 999	272.68	337.04	34 000 - 34 999	480.91	705.98	37 000 - 37 999	291.03	666.34
18 000 - 18 999	285.08	355.78	35 000 - 35 999	485.87	705.98	38 000 - 38 999	298.41	683.89
19 000 - 19 999	297.47	374.52	36 000 - 36 999	490.83	705.98	39 000 - 39 999	305.95	701.14
20 000 - 20 999	309.87	393.26	over 37 000	495.79	705.98	40 000 - 40 999	313.61	718.69
21 000 - 21 999	322.26	412.00	<b>Articulated vehicle, 2 + 3 axles:</b>			41 000 - 41 999	313.61	736.24
22 000 - 22 999	334.66	430.74	3501 - 36 999	471.00	648.79	42 000 - 42 999	313.61	753.79
23 000 - 23 999	347.05	449.48	37 000 - 37 999	483.39	666.34	over 43 000	313.61	771.35
24 000 - 24 999	359.45	468.22	38 000 - 38 999	515.62	683.89			
			39 000 - 39 999	515.62	701.14			

APPENDIX 3: Country reports

Table 3. Taxes on other types of vehicles.

Weight (kg)	Air suspension	Other suspension
<b>Other types of articulated vehicles:</b>		
3501 - 3900	59.97	74.96
4000 - 4999	74.96	93.7
5000 - 5999	89.94	112.44
6000 - 6999	104.93	131.19
7000 - 7999	119.93	149.93
8000 - 8999	134.68	168.37
9000 - 9999	149.68	187.11
10 000 - 10 999	164.68	205.85
11 000 - 11 999	179.67	224.59
12 000 - 12 999	210.71	243.33
13 000 - 13 999	223.1	262.07
14 000 - 14 999	235.5	280.81
15 000 - 15 999	247.89	299.55
16 000 - 16 999	260.29	318.3
17 000 - 17 999	272.68	337.04
18 000 - 18 999	285.08	355.78
19 000 - 19 999	297.47	374.52
20 000 - 20 999	309.87	393.26
21 000 - 21 999	322.26	412
22 000 - 22 999	334.66	430.74
23 000 - 23 999	303.67	449.48
24 000 - 24 999	314.5	468.22
25 000 - 25 999	325.36	486.96
26 000 - 26 999	336.19	505.41
27 000 - 27 999	347.05	524.15

28 000 - 28 999	409.02	542.89
29 000 - 29 999	421.42	561.63
30 000 - 30 999	433.81	580.37
31 000 - 31 999	446.21	580.37
32 000 - 32 999	458.6	580.37
33 000 - 33 999	466.04	705.98
34 000 - 34 999	480.91	705.98
35 000 - 35 999	485.87	705.98
36 000 - 36 999	419.26	663.07
37 000 - 37 999	426.08	676.23
38 000 - 38 999	422.66	683.89
39 000 - 39 999	425.19	701.14
40 000 - 40 999	442.29	781.68
41 000 - 41 999	442.29	790.46
42 000 - 42 999	442.29	799.23
over 43 000	442.29	808.01

## APPENDIX 3: Country reports

Table 4. Prices of Eurovignette.

<b>Road toll for one year</b>	<b>EUR</b>
<b>1. not exceeding three axles :</b>	
a. issue standard NOT-EURO :	960.00
b. issue standard EURO I :	850.00
c. issue standard EURO II and cleaner :	750.00
<b>2. with four axles or more axles :</b>	
a. issue standard NOT-EURO :	1 550.00
b. issue standard EURO I :	1 400.00
c. issue standard EURO II and cleaner :	1 250.00
<b>Road toll for one month</b>	
<b>1. not exceeding three axles :</b>	
a. issue standard NOT-EURO :	96.00
b. issue standard EURO I :	85.00
c. issue standard EURO II and cleaner :	75.00

<b>2. with four axles or more axles :</b>	
a. issue standard NOT-EURO :	155.00
b. issue standard EURO I :	140.00
c. issue standard EURO II and cleaner :	125.00
<b>Road toll for one week</b>	
<b>1. not exceeding three axles :</b>	
a. issue standard NOT-EURO :	26.00
b. issue standard EURO I :	23.00
c. issue standard EURO II and cleaner :	20.00
<b>2. with four axles or more axles :</b>	
a. issue standard NOT-EURO :	41.00
b. issue standard EURO I :	37.00
c. issue standard EURO II and cleaner :	33.00

### Road tolls, tunnel and bridge charges

Road tolls and tunnel charges are levied. Road tolls are levied as “Eurovignette” that is for one day 8.00 EUR. Tunnel charges in Belgium are used for Westerscheldetunnel and Liefkenshoektunnel. The charges are categorised by length and high of vehicle and also by way of payment (table 5.).

Table 5. Tunnel charges in Belgium.

<b>Charges “Westerscheldetunnel”</b>		
<b>CATEGORIE</b>	<b>STANDARD</b>	<b>t-tag</b>
Length ≤ 12 m and height > 2,50 m	15.40 €	11.55 €
Length > 12 m and height > 2,50 m	20.50 €	15.38 €
<b>Charges “Liefkenshoektunnel”</b>		
<b>CATEGORIE</b>	<b>MANUAL</b>	<b>TELETOL</b>
Vehicles lower as 2,50 m	4.00 €	2.80 €
Vehicles higher as 2,50 m	15.00 €	11.15 €

### Excise duty and other duties on diesel fuel

Excise duty (basic grade) is 0.198 EUR/litre, VAT 21 % excluded. Special excise duty is 0.092 EUR/litre, VAT excluded. In addition there exists energy tax that is 0.014 EUR/litre (VAT excluded).

**Other taxes and duties on heavy goods vehicles**

There are no other taxes and duties on heavy goods vehicles.

**Exemptions, reductions, compensation schemes and refunding systems**

There are some exemptions, reductions, compensation schemes or refunding systems on vehicle taxes, fuel taxes, investments for transport equipment and insurance premiums.

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**CZECH REPUBLIC****A summary of taxes and charges in Czech republic**

<b>Taxes or charges</b>	<b>Current situation</b>	<b>Planned changes</b>
Registration charges and administrative fees	Yes	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	Yes	Yes
Road tolls, tunnel and bridge charges	No	No
Excise duty and other duties on diesel fuel	Excise duty	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	Yes	No

**Registration charges and administrative fees**

Administrative fee of 10 EUR is charged on heavy goods vehicles over 3.5 tons. The fee is same for all heavy goods vehicles.

**Periodic vehicle taxes**

Periodic vehicle taxes are levied on vehicles in commercial use. Periodic vehicle taxes are differentiated according to emission class. There is a reduction of 60% (until 31<sup>st</sup> December 2005) for EUROII vehicles and reduction of 66% (until 31<sup>st</sup> December 2006) for EUROIII vehicles. Vehicles that are registered before 31<sup>st</sup> December 1989 taxes are increased by 15%.

**Periodic infrastructure user charges**

Periodic user charges are levied on motorways. User charges are differentiated according to vehicles weight. The rates are shown in table 1.

*Table 1. Periodic infrastructure user charges in Czech Republic.*

<b>Weight</b>	<b>1 day</b>	<b>10 days</b>	<b>1 month</b>	<b>1 year</b>
<b>up to 3.5 tons</b>		5	8.3	30
<b>3.5 – 12 tons</b>		15	40	233.3
<b>over 12 tons</b>	8.3	30	76.7	466.7

## APPENDIX 3: Country reports

It is expected that user charges will be levied more often (3000 km if the motorways and other roads) from vehicles over 3.5 tons from the beginning of 2006.

### **Road tolls, tunnel and bridge charges**

Road tolls, tunnel or bridge charges are not levied.

### **Excise duty and other duties on diesel fuel**

Excise duty is 0.35 EUR/litre, VAT 19% excluded.

### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

There are standard exemptions on vehicle taxes (e.g. civil defence and police vehicles, fire appliances). In addition, there are reductions in vehicle taxes for vehicles used in combined transport (CT). The rates of reductions are shown in table 2.

*Table 2. Tax reductions for vehicles used in combined transport.*

<b>Number of rides in the regime of CT</b>	<b>Tax reduction (%)</b>
31-60	25
61-90	50
91-120	75
more than 120	90
Solely in CT	100

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## APPENDIX 3: Country reports

### DENMARK

Exchange rate 1 EUR = 7.4357 DKK

#### A summary of taxes and charges in Denmark

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Registration charge and administrative fee	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	Yes (Eurovignette)	No
Road tolls, tunnel and bridge charges	Bridge charges	No
Excise duty and other duties on diesel fuel	Excise duty, CO2 and SO2	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	Yes	No

#### Registration charges and administrative fees

Registration tax is 0 DKK of the first 34,100 DKK (4586 EUR) of the value of the new HGV and 30 % of the rest of the value, yet 56,800 DKK (7639 EUR) as a maximum. This rule applies to all new HGVs between 3.5 and 5 tonnes. No registration taxes for HGVs over 4 tonnes.

Administrative fee (number plate fee) is 1,180 DKK/set (158.70 EUR). A single number plate for e.g. a trailer would amount to 590 DKK (79.35 EUR).

#### Periodic vehicle taxes

Periodic vehicle taxes are levied. For HGVs between 3.5 and 4 t the rates in the table 1 apply. The differentiations are on vehicle type and weight. An additional charge is paid if the vehicle uses diesel fuel (an equalising tax). Moreover, an additional charge is paid if the vehicle is used for private purposes.

Table 1. Periodic vehicle taxes on HGVs from 3 to 4 t in one year.

Rates	Periodic vehicle tax				Extra fo diesel users				Extra for private usage	
	Lorry		Trailer		Lorry		Trailer		Lorry	
Duty per vehicle	DKK	EUR	DKK	EUR	DKK	EUR	DKK	EUR	DKK	EUR
Total weight 3,001 - 4,000	3760	505.67	440	59.17	1150	154.66	160	21.52	5040	677.81

For HGVs over 4 tons the duties are divided between HGVs liable to the road user charge (more than 12 tons) and HGVs, which are not liable (re:EU Dir.1999/62/EC). The rates can be found from tables 2 and 3. The differentiations are made according to vehicle's type, number of axles, weight

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and suspension system. An additional charge is paid if the vehicle does use diesel fuel (an equalising tax).

