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COUNCIL DECISION

of 7 March 2005

authorising Sweden to apply a reduced rate of taxation to electricity consumed by households and service sector companies situated in certain areas in the north of Sweden in accordance with Article 19 of Directive 2003/96/EC

(2005/231/EC)

(OJ L 72, 18.3.2005, p. 27)

Amended by:

		Official Journal		
		No	page	date
►**M1**	Council Decision 2006/503/EC, of 11 July 2006	L 199	19	21.7.2006

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authorising Sweden to apply a reduced rate of taxation to electricity consumed by households and service sector companies situated in certain areas in the north of Sweden in accordance with Article 19 of Directive 2003/96/EC

(2005/231/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity ([1]), and in particular Article 19(1) thereof,

Having regard to the proposal from the Commission,

Whereas:

(1) By letter of 20 August 2004, the Swedish authorities applied to the Commission for a derogation allowing them to apply a reduced rate of taxation to electricity consumed by households and service sector companies in the north of Sweden pursuant to Article 19 of Directive 2003/96/EC.

(2) Since July 1981 a reduced energy tax rate has been applied in Sweden to electricity used in the northern parts of the country, where electricity consumption for heating purposes is on average 25 % higher than elsewhere in the country.

(3) Reducing the cost of electricity for households and service sector companies in the north of Sweden places those consumers on an equal footing with their counterparts in the southern parts of the country. The measure therefore has regional and cohesion policy objectives.

(4) The reduced level of taxation on electricity for consumption in the north of Sweden, which rate set out in Directive 2003/96/EC. Furthermore, the tax reduction is proportionate to the extra heating costs borne by households and service sector companies in northern Sweden. Consequently, that level of taxation should ensure that the incentive effect of taxation to increase energy efficiency is maintained.

(5) The reduction applied for has been reviewed by the Commission and has been found not to distort competition or hinder the operation of the internal market and it is not considered incompatible with Community policy on the environment, energy and transport.

(6) That approach is in line with the position taken by the Commission in the State aid Case C 42/03 ([2]), where no objections were raised to the State aid element of the tax reduction for a period ending on 31 December 2005.

(7) It is therefore appropriate to authorise Sweden to apply a reduced rate of taxation to electricity for consumption in the north of Sweden until 31 December 2005,

HAS ADOPTED THIS DECISION:

Article 1

Sweden is hereby authorised to apply a reduced rate of taxation to electricity consumed by households and service sector companies situated in the municipalities listed in the Annex.

([1]) OJ L 283, 31.10.2003, p. 51. Directive as last amended by Directive 2004/75/EC (OJ L 157, 30.4.2004, p. 100).
([2]) OJ C 189, 9.8.2003, p. 6.

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The reduction shall be proportionate to the extra heating costs due to the northern location, in comparison with the rest of Sweden.

The reduced rate shall comply with the requirements of Directive 2003/96/EC, and in particular the minimum rates laid down in Article 10 of that Directive.

Article 2

This Decision shall expire on ►M1 31 December 2011 ◄.

Article 3

This Decision is addressed to the Kingdom of Sweden.

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ANNEX

Regions	Municipalities
Norrbottens län	All municipalities
Västerbottens län	All municipalities
Jämtlands län	All municipalities
Västernorrlands län	Sollefteå, Ånge, Örnsköldsvik
Gävleborgs län	Ljusdal
Dalarnas län	Malung, Mora, Orsa, Älvdalen
Värmlands län	Torsby