Table 2. Annual vehicle tax on HGVs over 4 t, not subject to road user charge.

Rates Duty per vehicle	Periodical vehicle tax				Extra for diesel users			
	Lorry		Trailer		Lorry		Trailer	
Total weight	DKK	EUR	DKK	EUR	DKK	EUR	DKK	EUR
<b>Max 2 axles:</b>								
4,001- 5,000 kg	2052	275.97	552	74.24	1150	154.66	200	26.90
5,001- 6,000 kg	2052	275.97	672	90.37	1150	154.66	250	33.62
6,001- 7,000 kg	2052	275.97	825	110.95	1150	154.66	300	40.35
7,001- 8,000 kg	2052	275.97	988	132.87	1150	154.66	400	53.79
8,001- 9,000 kg	2052	275.97	1161	156.14	1150	154.66	450	60.52
9,001- 10,000 kg	2052	275.97	1344	180.75	1150	154.66	550	73.97
10,001- 11,000 kg	2279	306.49	1537	206.71	1150	154.66	650	87.42
11,001- 12,000 kg	2610	351.01	1740	234.01	1150	154.66	750	100.86
12,001- 13,000 kg	3087	415.16	1953	262.65	1150	154.66	850	114.31
13,001- 14,000 kg	3604	484.69	2176	292.64	1150	154.66	1000	134.49
14,001- 15,000 kg	4161	559.60	2628	353.43	1150	154.66	1100	147.93
<b>Total weight over 15,000 kg:</b> Duty per every 200 kg of total weight:	60	8.07	40	5.38	16	2.15	16	2.15
<b>2 or more axles:</b>								
Up to 18,000 kg	32	4.30	20	2.69	11	1.48	12	1.61
18,001- 19,000 kg	3069	412.74	1953	262.65	1150	154.66	1100	147.93
19,001- 20,000 kg	3332	448.11	2156	289.95	1150	154.66	1200	161.38
<b>Total weight over 20,000 kg</b> Duty per every 200 kg of total weight:	36	4.84	24	3.23	13	154.66	13	1.75

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Table 3. Annual vehicle tax on HGVs over 4 t, subject to road user charge.

Rates year 2004				
Total weight	Air suspension		Other suspension system	
	DKK	EUR	DKK	EUR
<b>A. HGV</b>				
<b>a) with 2 axles</b>				
Up to 12,999 kg	0	0.00	226	30.39
13,000- 13,999 kg	226	30.39	627	84.32
14,000- 14,999 kg	627	84.32	882	118.62
Over 15,000 kg	882	118.62	2050	275.70
<b>b) with 3 axles</b>				
Up to 16,999 kg	226	30.39	394	52.99
17,000- 18,999 kg	394	52.99	809	108.80
19,000- 20,999 kg	809	108.80	1050	141.21
21,000- 22,999 kg	1050	141.21	1661	223.38
Over 23,000 kg	1661	223.38	2582	347.24
<b>c) with at least 4 axles</b>				
Up to 24,999 kg	1050	141.21	1065	143.23
25,000- 25,999 kg	1065	143.23	1706	229.43
26,000- 28,999 kg	1706	229.43	2709	364.32
Over 29,000 kg	2709	364.32	4019	540.50
<b>B. Articulated vehicles</b>				
<b>a) HGV with 2 axles</b>				
<b>1) and trailer with 1 axle</b>				
Up to 15,999 kg	0	0	0	0
16,000- 17,999 kg	0	0	102	13.72
18,000- 19,999 kg	102	13.72	233	31.34
20,000- 21,999 kg	233	31.34	547	73.56
22,000- 22,999 kg	547	73.56	707	95.08
23,000- 24,999 kg	707	95.08	1276	171.60
Total weight over 25,000 kg	1276	171.60	2297	308.92
<b>2) and trailer with 2 axles</b>				
Up to 24,999 kg	219	29.45	510	68.59
25,000- 25,999 kg	510	68.59	839	112.83
26,000- 27,999 kg	839	112.83	1232	165.69
28,000- 28,999 kg	1232	165.69	1526	205.23
29,000- 30,999 kg	1526	205.23	2507	337.16
31,000- 32,999 kg	2507	337.16	3480	468.01
Over 33,000 kg	3480	468.01	5284	710.63
<b>3) and trailer with at least 3 axles</b>				
Up to 37,999 kg	2769	372.39	3854	518.31
Over 38,000 kg	3854	518.31	5239	704.57
<b>b) HGV with at least 3 axles</b>				
<b>1) and trailer with 1 axle</b>				
Up to 24,999 kg	219	29.45	510	68.59
25,000- 25,999 kg	510	68.59	839	112.83
26,000- 27,999 kg	839	112.83	1232	165.69
28,000- 28,999 kg	1232	165.69	1526	205.23
29,000- 30,999 kg	1526	205.23	2507	337.16
31,000- 32,999 kg	2507	337.16	3480	468.01
Over 33,000 kg	3480	468.01	5284	710.63
<b>2) and trailer with 2 axles</b>				
Up to 37,999 kg	2447	329.09	3398	456.98
38,000- 39,999 kg	3398	456.98	4700	632.09
Over 40,000 kg	4700	632.09	6905	928.63
<b>3) and trailer with at least 3 axles</b>				
Up to 37,999 kg	1356	182.36	1684	226.47
38,000- 39,999 kg	1684	226.47	2514	338.10
Over 40,000 kg	2514	338.10	4004	538.48

### Periodic infrastructure user charges

The Danish user charge for HGVs is the Eurovignette-system. Duration period, vehicle's weight, number axles and emission class differentiate user charges for HGVs of 12 t or more. For HGVs between 3.5 t and 12 t no charge is applied. The rates are presented in table 4.

Table 4. Road user charges.

Euro class:	No euro				Euro I				Euro II and higher			
	No more than 3 axles		4 axles or more		No more than 3 axles		4 axles or more		No more than 3 axles		4 axles or more	
HGVs with:	DKK	EUR	DKK	EUR	DKK	EUR	DKK	EUR	DKK	EUR	DKK	EUR
Per year	7156	962.38	11555	1553.99	6336	852.11	10437	1403.63	5591	751.91	9318	1253.14
Per month	715	96.16	1155	155.33	633	85.13	1043	140.27	559	75.18	931	125.21
Per week	193	25.96	305	41.02	171	23.00	275	36.98	149	20.04	246	33.08
Per day	59	7.93	59	7.93	59	7.94	59	7.94	59	7.94	59	7.93

### Road tolls, tunnel and bridge charges

Only bridge charges are applied.

The charge covering HGV passages across Storebaelt bridge is:

- 625 DKK (84.05 EUR) for a vehicle less than 10 m,
- 990 DKK (133.14 EUR) for a vehicle over 10 m.

The charge covering HGV passages across Oresund bridge is:

- 550 DKK (73.97 EUR) for a vehicle between 6 and 9 m,
- 770 DKK (103.55 EUR) for a vehicle between 9 and 12 m,
- 915 DKK (123.05 EUR) for a vehicle over 12 m.

### Excise duty and other duties on diesel fuel

Excise duty (basic grade) is 2.744 DKK/litre (0.369 EUR/litre), VAT 25% excluded. For low sulphur diesel (most commonly used) excise duty is 2.466 DKK/litre (0.332 EUR/litre). There are also CO<sub>2</sub>-duty 0,27 DKK/litre (0.036 EUR/litre) and SO<sub>2</sub>-duty 20DKK/kgSO<sub>2</sub> (2.69 EUR/kgSO<sub>2</sub>). However, SO<sub>2</sub>-duty is only applied to the basic grade diesel, not to the low sulphur diesel most commonly used.

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### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

Only the standard exemptions (military, rescue etc.) apply to the vehicle duty, fuel duty and road user charge when regarding HGVs. However, HGVs are exempted from the tax on insurance premiums, which is a tax on third party liability insurances (normally 34.4% or 42.9% of the insurance premium).

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## APPENDIX 3: Country reports

### ESTONIA

The exchange rate used is 1 EUR = 15.6466 EKK.

#### A summary of taxes and charges in Estonia

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Administrative fee	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	No	No
Excise duty and other duties on diesel fuel	Excise duty	Yes (transitional period to reach the minimum level until 2010)
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	No	No

#### Registration charges and administrative fees

Administrative charge exists in Estonia. State fee for the first registration of any vehicle is 1000 EEK (63.91 EUR). State fee of issuing the standard number plate is 600 EEK (38.35 EUR).

#### Periodic vehicle taxes

Periodic vehicle taxes are differentiated by vehicle's weight, number of axles, emission class and suspension system. The tax rates are based on the minimum demands of the Directive 1999/62/EC.



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Table 1. Periodic vehicle taxes for one year in Estonia

Category of heavy goods vehicle by number of axles	Maximum authorised weight or gross laden weight (kg)	Air (or equivalent) suspension		Other type of suspension	
		EEK	EUR	EEK	EUR
<b>Lorry or truck</b>					
<b>2 axles:</b>	12 000 – 12 999			500	31.96
	13 000 – 13 999	500	31.96	1360	86.92
	14 000 – 14 999	1360	86.92	1900	121.44
	15 000 and more	1900	121.44	4300	274.84
<b>3 axles:</b>	12 000 – 14 999	0	0	0	0
	15 000 – 16 999	500	31.96	860	54.96
	17 000 – 18 999	860	54.96	1760	112.48
	19 000 – 20 999	1760	112.48	2260	144.44
	21 000 – 22 999	2260	144.44	3500	223.68
	23 000 and more	3500	223.68	5400	345.12
<b>4 axles:</b>	12 000 – 22 999	0	0	0	0
	23 000 – 24 999	2260	144.44	2300	147
	25 000 – 26 999	2300	147	3560	227.52
	27 000 – 28 999	3560	227.52	5660	361.72
	29 000 and more	5660	361.72	8400	536.84
<b>Road train (truck + trailer)</b>					
<b>2+1 axles:</b>	12 000 – 13 999	0	0	0	0
	14 000 – 15 999	0	0	0	0
	16 000 – 17 999	0	0	200	12.8
	18 000 – 19 999	200	12.8	500	31.96
	20 000 – 21 999	500	31.96	1160	74.12
	22 000 – 22 999	1160	74.12	1500	95.88
	23 000 – 24 999	1500	95.88	2760	176.4

	25 000 and more	2760	176.4	4800	306.76
<b>2+2 axles:</b>	12 000 – 14 999	0	0	0	0
	15 000 – 22 999	0	0	0	0
	23 000 – 24 999	460	29.4	1100	70.32
	25 000 – 25 999	1100	70.32	1800	115.04
	26 000 – 27 999	1800	115.04	2660	170
	28 000 – 28 999	2660	170	3200	204.52
	29 000 – 30 999	3200	204.52	5260	336.16
	31 000 – 32 999	5260	336.16	7300	466.56
	33 000 and more	7300	466.56	11060	706.88
<b>2+3 axles:</b>	12 000 – 35 999	0	0	0	0
	36 000 – 37 999	5800	370.68	8060	515.12
	38 000 and more	8060	515.12	10960	700.48
<b>3+2 axles:</b>	12 000 – 35 999	0	0	0	0
	36 000 – 37 999	5100	325.96	7100	453.76
	38 000 – 39 999	7100	453.76	9860	630.16
	40 000 and more	9860	630.16	14560	930.56
<b>3+3 or more axles:</b>	12 000 – 35 999	0	0	0	0
	36 000 – 37 999	2900	185.36	3500	223.68
	38 000 – 39 999	3500	223.68	5260	336.16
	40 000 and more	5260	336.16	8360	534.32

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### **Periodic infrastructure user charges**

No periodic infrastructure user charges are levied.

### **Road tolls, tunnel and bridge charges**

Road tolls, tunnel and bridge charges are not levied.

### **Excise duty and other duties on diesel fuel**

Excise duty is 3.84 EEK/litre (0.25 EUR/litre), VAT 18% excluded. Excise duty is not differentiated. There is transitional period until 2010 to meet the minimum rate of energy taxation Directive 96/2003.

### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

There are no exemptions, reductions, compensation schemes or refunding systems in Estonia.

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## FRANCE

### A summary of taxes and charges in France

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Registration charge	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	No	No
Excise duty and other duties on diesel fuel	Excise duty	Yes (transitional period to reach the minimum level until 2010)
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	No	No

#### Registration charges and administrative fees

Registration charges is levied in France.

#### Periodic vehicle taxes

Periodic vehicle taxes are differentiated by vehicle's weight, number of axles and suspension system. A special axle tax is levied on all motor vehicles (*taxe spéciale sur certains véhicules à moteur*) registered in France with a permissible gross laden weight of not less than 12 tonnes (re: EC Directive 1999/62/EC, Art. 3). A 75% reduction rate applies to vehicles using a combination of motor and trail. A circulation tax (*taxe différentielle sur les véhicules à moteur*) is levied by local government authorities (departments) on vehicles not qualifying for the axle tax. (vehicles with a permissive gross weight under 12 tonnes).

#### Periodic infrastructure user charges

No periodic infrastructure user charges are levied.

#### Road tolls, tunnel and bridge charges

Road tolls, tunnel and bridge charges are levied and those are differentiated according to vehicles type and/or number of axles.

## APPENDIX 3: Country reports

### **Excise duty and other duties on diesel fuel**

Excise duty is 0.4169 EUR/litre, VAT 19% excluded. Excise duty is 0.38 EUR/litre for vehicles in commercial use.

### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

There is a reduction in excise duty for vehicles in commercial use. According to Directive 2003/96/EC the reduced duty cannot be less than 0.3919 EUR/litre.

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**GERMANY****A summary of taxes and charges in Germany**

<b>Taxes or charges</b>	<b>Current situation</b>	<b>Planned changes</b>
Registration charges and administrative fees	Registration charge	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	Yes	Yes
Excise duty and other duties on diesel fuel	Excise duty	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	Yes	-

**Registration charges and administrative fees**

Registration charge (Kraftfahrzeugzulassung) from 26.20 EUR to 68.10 EUR depending on vehicle's type is levied. (Source: Kraftfahrzeugzulassungsstelle)

**Periodic vehicle taxes**

Periodic vehicle taxes are levied in Germany. The taxes are differentiated by vehicle's weight, emission class (S2, S3, S4, S5 and EEV-Enhanced Environmentally friendly Vehicle) and noise level (G1). An example of calculation is shown in table 1. The rates of the periodic vehicle taxes for one year are presented in table 2.

*Table 1. Calculation of annual vehicle taxes in Germany.*

<b>Total weight</b>	<b>Tax for every beginning 200 kg</b>	<b>Tax to pay</b>
up to 2000	6.42	64.2
2000-3000	6.88	34.4
3000-4000	7.31	36.55
4000-5000	7.75	38.75
5000-6000	8.18	40.9
6000-7000	8.62	43.1
7000-7500	9.36	28.08
Total annual vehicle tax		285.98

Trailers and semi-trailers are also taxed. The annual tax is 7.46 EUR for every beginning 200 kg, but still not more than 894.76 EUR in year altogether.

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Table 1. Periodic vehicle taxes in Germany (year 2004).

Weight	EUR
<b>a) Emissionclasses S2, S3, S4, S5 and EEV (with and without noise level G1)</b>	
up to 2000 kg	6.42
2000 - 3000 kg	6.88
3001- 4000	7.31
4001 - 5000	7.75
5001 - 6000	8.18
6001 - 7000	8.62
7001 - 8000	9.36
8001 - 9000	10.07
9001 - 10 000	10.97
10 001 - 11 000	11.84
11 001- 12 000	13.01
12 001 - 13 000	14.32
over 13 000	15.77
	not over 664.68 in year
<b>b) Emission class S1 (with and without noise level G1)</b>	
up to 2000 kg	6.42
2000 - 3000 kg	6.88
3001- 4000	7.31
4001 - 5000	7.75
5001 - 6000	8.18
6001 - 7000	8.62
7001 - 8000	9.36
8001 - 9000	10.07
9001 - 10 000	10.97
10 001 - 11 000	11.84
11 001- 12 000	13.01
12 001 - 13 000	14.32
13 001 - 14 000	15.77
14 001 - 15 000	26.00
over 15 000	36.23
	not over 1022.58 in year

<b>c) Noise level G1</b>	
up to 2000 kg	9.64
2000 - 3000 kg	10.3
3001- 4000	10.97
4001 - 5000	11.61
5001 - 6000	12.27
6001 - 7000	12.94
7001 - 8000	14.03
8001 - 9000	15.11
9001 - 10 000	16.44
10 001 - 11 000	17.74
11 001- 12 000	19.51
12 001 - 13 000	21.47
13 001 - 14 000	23.67
14 001 - 15 000	39.01
over 15 000	54.35
	not over 1533.88 in year
<b>d)other types of vehicles</b>	
up to 2000 kg	11.25
2000 - 3000 kg	12.02
3001- 4000	12.78
4001 - 5000	13.55
5001 - 6000	14.32
6001 - 7000	15.08
7001 - 8000	16.36
8001 - 9000	17.64
9001 - 10 000	19.17
10 001 - 11 000	20.71
11 001- 12 000	22.75
12 001 - 13 000	25.05
13 001 - 14 000	27.61
14 001 - 15 000	45.50
over 15 000	63.4
	not over 1789.52 in year

## APPENDIX 3: Country reports

### Periodic infrastructure user charges

Eurovignette has not been in use since September 2003. According to Directive 1999/62/EC periodic user charges such as Eurovignette and road tolls can not be levied simultaneously. In Germany road toll system for heavy goods vehicles ("Autobahnmaut für schwere Nutzfahrzeuge") was introduced 31st August 2003 0.00 o'clock and simultaneously Germany gave up Eurovignette-system.

### Road tolls, tunnel and bridge charges

Road tolls for motorways are levied. Vehicles are assigned to one of three categories based on their emission category. The current version of categories is following:

	Category A	Category B	Category C
<b>Until Sept. 2006</b>	S4, S5 and EEV Class 1	S3 and S2	S1 and vehicles that do not belong to any emission category
<b>01 Oct.2006 to 30 Sept 2009</b>	S5 and EEV Class 1	S4 and S3	S2, S1 and vehicles that do not belong to any emission category
<b>From 01 Oct. 2009</b>	EEV Class 1	S5 and S4	S3, S2, S1 and vehicles that do not belong to any emission category

There are the amounts charged from different categories in the table 2.

*Table 2. Road tolls per kilometre for different vehicle categories.*

Number of axles of vehicle/vehicle combination	Category A	Category B	Category C
<b>Up to three axles</b>	0.09	0.11	0.13
<b>Four or more axles</b>	0.1	0.12	0.14

### Excise duty and other duties on diesel fuel

Excise duty is 0.486 EUR/litre, VAT 16% excluded. The special grade 0.470 EUR/litre is used for low sulphur (< 10 mg/kg) diesel. (Source: [www.zoll-d.de](http://www.zoll-d.de))

### Other taxes and duties on heavy goods vehicles

No other taxes or duties on heavy goods vehicles.

### Exemptions, reductions, compensation schemes and refunding systems

There is exemption on periodic vehicle taxes on German trailers. If trailer is used only behind the truck, the tax is not levied if extra charge is paid. The amount of the extra charge is defined based on the biggest allowed total weight of the trailer.

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Exemptions exist also on distance-based road tolls. Buses, police vehicles, civil defence and disaster relief vehicles, fire engines, emergency and government vehicles, vehicles used for road maintenance and operation, vehicles used exclusively for putting on shows and circuses and vehicles not intended exclusively for freight transport are exempt.

In addition there is K –plate used for vehicles in combined transportation. Vehicles with K –plate have reductions in taxation and relieves from prohibitions concerning transportation on Sundays and holidays. (Source: Karhunen et al. 2004)

### **Other:**

The categories used in taxation are following:

- G: vehicle with low noise level
- S: vehicle with low emission class, maximum noise of 80 dB and at least EURO II –motor
- EEV: Enhanced Environmentally friendly Vehicle

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with help of information provided by :

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## GREECE

### A summary of taxes and charges in Greece

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	N/A	N/A
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	Yes	No
Excise duty and other duties on diesel fuel	Excise duty	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	Yes	No

#### Registration charges and administrative fees

Information about registration charges and administrative fees was not available.

#### Periodic vehicle taxes

Periodic vehicle taxes are levied. The tax is 5% of taxable value for vehicles with anti-pollutant technology and 6.5% of taxable value of vehicles without anti-pollutant technology. The taxable value is determined by adding up a) the actual purchasing price for new vehicles or the price determined by a special customs agency for second hand vehicles; b) the custom duties actually paid; and c) all other ensuing costs (transport, insurance etc).

#### Periodic infrastructure user charges

Periodic infrastructure user charges are not levied.

#### Road tolls, tunnel and bridge charges

Some road tolls are levied.

#### Excise duty and other duties on diesel fuel

Excise duty is 0.245 EUR/litre, VAT 18% excluded. Excise duty is not differentiated.

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### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

There is release of 90% of the taxing fare for the trucks that are hired for user of state agencies.

### **Contact:**

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## HUNGARY

Exchange rate 1 EUR = 247.93 HUF

### A summary of taxes and charges in Hungary

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	No	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	Yes	Yes
Road tolls, tunnel and bridge charges	No	No
Excise duty and other duties on diesel fuel	Excise duty	Yes
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	Yes	No

#### Registration charges and administrative fees

Registration charges are not levied.

#### Periodic vehicle taxes

Periodic vehicle taxes are differentiated according to vehicle's weight and emission class. The tax base is unladen weight plus 50% of maximum permissible load. The tax rate is 1200 HUF/100kg (4.84 EUR/100kg) per year. There are tax allowances: EUROII 20%, EUROIII and EURO IV 30%.

#### Periodic infrastructure user charges

Periodic infrastructure user charges are levied and differentiated according to vehicles weight (D2: from 3.5 tons to 7.5 tons; D3: exceeding 7.5 tons). The rates are shown in the table 1.

Table 1. Periodic infrastructure charges in Hungary.

Period	10 days		31 days		year	
	HUF	EUR	HUF	EUR	HUF	EUR
D2	5500	22.18	10000	40.33	88000	354.94
D3	8500	34.28	14500	58.48	130000	524.34

From the 1<sup>st</sup> of January 2005 a new category for HGVs exceeding 12 tons is introduced.

#### Road tolls, tunnel and bridge charges

Road tolls, tunnel or bridge charges are not levied.

## APPENDIX 3: Country reports

### **Excise duty and other duties on diesel fuel**

Excise duty is 85 HUF/litre (0.343 EUR/litre), VAT 25% excluded. Special grade 90 HUF/litre (0.363 EUR/litre) will be introduced for diesel fuel with sulphur content above 10 ppm.

### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

There are exemptions in vehicle tax for EUROII, EUROIII and EUROIV-classes (specified in section periodic vehicle taxes).

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**IRELAND****A summary of taxes and charges in Ireland**

<b>Taxes or charges</b>	<b>Current situation</b>	<b>Planned changes</b>
Registration charges and administrative fees	Registration tax	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	Road tolls for motorways and bridge charges	No
Excise duty and other duties on diesel fuel	Excise duty	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	No	No

**Registration charges and administrative fees**

Registration tax is levied from commercial vehicles greater than 3.5 tonnes. Amount of registration tax is 50 EUR. All the changes to taxation will be considered in the context of the annual budget.

**Periodic vehicle taxes**

Motor tax is an annual charge and based solely on unladen weight for goods vehicles. An articulated vehicle is regarded as a single vehicle and a motor tax payable on the unladen weight of the tractor unit plus the heaviest semi-trailer. The rates of annual vehicle taxes are presented in table 1.

*Table 1. Annual vehicle taxes on HGVs in Ireland.*

<b>unladen weight (kg)</b>	<b>EUR</b>
under 3000	253
3001 - 4000	320
4001 - 5000	413
5001 - 6000	572
6001 - 7000	774
7001 - 8000	974
8001 - 20 000	974 plus 229 EUR for each 1000 kg or part thereof in excess of 8000 kg
over 20 000	3948

### **Periodic infrastructure user charges**

There are no periodic infrastructure user charges.

### **Road tolls, tunnel and bridge charges**

Road tolls have been in operation in Ireland since 1980s. There are 3 national roads that impose a toll on each vehicle using these roads. The National Roads Authority (NRA) has a responsibility for overseeing the implementation of tolling throughout Ireland. Toll facilities at the East Link & West Link in Dublin currently handle some 90 000 vehicles per day with annual toll revenue of 38 million euro. The toll rates are in table 2.

*Table 2. Toll rates in Ireland (year 2004).*

<b>Vehicle</b>	<b>East Link (Dublin)</b>	<b>West Link (Dublin)</b>	<b>M1 (Drogheda By-Pass)</b>
2-axle commercial	2.60	4.20	3.80
3-axle commercial	3.30	4.80	3.80
4- axle commercial	4.00	5.20	4.90

### **Excise duty and other duties on diesel fuel**

Excise duty (basic grade) is 0,368 EUR/litre, VAT 21 % excluded. Special grade 0,420 EUR/litre is used for high sulphur diesel. There is also other duty on diesel fuel, on marked gas oil (non auto) that amounts 4,736 c/litre (VAT 13 %). All the changes to excise duties will be considered in the context of the annual budget.

### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

The only exemption is that fuel in the fuel tank of commercial vehicles at point of importation into the State is exempt from fuel taxes.

### **Other:**

Further information about the imposition of toll charges in Ireland is available from:  
[www.nra.ie](http://www.nra.ie)

## APPENDIX 3: Country reports

### **Contact:**

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## APPENDIX 3: Country reports

### LATVIA

Exchange rate 1 EUR = 0.6623 LVL

#### A summary of taxes and charges in Latvia

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Registration charge	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	No	No
Excise duty and other duties on diesel fuel	Excise duty	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	No	No

#### Registration charges and administrative fees

Administrative fees for registration services have to be paid. There are register state duty 1.40 LVL (2.11 EUR) and payment for registration and registration certificate. total 6.46 LVL (9.75 EUR).

Number plates for a vehicle are 13.16 LVL (19.87 EUR) and for a trailer 7.67 LVL (11.58 EUR).

#### Periodic vehicle taxes

Periodic vehicle taxes are paid annually and are differentiated according to the vehicle's weight. The rates of the taxes are shown in table 1.

Table 1. Annual vehicle taxes

Weight	LVL	EUR
Below 1500 kg	12	18.12
1501 kg - 1800 kg	24	36.24
1801 kg - 2100 kg	45	67.95
2101 kg - 2600 kg	54	81.53
2601 kg - 3500 kg	72	108.71
3500 kg - 12000 kg	102	154.01
12001 kg - 20000 kg	150	226.48
20001 kg - 26000 kg	200	301.98
26001 kg - 30000 kg	300	452.97
Above 30000 kg	350	528.46



## APPENDIX 3: Country reports

### **Periodic infrastructure user charges**

There are no periodic infrastructure user charges.

### **Road tolls, tunnel and bridge charges**

Road tolls for motorways, bridge or tunnel charges are not levied.

### **Excise duty and other duties on diesel fuel**

Excise duty is levied as well as value-added tax 18%.

### **Other taxes and duties on heavy goods vehicles**

There are no other taxes or duties on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

There are no exemptions, reductions, compensation schemes or refunding systems.

### **Contact:**

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and

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Registration departement

## APPENDIX 3: Country reports

### LITHUANIA

Exchange rate 1 EUR = 3.4528 LTL

#### A summary of taxes and charges in Lithuania

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Stamp duty	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	Yes	Yes
Road tolls, tunnel and bridge charges	No	No
Excise duty and other duties on diesel fuel	Excise duty	No
Other taxes and duties on heavy goods vehicles	Tax on obligatory vehicle/traffic insurance premiums	No
Exemptions, reductions, compensation schemes and refunding systems	Yes	No

#### Registration charges and administrative fees

There is a stamp duty 39 LTL (11.30 EUR) paid for the documents.

#### Periodic vehicle taxes

There is a periodic vehicle tax (vehicle's owner tax) that is differentiated according to the vehicle's total weight. The vehicle tax is paid annually.

Table 1. Periodic vehicle taxes for HGVs in one year

Weight	With air suspension or equivalent		Other suspension	
	LTL	EUR	LTL	EUR
12 000 - 13 000	300	87	440	127
13 000 - 14 000	320	93	460	133
14 000 - 15 000	340	98	480	139
15 000 - 16 000	440	127	990	287
16 000 - 17 000	460	133	1010	293
17 000 - 18 000	480	139	1030	298
18 000 - 19 000	500	145	1050	304
19 000 - 20 000	520	151	1070	310
20 000 - 21 000	540	156	1090	316
21 000 - 22 000	560	162	1110	321
22 000 - 23 000	580	168	1130	327
23 000 - 24 000	820	237	1300	377
24 000 - 25 000	840	243	1320	382
25 000 - 26 000	860	249	1340	388
26 000 - 27 000	880	255	1360	394
27 000 - 28 000	900	261	1380	400
28 000 - 29 000	920	266	1400	405
29 000 - 30 000	1300	377	1930	559
30 000 - 31 000	1320	382	1950	565
31 000 - 32 000	1340	388	1970	571
32 000 - 33 000	1360	394	1990	576
33 000 - 34 000	1850	535	2540	736
34 000 - 35 000	1870	542	2560	741
35 000 - 36 000	1890	547	2580	747
36 000 - 37 000	1910	553	2600	753
37 000 - 38 000	1930	559	2620	759
38 000 - 39 000	1950	565	2640	765
39 000 - 40 000	1970	571	2660	770



### **Periodic infrastructure user charges**

There is a user charge for local vehicles using the road network in the Lithuanian territory. The charge is paid annually for using Lithuanian roads. Vehicles carrying charity and humanitarian aid are exempted, as well as the military vehicle of foreign countries. Bilateral agreements have been made with many countries (EU countries, CIS countries, CEEC's EU candidates) exempting vehicles from these countries from the user charge.

The user charges will be changed in the next year in conformance with the EU standards. The present single fee for using the entire road network, which is levied on vehicles registered inside the Republic of Lithuania and paid by the owners of the vehicles or anyone in charge of the vehicle, shall be replaced by a differentiated road user charge for using highest category of roads. The rate of the charge shall vary in accordance with the duration of using road infrastructure.

### **Road tolls, tunnel and bridge charges**

Road tolls for motorways, bridge and tunnel charges are not levied.

### **Excise duty and other duties on diesel fuel**

Excise duty 0.25 EUR/litre (VAT 18% excluded) is levied. Excise duties on petrol and diesel fuel are harmonized according to EU directive 91/81 since year 2004.

### **Other taxes and duties on heavy goods vehicles**

There is a tax on obligatory vehicle/traffic insurance premiums.

### **Exemptions, reductions, compensation schemes and refunding systems**

Military vehicles, vehicles carrying charity and humanitarian aid are exempted from taxes. Bilateral agreements have been made with many countries exempting vehicles from these countries from the user charge.

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**THE NETHERLANDS****A summary of taxes and charges in the Netherlands**

<b>Taxes or charges</b>	<b>Current situation</b>	<b>Planned changes</b>
Registration charges and administrative fees	Yes	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	Yes (Eurovignette)	No
Road tolls, tunnel and bridge charges	(almost) none	No
Excise duty and other duties on diesel fuel	Excise duty, duty of keeping strategic stocks of oil products	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	No	No

**Registration charges and administrative fees**

With regard to the issuing of a vehicle registration certificate a charge of 47.20 EUR is levied.

**Periodic vehicle taxes**

In the Netherlands a lorry is considered to be a heavy goods vehicle when the vehicle has a maximum gross weight of 12 000 kg or more. For these vehicles the rates for annual vehicle taxation in table 1 are applicable. The air suspension should be situated on the powered axles.

*Table 1. Annual vehicle taxation in the Netherlands.*

<b>With a maximum gross weight in kg</b>	<b>Without towing hook</b>						<b>With towing hook</b>			
	<b>Without air suspension</b>			<b>With air suspension</b>			<b>Without air suspension</b>		<b>With air suspension</b>	
<b>Number of axles</b>	<b>2</b>	<b>3</b>	<b>4 or more</b>	<b>2</b>	<b>3</b>	<b>4 or more</b>	<b>2</b>	<b>3 or more</b>	<b>2</b>	<b>3 or more</b>
Less than 15 000	236	236	236	236	236	236	236	236	236	236
from 15 000 to 23 000	284	236	236	236	236	236	236	236	236	236
from 23 000 to 25 000	352	352	236	236	236	236	236	236	236	236
from 25 000 to 27 000	352	352	236	236	236	236	316	236	236	236
from 27 000 to 29 000	372	372	372	236	236	236	316	236	236	236
from 29 000 to 31 000	548	548	548	372	372	372	344	336	236	236
from 31 000 to 33 000	548	548	548	372	372	372	476	336	344	236
from 33 000 to 36 000	548	548	548	372	372	372	716	464	476	336
from 36 000 to 38 000	548	548	548	372	372	372	716	464	476	336
from 38 000 to 40 000	548	548	548	372	372	372	716	636	524	464
40 000 and more	548	548	548	372	372	372	940	940	716	636

### Periodic infrastructure user charges

The user charge is differentiated to the Euro-class of the engine in the vehicle. The highest rate is applicable for non-euro engines, a second (less) rate is applicable for engines, which qualify as a Euro-I engine, and the lowest rate applies for Euro II en cleaner engines. Furthermore the rate differentiated to the number of axes (three or four axes) and last but not least the rate is differentiated to the time period (a year, a month, a week or a day). This leads to the following outline:

<b>Road toll for one year</b>	<b>EUR</b>
<b>1. not exceeding three axles :</b>	
a. issue standard NOT-EURO :	960.00
b. issue standard EURO I :	850.00
c. issue standard EURO II and cleaner :	750.00
<b>2. with four axles or more axles :</b>	
a. issue standard NOT-EURO :	1 550.00
b. issue standard EURO I :	1 400.00
c. issue standard EURO II and cleaner :	1 250.00
<b>Road toll for one month</b>	
<b>1. not exceeding three axles :</b>	
a. issue standard NOT-EURO :	96.00
b. issue standard EURO I :	85.00
c. issue standard EURO II and cleaner :	75.00

<b>2. with four axles or more axles :</b>	
a. issue standard NOT-EURO :	155.00
b. issue standard EURO I :	140.00
c. issue standard EURO II and cleaner :	125.00
<b>Road toll for one week</b>	
<b>1. not exceeding three axles :</b>	
a. issue standard NOT-EURO :	26.00
b. issue standard EURO I :	23.00
c. issue standard EURO II and cleaner :	20.00
<b>2. with four axles or more axles :</b>	
a. issue standard NOT-EURO :	41.00
b. issue standard EURO I :	37.00
c. issue standard EURO II and cleaner :	33.00

The tariff is for a period of one day 8 EUR, regardless the number of axles or the EURO-class.

### Road tolls, tunnel and bridge charges

Almost none.

### Excise duty and other duties on diesel fuel

Excise duty is 0,3599 EUR/litre, VAT excluded. No other duties except a levy of €5,90 per 1000 litre for the necessity of keeping strategic stocks of oil products

### Other taxes and duties on heavy goods vehicles

There are no other taxes or duties on heavy goods vehicles.

## APPENDIX 3: Country reports

### **Exemptions, reductions, compensation schemes and refunding systems**

There are no exemptions, reductions, compensation schemes or refunding systems.

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## APPENDIX 3: Country reports

### NORWAY

Exchange rate 1 EUR = 8.4770 NOK

#### A summary of taxes and charges in Norway

<b>Taxes or charges</b>	<b>Current situation</b>	<b>Planned changes</b>
Registration charges and administrative fees	Administrative fee	N/A
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	Road tolls, bridge and tunnel charges are levied	No
Excise duty and other duties on diesel fuel	Excise duty, duty on CO2	No
Other taxes and duties on heavy goods vehicles	Change of ownership-tax	No
Exemptions, reductions, compensation schemes and refunding systems	Yes	No

#### Registration charges and administrative fees

Administrative fee is levied.

#### Periodic vehicle taxes

Periodic vehicle taxes are used in Norway. A flat tax rate of 1745 NOK (205.85 EUR) levied on HGVs of 3.5 – 12 tonnes total weight. A “vektårsavgift” is levied on HGVs over 12 tonnes, based on total weight and number of axles, vehicle’s suspension system and emission class (tables 1-3).



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Table 1. Periodic vehicle taxes for lorries.

Total weight	Air suspension		Other suspension system	
	NOK	EUR	NOK	EUR
<b>2 axles:</b>				
12 000 - 12 999 kg	350	41.29	627	73.96
13 000 - 13 999 kg	627	73.96	1 119	132.00
14 000 - 14 999 kg	1 119	132.00	1 431	168.81
15 000 and over	1 431	168.81	2 799	330.19
<b>3 axles:</b>				
12 000 - 14 999 kg	350	41.29	350	41.29
15 000 - 16 999 kg	627	73.96	833	98.27
17 000 - 18 999 kg	833	98.27	1 342	158.31
19 000 - 20 999 kg	1 342	158.31	1 637	193.11
21 000 - 22 999 kg	1 637	193.11	2 333	275.22
23 000 and over	2 333	275.22	3 433	404.98
<b>4 axles or more:</b>				
12 000 - 24 999 kg	1 637	193.11	1 655	195.23
25 000 - 26 999 kg	1 655	195.23	2 388	281.70
27 000 - 28 999 kg	2 388	281.70	3 584	422.79
29 000 or over	3 584	422.79	5 148	607.29

APPENDIX 3: Country reports

Table 2. Periodic vehicle taxes for articulated vehicles.

Total weight	Air suspension		Other suspension system	
	NOK	EUR	NOK	EUR
<b>2 + 1 axles:</b>				
12 000 – 13 999 kg	350	41.29	350	41.29
14 000 – 15 999 kg	350	41.29	350	41.29
16 000 – 17 999 kg	350	41.29	475	56.03
18 000 – 19 999 kg	475	56.03	635	74.91
20 000 – 21 999 kg	635	74.91	1 020	120.33
22 000 – 22 999 kg	1 020	120.33	1 216	143.45
23 000 – 24 999 kg	1 216	143.45	1 914	225.79
25 000 – 27 999 kg	1 914	225.79	3 092	364.75
28 000 kg and over	3 092	364.75	5 162	608.94
<b>2 + 2 axles:</b>				
16 000 – 24 999 kg	618	72.90	974	114.90
25 000 – 25 999 kg	974	114.90	1 377	162.44
26 000 – 27 999 kg	1 377	162.44	1 861	219.54
28 000 – 28 999 kg	1 861	219.54	2 173	256.34
29 000 – 30 999 kg	2 173	256.34	3 344	394.48
31 000 – 32 999 kg	3 344	394.48	4 505	531.44
33 000 kg and over	4 505	531.44	6 659	785.54
<b>2 + at least 3 axles:</b>				
16 000 – 37 999 kg	3 656	431.28	4 952	584.17
38 000 - 40 000 kg	4 952	584.17	6 606	779.29
Over 40 000 kg	6 606	779.29	8 848	1043.77
<b>at least 3 + 1 axles</b>				
16 000 - 24 999 kg	618	72.90	974	114.90
25 000 - 25 999 kg	974	114.90	1 377	162.44
26 000 - 27 999 kg	1 377	162.44	1 861	219.54
28 000 - 28 999 kg	1 861	219.54	2 173	256.34
29 000 - 30 999 kg	2 173	256.34	3 344	394.48
31 000 - 32 999 kg	3 344	394.48	4 505	531.44
33 000 and over	4 505	531.44	6 659	785.54
<b>at least 3 + 2 axles:</b>				
16 000 - 37 999 kg	3 272	385.99	4 408	520.00
38 000 - 40 000 kg	4 408	520.00	5 962	703.31
Over 40 000 kg	5 962	703.31	8 652	1020.64
<b>at least 3 + at least 3 axles:</b>				
16 000 - 37 999 kg	2 012	237.35	2 362	278.64
38 000 - 40 000 kg	2 362	278.64	3 352	395.42
Over 40 000 kg	3 352	395.42	5 132	605.40

## APPENDIX 3: Country reports

Table 3. Periodic vehicle taxes based on emission class.

Weight	Emission class							
	NON-EURO		EURO I		EURO II		EURO III	
	NOK	EUR	NOK	EUR	NOK	EUR	NOK	EUR
12 000 - 19 999 kg	5 885	694.23	3 270	385.75	2 288	269.91	0	0
20 000 kg and over	10 463	1234.28	5 994	707.09	4 250	501.36	0	0

### Periodic infrastructure user charges

No periodic infrastructure user charges are levied.

### Road tolls, tunnel and bridge charges

Road tolls for motorways, bridge and tunnel charges are levied.

### Excise duty and other duties on diesel fuel

Excise duty (basic grade) is 3.23 NOK/litre (0.381 EUR/litre), VAT 24 % excluded. Special grade 2.88 NOK/litre (0.340 EUR/litre) is used for diesel fuel containing less than 0.005 per cent sulphur. There is also CO<sub>2</sub> –duty 0.51 NOK/litre (0.060 EUR/litre) on diesel fuel.

### Other taxes and duties on heavy goods vehicles

Change of ownership-tax is levied. It is calculated basis of vehicle's weight and registration year.

### Exemptions, reductions, compensation schemes and refunding systems

There are standard exemptions on vehicle taxes. Also fuel may be imported tax free the amount of fuel which the capacity of normal fuel tanks permit but no more than 600 litres.

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## POLAND

### A summary of taxes and charges in Poland

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Administrative fees	No
Periodic vehicle taxes	Yes	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	Road tolls for motorways	No
Excise duty and other duties on diesel fuel	Excise duty and fuel tax	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	No	No

#### Registration charges and administrative fees

The administrative fee levied is about 30 Euro.

#### Periodic vehicle taxes

Circulation tax depends on vehicle's weight:

- 3.5 – 5.5 tons 130 EUR/year
- 5.5 – 9 tons 215 EUR/year
- 9 tons and over 260 EUR/year

There are some exemptions for HGV's if they are equipped with devices, which are environmentally friendly. These deductions accounts for about 50 Euro depending on the vehicle's weight.

Tax rate depends as well on the number of axes and kind of suspension. Vehicles with pneumatic suspension are taxed with lower rates that the ones with other suspension system.

#### Periodic infrastructure user charges

Periodic infrastructure user charges are not levied.

#### Road tolls, tunnel and bridge charges

Road tolls for motorways are levied. Charges are different for private and commercial vehicles.

## APPENDIX 3: Country reports

### **Excise duty and other duties on diesel fuel**

Excise duty (basic grade, sulphur content above 0.035%) is 0.249 EUR/litre (VAT 22% excluded). When sulphur content is below 0.005%, excise duty is 0.221 EUR/litre and from 0.005% to 0.035% it is 0.232 Euro/litre. Fuel tax is 0.019 Euro/litre. No changes are planned on excise duty and other duties on diesel fuel.

### **Other taxes and duties on heavy goods vehicles**

No other taxes or duties are levied on heavy goods vehicles.

### **Exemptions, reductions, compensation schemes and refunding systems**

Any exemptions, reductions, compensation schemes or refunding systems are used in Poland.

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## APPENDIX 3: Country reports

### SLOVAKIA

The exchange rate used is 1 EUR = 39.903 SKK.

#### A summary of taxes and charges in Slovakia

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Registration charge and administrative fee	No
Periodic vehicle taxes	Yes	Yes
Periodic infrastructure user charges	Yes	No
Road tolls, tunnel and bridge charges	No	N/A
Excise duty and other duties on diesel fuel	Excise duty	No
Other taxes and duties on heavy goods vehicles	No	No
Exemptions, reductions, compensation schemes and refunding systems	No	No

#### Registration charges and administrative fees

Registration charge is 2000 SKK (50.12 EUR) and administrative fee is 1000 SKK (25.06 EUR).

#### Periodic vehicle taxes

Periodic vehicle taxes are paid annually for vehicles used for business purposes in relation to their weight and number of axles. The amounts of periodic vehicle taxes are presented in table 1. In the future vehicle taxes will not be levied by the State (Ministry of Finance), instead it will be revenue of regions.

#### Periodic infrastructure user charges

Periodic infrastructure user charges (vignette) are used in Slovakia. Periodic user charges are differentiated according to vehicle's weight and vignette's duration period. Rates are shown in table 2. (Source: CESMAD Slovakia)

#### Road tolls, tunnel and bridge charges

There are no road tolls, tunnel or bridge charges in Slovakia.

## APPENDIX 3: Country reports

Table 1. Periodic vehicle taxes on HGVs for one year

Total weight kg	SKK	EUR
<b>2 axles:</b>		
3500-4000	5300	132.82
4001-6000	8000	200.49
6001-8000	10600	265.64
8001-10000	13300	333.31
10 001 - 12 000	15900	398.47
12 001 -14 000	19900	498.71
14 001 - 16 000	23900	598.95
16 001 - 18 000	27900	699.20
18 001 - 20 000	31900	799.44
20 001- 22 000	37200	932.26
22 001 - 24 000	42600	1067.59
24 001 - 26 000	47900	1200.41
26 001 - 28 000	53200	1333.23
28 001 - 30 000	58500	1466.06
over 30 000	63800	1598.88
<b>3 axles:</b>		
up to 15 000	14600	365.89
15 001 - 17 000	17 300	433.55
17 001 -19 000	21300	533.79
19 001 - 21 000	25300	634.04
21 001 - 23 000	29300	734.28
23 001 - 25 000	33200	832.02
25 001 - 27 000	37200	932.26
27 001 - 29 000	41200	1032.50
29 001 - 31 000	45200	1132.75
31 001 - 33 000	50500	1265.57
33 001 - 35 000	55900	1400.90
35 001 - 37 000	61200	1533.72
37 001 - 40 000	66500	1666.54
over 40 000	71800	1799.36
<b>4 or more axles:</b>		
up to 23 000	18600	466.13
23 001 - 25 000	22600	566.37
25 001 - 27 000	26600	666.62
27 001 - 29 000	30600	766.86
29 001 - 31 000	34600	867.10
31 001 - 33 000	39900	999.92
33 001 - 35 000	45200	1132.75
35 001 - 37 000	50500	1265.57
37 001 - 40 000	55900	1400.90
over 40 000	61200	1533.72

Table 2. Periodic infrastructure user charges (July 2004).

Weight (tons)	1 day		15 days		1 year	
	SKK	EUR	SKK	EUR	SKK	EUR
1.5 – 3.5	-	-	150	3.76	750	18.80
3.5 – 12	-	-	750	18.80	5000	125.30
12 and more	250	6.27	1500	37.59	10000	250.61

### Excise duty and other duties on diesel fuel

Excise duty (basic grade) is 0.362 EUR/litre, VAT 19 % excluded. Special grade 0.170 EUR/litre (VAT excluded) is used for agricultural purposes, stationary motors and railway transport.

### Other taxes and duties on heavy goods vehicles

There are no other taxes or duties on heavy goods vehicles.

## APPENDIX 3: Country reports

### **Exemptions, reductions, compensation schemes and refunding systems**

There are no exemptions, reductions, compensation schemes or refunding systems in Slovakia.

#### **Contact:**

This information was submitted by:

Ministry of Finance of the Slovak Republic  
Stefanovicova 5  
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## APPENDIX 3: Country reports

### SLOVENIA

Exchange rate 1 EUR = 239.88 SIT

#### A summary of taxes and charges in Slovenia

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	No	No
Periodic vehicle taxes	Yes	Yes, new law is planned.
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	Road tolls for motorways and one tunnel charge	Yes, changes in road tolls are planned
Excise duty and other duties on diesel fuel	Excise duty (basic and special)	Yes
Other taxes and duties on heavy goods vehicles	Tax on insurance premiums	No
Exemptions, reductions, compensation schemes and refunding systems	Exemptions from liability to tax on insurance premiums	No

#### Registration charges and administrative fees

No registration charges or administrative fees are levied.

#### Periodic vehicle taxes

Periodic vehicle taxes on heavy goods vehicles are levied categorized according to vehicle's weight, number of axles, emission class and suspension system. In the vehicle's emission field so called green-track permit can be given to the carriers by proper authority.

Changes are planned for vehicle taxes categorized by vehicle's emission class. New law is planned and systematic solution is looked for that that all carriers should be controlled by vehicle emission status.

#### Periodic infrastructure user charges

No periodic infrastructure user charges are levied.

#### Road tolls, tunnel and bridge charges

Road tolls for motorways and one tunnel charge (Tunnel Karavanke) are levied. The vehicles that use toll roads belong to four categories, depending on the number of axles and the vehicles height. The price of toll for the first toll class is now 11.09736 SIT per motorway kilometre (0.05 EUR), including 20% VAT. Since 1 January 1999, the toll ratios between the toll classes have been 1 : 1,5 : 2,75 : 4.

## APPENDIX 3: Country reports

Tunnel charge is differentiated by number of axles and vehicles weight. For heavy goods vehicle tunnel charge varies from 2500 SIT (10.5 EUR) up to 5350 SIT (22.5 EUR) per drive trough tunnel.

Changes are planned in road tolls for motorways. To achieve free traffic flow, non-stop toll system is on schedule to be implemented till 2008. At the moment test activities are going on according to provide GPS and microwave technology.

### **Excise duty and other duties on diesel fuel**

Excise duty (basic grade) 0.308 EUR/litre (VAT 20% excluded) is levied. Special grade 0.154 EUR/litre is used for commercial or individual purposes. In the case of special grade refund of the tax paid is given to eligible persons. Changes are planned for excise duties.

### **Other taxes and duties on heavy goods vehicles**

Tax on insurance premiums is levied. Insurance companies and other legal providers of insurance services in Slovenia pay it. The tax rate is 6,5%. No changes are planned.

### **Exemptions, reductions, compensation schemes and refunding systems**

There exist four exemptions from liability to tax on insurance premiums. These are: (1) compulsory contributions for pension, disability and health insurance; (2) premiums on insurance against accidents occurring outside Slovenia; (3) premiums for health, accident and life insurance under the condition that the duration of the contract exceeds 10 years; (4) sub-insurances. No changes are planned.

### **Other:**

More information can be found from:

[www.dars.si](http://www.dars.si)  
[www.gov.si/mpz](http://www.gov.si/mpz)  
[www.ius-software.si/Baze/regi/Predpisi/B/L98848FE.htm](http://www.ius-software.si/Baze/regi/Predpisi/B/L98848FE.htm)

### **Contact:**

This information was submitted by:

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Langusova 4, SI-1000 Ljubljana, Slovenia  
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## UNITED KINGDOM

Exchange rate 1 EUR = 0.6636 GBP

### A summary of taxes and charges in United Kingdom

Taxes or charges	Current situation	Planned changes
Registration charges and administrative fees	Yes	N/A
Periodic vehicle taxes	Yes	N/A
Periodic infrastructure user charges	No	Yes
Road tolls, tunnel and bridge charges	Road tolls for motorways, tunnel and bridge charges	Yes
Excise duty and other duties on diesel fuel	Excise duty	Yes
Other taxes and duties on heavy goods vehicles	Yes	N/A
Exemptions, reductions, compensation schemes and refunding systems	Yes	N/A

#### Registration charges and administrative fees

On the first registration an administrative fee of 38 GBP (57.26 EUR) is paid. The fee is designed to cover the administrative costs associated with registration of the vehicle throughout its life.

#### Periodic vehicle taxes

Periodic vehicle taxes on heavy goods vehicles are levied in United Kingdom. There are seven vehicle excise duty (VED) bands, which define the rate of tax to be paid. Vehicle excise duty bands are presented in table 4, the band used for lorries in table 1 and for articulated vehicles in tables 2 and 3. Table 5 presents trailer duties to be paid if drawing vehicle has a weight of over 12 000 kg and draws laden trailers over 4000 kg.

#### Periodic infrastructure user charges

At the moment there are no periodic infrastructure user charges in United Kingdom. However, taxation on haulage industry will be modernised and lorry road user charge will be introduced around 2006. Lorry road user charges will be levied from vehicles above 3500 kg regardless of their nationality. Lorry road user charges will apply all UK roads (with the potential to have a different charge rate for motorways) and vary by lorry type (heavier and more polluting vehicles will be paying more). It is also possible that user charges are varied according to the time of day.

The total tax burden on the UK road haulage industry will not increase, because there will be reduction in fuel duty for hauliers. By introducing lorry road user charges several objectives may be achieved: fairness, efficiency and positive impacts on transport and environment. (Departement of Transport, [www.dft.gov.uk](http://www.dft.gov.uk))

APPENDIX 3: Country reports

Table 1. Periodic vehicle taxes for rigid vehicles

Vehicle weight, not over	2 axled rigid	3 axled rigid	4 or more axled rigid
7500	A	A	A
15 000	B	B	B
21 000	D	B	B
23 000	D	C	D
25 000	D	D	C
27 000	D	D	D
44 000	D	D	E

Table 2. Two axled tractive unit articulated vehicles

Vehicle weight, not over	1 or more axled semi-trailer	2 or more axled semi-trailer	3 or more axled semi-trailer
25 000	A	A	A
28 000	C	A	A
31 000	D	D	A
34 000	E	E	C
38 000	F	F	E
44 000	G	G	G

Table 3. Three axled tractive unit articulated vehicles

Vehicle weight, not over	1 or more axled semi-trailer	2 or more axled semi-trailer	3 or more axled semi-trailer
28 000	A	A	A
31 000	C	A	A
33 000	E	C	A
34 000	E	D	A
36 000	E	D	C
38 000	F	E	D
44 000	G	G	E

Table 4. Key to HGV, VED bands

Lorry VED Band	Standard TC01		Reduced pollution TC 45	
	GBP	EUR	GBP	EUR
A	165.00	248.64	160.00	241.11
B	200.00	301.39	160.00	241.11
C	450.00	678.12	210.00	316.46
D	650.00	979.51	280.00	421.94
E	1200.00	1808.32	700.00	1054.85
F	1500.00	2260.40	1000.00	1506.93
G	1850.00	2787.82	1359.00	2047.92

Table 5. Trailer duty

Trailer weight	year		6 months	
	GBP	EUR	GBP	EUR
4000 - 12 000	165.00	248.64	90.75	136.75
over 12 000	230.00	346.59	126.50	190.63

## APPENDIX 3: Country reports

### **Road tolls, tunnel and bridge charges**

Road tolls, tunnel and bridge charges are levied in United Kingdom. Road toll for M6 is levied on vehicles with a height of 1.30 m or more at the first axle and are differentiated according to number of axles and time of day. Other charges are also categorised by vehicle's weight, number of axles, time of day or vehicle's dimensions.

### **Excise duty and other duties on diesel fuel**

Excise duty is 0.533 GBP (0.80 EUR), VAT 17.5% excluded. Special grade 0.471 GBP (0.71 EUR) is used for low sulphur diesel. In September 2004 new special grade 0.485 GBP (0.73 EUR) for sulphur-free diesel is introduced. Simultaneously basic grade is increased up to 0.549 GBP (0.83 EUR) and special grade for low sulphur diesel up to 0.490 GBP (0.74 EUR). ([www.hmce.gov.uk](http://www.hmce.gov.uk))

Excise duty on fuel will be reduced around 2006 when lorry road user charge is introduced.

### **Other taxes and duties on heavy goods vehicles**

Taxes on insurance premiums (5%) are levied. A higher rate of 17.5% applies to insurance sold by supplier of motor vehicles. ([www.hmce.gov.uk](http://www.hmce.gov.uk))

### **Exemptions, reductions, compensation schemes and refunding systems**

There are exemptions on registration fee. Exemptions cover vehicles first registered and licensed in the "Disable Exempt" taxation class, historic vehicles previously registered with the old Local Authorities, vehicles previously registered in Northern Ireland, imported vehicles previously registered under the Personal Export Scheme and New Means of Transport Scheme, Visiting Forces Vehicles, Vehicles registered under the Direct Export Scheme, Off Road Vehicles and Crown Exempt vehicles. ([www.dvla.gov.uk](http://www.dvla.gov.uk))

### **Contact:**

This information was collected  
by Mrs Päivi Saurento  
from

Departement of Transport ([www.dfr.gov.uk](http://www.dfr.gov.uk))  
HM Customs and Excise ([www.hmce.gov.uk](http://www.hmce.gov.uk))  
Driver and Vehicle Licensing Agency ([www.dvla.gov.uk](http://www.dvla.gov.uk))

**FINLAND****A summary of taxes and charges in Finland**

<b>Taxes or charges</b>	<b>Current situation</b>	<b>Planned changes</b>
Registration charges and administrative fees	Administrative charge	No
Periodic vehicle taxes	Tax differentiated by vehicle type, axle number and total weight	No
Periodic infrastructure user charges	No	No
Road tolls, tunnel and bridge charges	No	No
Excise duty and other duties on diesel fuel	Excise duty on diesel fuel	No
Other taxes and duties on heavy goods vehicles	Tax on insurance premiums	No
Exemptions, reductions, compensation schemes and refunding systems	Exemptions for military, rescue etc.	No

**Registration charges and administrative fees**

Administrative fees are levied upon vehicle registration. The current amounts of administrative fees are 9 EUR (without any attachments) or 14 EUR (with attachments). The charge of number plates is 6 EUR per one plate.

**Periodic vehicle taxes**

Vehicle taxes are levied based on vehicle type, axle number and total weight. For the heavy goods vehicle the tax is calculated based on number of days of ownership and amount of every beginning 100 kilograms (table 1).

*Table 1. Periodic vehicle taxes in Finland for every beginning 100 kg, cents per day.*

<b>Number of axles</b>	<b>Without trailer</b>	<b>With semi-trailer</b>	<b>With trailer</b>
<b>2 axles</b>	Until 12t 1.0 More than 12t 2.2	3.1	3.1
<b>3 axles</b>	1.3	2.3	2.5
<b>4 axles</b>	1.2	2.0	2.3
<b>5 or more axles</b>	1.1	1.8	2.0

**Periodic infrastructure user charges**

There are no periodic infrastructure user charges in Finland.

## APPENDIX 3: Country reports

### **Road tolls, tunnel and bridge charges**

There are no road tolls, tunnel and bridge charges in Finland.

### **Excise duty and other duties on diesel fuel**

Excise duty on diesel fuel (without sulphur) is 0.319 EUR/litre and 0.3459EUR/litre for other types of diesel fuel, VAT 22% excluded. Excise duty on diesel fuel is compiled from basic charge, additional charge and stockpiling fee.

### **Other taxes and duties on heavy goods vehicles**

There is tax on insurance premiums (22%).

### **Exemptions, reductions, compensation schemes and refunding systems**

There are exemptions for military, police, rescue etc. vehicles. There are no other reductions, compensation schemes or refunding systems in Finland.

### **Contact information**

The information from Finland was collected by:

Ms Päivi Saurento  
University of Oulu  
E-mail: [psaurent@paju.oulu.fi](mailto:psaurent@paju.oulu.fi)

# TAXES AND CHARGES ON HEAVY GOODS VEHICLES (HGV's) IN EUROPE

With this inquiry we request for information about taxes and charges levied on international heavy goods vehicles in road freight transport in Europe. Based on the inquiry and literary research a study concerning influences of taxes and charges on operational preconditions and competitiveness of haulage companies will be made. Publication in English will be available since October 2004 from web page of Ministry of Transports and Communications, Finland ([www.mintc.fi](http://www.mintc.fi)).

## QUESTIONNAIRE & CHECKLIST:

### Sections:

1. Registration charges
2. Periodic vehicle taxes on heavy goods vehicles
3. Periodic infrastructure user charges on heavy goods vehicles
4. Road tolls, tunnel and bridge charges
5. Excise duty and other duties on diesel fuel
6. Other taxes and duties on heavy goods vehicles
7. Exemptions, reductions, compensation schemes and refunding systems
8. Examples

### INSTRUCTION:

Please provide the information requested in **sections 1-7** and calculate the taxes and charges in the exemplary cases specified in **section 8**. All the information that you can provide us is valuable, including copies of contemporary legislation as well as additional comments and expert opinions.

Please give your answers in English (preferred), French or German either on the questionnaire or using separate attachments. Please send your answers within 2 weeks (e-mail: [psaurent@mail.student oulu.fi](mailto:psaurent@mail.student oulu.fi) or fax: +358-8-5532906).

The study is commissioned by:

Lassi Hilska  
Director of Unit for Transport and  
Logistic Services

**Ministry of Transport  
and Communications, Finland**

The study is conducted by:

Jari Juga  
Professor

**University of Oulu  
Faculty of Economics and  
Business Administration  
Finland**





# 1. REGISTRATION CHARGES AND ADMINISTRATIVE FEES

**Registration taxes/charges and administrative fees** are one-time fees that are collected when a new heavy goods vehicle (HGV, over 3.5 tons total weight) is registered.

## 1.1. CURRENT SITUATION

Please specify the **registration taxes/charges** and various **administrative fees** currently levied in your country upon registration of new **HGV's (over 3.5 tons total weight)**

Tick (✓) the appropriate alternatives:

- a registration tax/charge on HGV's is levied (if yes, please specify the amount/calc. principle)  yes  no
- administrative fees on HGV registration exist (if yes, please specify the amount/calc. principle)  yes  no

### Comments

(please continue overleaf or in separate attachment if needed)

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A separate attachment on registration charges/administrative fees is enclosed  yes  no

## 1.2. PLANNED CHANGES

Are there **changes** planned in your country to the:

- registration tax/charge on new HGV's  yes  no
- administrative fees on new HGV's  yes  no

### Comments

(please continue overleaf or in separate attachment if needed)

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A separate attachment on *changes* related to reg. charges/adm. fees is enclosed  yes  no

## 2. PERIODIC VEHICLE TAXES ON HEAVY GOODS VEHICLES

**Periodic vehicle taxes** on heavy goods vehicles (HGV's, over 3.5 tons total weight) are levied **based on holding period** by the state where the vehicle is registered (re: EU Directive 1999/62/EC, Art. 3).

### 2.1. CURRENT SITUATION

Please specify the **periodic vehicle taxes** currently levied in your country on **HGV's**, categorized according to national regulations, for example:

Tick (✓) the appropriate alternative (if yes, please specify the amount or calculation principle):

- **vehicle type:**
  - a) periodic vehicle taxes on lorry are levied  yes  no
  - b) periodic vehicle taxes on trailer are levied  yes  no
  - c) periodic vehicle taxes on a whole articulated vehicle are levied  yes  no
- **vehicle's weight and number of axles**  yes  no
- **vehicle's emission class** (for example EURO 0 - IV)  yes  no
- **the vehicle's suspension system** (leaf, air)  yes  no
- **other:** \_\_\_\_\_  yes  no

**Comments**

(please continue overleaf or in separate attachment if needed)

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A separate attachment on periodic vehicle taxes is enclosed

yes  no

### 2.2. PLANNED CHANGES

Are there **changes** planned in your country to the level or classification principles of periodic vehicle taxes categorized:

- vehicle type  yes  no
- vehicle's weight and number of axles  yes  no
- vehicle's emission class  yes  no
- vehicle's suspension system  yes  no
- other  yes  no

**Comments**

(please continue overleaf or in separate attachment if needed)

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A separate attachment on *changes* related to periodic vehicle taxes is enclosed

yes  no

### 3. PERIODIC INFRASTRUCTURE USER CHARGES ON HEAVY GOODS VEHICLES

User charges (e.g. vignettes) are payments of a specified amount conferring the **right** for a heavy goods vehicle **to use** the **infrastructures** (esp. motorways) **for a given period** in the country (re: EC Directive 1999/62/EC, Art. 2).

#### 3.1. CURRENT SITUATION

Please specify the **periodic infrastructure user charges** currently levied in your country on **HGV's**, categorized according to national regulations, for example:

Tick (✓) the appropriate alternative (**if yes**, please specify amount or calculation principle):

- duration period  yes  no
- vehicle's weight and number of axles  yes  no
- emission class (e.g. EURO 0 - IV)  yes  no
- suspension system  yes  no
- other: \_\_\_\_\_  yes  no

#### Comments

(please continue overleaf or in separate attachment if needed)

A separate attachment on periodic infrastructure user charges is enclosed

yes  no

#### 3.2. PLANNED CHANGES

Are there **changes** planned in your country to the periodic infrastructure user charges on heavy goods vehicles categorized:

- duration period  yes  no
- vehicle's weight and number of axles  yes  no
- emission class (e.g. EURO 0 - IV)  yes  no
- suspension system  yes  no
- other: \_\_\_\_\_  yes  no

#### Comments

(please continue overleaf or in separate attachment if needed)

A separate attachment on *changes* related to periodic infrastr. charges is enclosed

yes  no

## 4. ROAD TOLLS, TUNNEL AND BRIDGE CHARGES

**Road tolls** are payments of a specified amount for a vehicle based on the **distance** travelled between two points and corresponding costs per kilometre (re: EC Directive 1999/62/EC). Tolls for urban zones are excluded.

### 4.1. CURRENT SITUATION

Please indicate if there are following types of infrastructure charges currently levied in your country (yes/no):

**If yes**, please give estimates of average sums paid annually by one HGV that operates in your country (N.A. = not available):

- ↓
- road tolls for motorways       yes     no      yes: \_\_\_\_\_/year       N.A.
  - bridge charges                 yes     no      yes: \_\_\_\_\_/year       N.A.
  - tunnel charges                 yes     no      yes: \_\_\_\_\_/year       N.A.
  - Are road tolls etc. differentiated for example by type of vehicle or time of day (re: 1999/62/EC, Art. 7)? (**if yes**, please specify)       yes     no

#### Comments

(please continue overleaf or in separate attachment if needed)

A separate attachment on road tolls or tunnel and bridge charges is enclosed

yes     no

### 4.2. PLANNED CHANGES

Are there **changes** planned in your country to the road/motorway tolls, bridge/tunnel charges (e.g. road tolls differentiated by type of vehicle or time of day etc.) ?

- road tolls for motorways       yes     no
- bridge charges                 yes     no
- tunnel charges                 yes     no

#### Comments

(please continue overleaf or in separate attachment if needed)

A separate attachment on *changes* related to road tolls etc. is enclosed

yes     no

## 5. EXCISE AND OTHER DUTIES ON DIESEL FUEL

### 5.1. CURRENTLY APPLIED DUTIES ON DIESEL FUEL

Please specify the duties that are currently levied on diesel fuel in your country (other duties based on fuel consumption may include environmental duties, such as CO<sub>2</sub>-duty, etc.)

- excise duty on diesel fuel

a) *basic* grade \_\_\_\_\_/litre (duty, VAT excluded)

b) *special* grade, if differentiated (please define)

\_\_\_\_\_ /litre (duty, VAT excluded)

- other duties on diesel fuel (please define)

\_\_\_\_\_ /litre (duty, VAT excluded)

- level of value-added tax

\_\_\_\_\_ %

#### Comments

(please continue  
overleaf or in  
separate  
attachment if  
needed)

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A separate attachment on fuel-related duties is enclosed

yes  no

### 5.2. PLANNED CHANGES

Are there **changes** planned in your country to the duties levied on diesel fuel specified above?

- excise duty on diesel fuel

a) *basic* grade  yes  no

b) *special* grade, if differentiated (please define)

\_\_\_\_\_  yes  no

- other duties on diesel fuel (please define)

\_\_\_\_\_  yes  no

#### Comments

(please continue  
overleaf or in  
separate  
attachment if  
needed)

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A separate attachment on *changes* related to fuel taxes is enclosed

yes  no

## 6. OTHER TAXES AND CHARGES ON HEAVY GOODS VEHICLES

### 6.1. CURRENTLY APPLIED TAXES AND CHARGES

Please specify other obligatory taxes and charges for heavy goods vehicles over 3,5 tons registered in your country (for example other taxes on vehicle or infrastructure user charges, taxes on insurance premiums, environmental taxes, etc.).

**Type of tax or charge**

- other taxes or charges on HGV's (please define):

**Amount or calculation principle for tax/charge (please continue overleaf or in separate attachment if needed)**

• _____	_____
• _____	_____
• _____	_____

**Comments**

(please continue overleaf or in separate attachment if needed)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

A separate attachment on other taxes/charges is enclosed

yes  no

### 6.2. PLANNED CHANGES

Are there **changes** planned in your country to the other taxes and charges on HGV's?

**Type of tax or charge**

- |         |                              |                             |
|---------|------------------------------|-----------------------------|
| • _____ | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| • _____ | <input type="checkbox"/> yes | <input type="checkbox"/> no |

**Comments**

(please continue overleaf or in separate attachment if needed)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

A separate attachment on *changes* related to other taxes/charges is enclosed

yes  no

## 7. EXEMPTIONS, REDUCTIONS, COMPENSATION SCHEMES, AND REFUNDING SYSTEMS

### 7.1. CURRENTLY APPLIED EXEMPTIONS, REDUCTIONS, etc.

Are there **exemptions, reductions, compensation schemes or refunding systems** for HGV's registered in your country on (if possible, please attach some documents):

- |                                     |                          |     |                          |    |
|-------------------------------------|--------------------------|-----|--------------------------|----|
| • vehicle taxes                     | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • fuel taxes                        | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • investment of transport equipment | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • labour costs                      | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • other: _____                      | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • other: _____                      | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |

**Comments**

(please continue overleaf or in separate attachment if needed)

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A separate attachment on *changes* related to exemptions... is enclosed  yes  no

### 7.2. PLANNED CHANGES

Are there **changes** planned in your country to the **exemptions, reductions, compensation schemes or refunding systems** on:

- |                                     |                          |     |                          |    |
|-------------------------------------|--------------------------|-----|--------------------------|----|
| • vehicle taxes                     | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • fuel taxes                        | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • investment of transport equipment | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • labour costs                      | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • other: _____                      | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • other: _____                      | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |

**Comments**

(please continue overleaf or in separate attachment if needed)

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A separate attachment on *changes* related to exemptions... is enclosed  yes  no

## 8. EXAMPLES

Please calculate the following **taxes and charges** on an **annual** basis according to your current legislation for **for following vehicle types** (**lorry**, 2 axles total weight 10 and 18 tons; **lorry**, 3 axles, total weight 25 tons; **articulated vehicle**, 5 and 6 axles, total weight 40 tons) by suspension system (leaf / air), assuming the vehicle (lorry, articulated vehicle) is registered in your country and has emission class EURO II.

Link to the Excel-table:



8.Examples.xls



**Currency used (if not Euro):** \_\_\_\_\_

If you have other *comments*, please write them here or in separate attachment:

We would appreciate if you could attach **copies of relevant legislation** in your country on the taxes and charges discussed above.

Your name & organization:	
Contact address:	
Telephone/ Fax	
e-mail	

**Thank you for your cooperation!**

If you have questions concerning the study, please contact:

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