II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 11 July 2006

amending Decision 2005/231/EC authorising Sweden to apply a reduced rate of taxation to electricity consumed by certain households and service sector companies in accordance with Article 19 of Directive 2003/96/EC

(2006/503/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 Council Decision 2005/231/EC [2] Sweden was authorised to apply a reduced rate of taxation to electricity consumed by certain households and service sector companies in accordance with Article 19 of Directive 2003/96/EC. That authorisation was limited until 31 December 2005. By letter dated 9 December 2005, the Swedish authorities applied to the Commission for an extension of the authorisation, until the end of 2011.

(2) In the northern parts of the country, electricity consumption for heating purposes is higher than elsewhere in the country, the difference being 25 % at present. Therefore, a reduced energy tax rate has been applied in Sweden to electricity used in the northern parts of the country since July 1981. The percentage of the reduction as compared to the normal rate has however declined since that time.

(3) By reducing the costs of electricity for households and service sector companies in the north of Sweden those consumers are placed on an equal footing with such consumers in the southern parts of the country. Therefore, the measure has regional and cohesion policy objectives.

(4) The reduced level of taxation on electricity for consumption in the north of Sweden, which amounts presently to EUR 22 per MWh, remains much higher than the Community minimum rate set out in Directive 2003/96/EC. Furthermore, the tax reduction should remain proportionate to the extra heating costs borne by households and service sector companies in northern Sweden. That level of taxation should ensure that the incentive effect of taxation to increase energy efficiency is maintained.

(5) The scheme has been reviewed by the Commission and 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) Without prejudice to the outcome of the State Aid case N 593/2005 Sweden 'Prolongation of service sector's regionally differentiated energy tax on electricity', it is therefore appropriate to renew, in accordance with the terms of Article 19(2) of Directive 2003/96/EC, the authorisation for Sweden to apply a reduced rate of taxation to electricity for consumption in the north of Sweden, until 31 December 2011.

[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 L 72, 18.3.2005, p. 27.

(7) It should be ensured that the authorisation under Decision 2005/231/EC, granted for similar reasons but for a short period, continues to apply, without creating a gap between the expiry of that Decision and the taking effect of this Decision.

(8) Decision 2005/231/EC should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

In Article 2 of Decision 2005/231/EC, the date '31 December 2005' shall be replaced by the date '31 December 2011'.

Article 2

This Decision shall apply from 1 January 2006.

Article 3

This Decision is addressed to the Kingdom of Sweden.

Done at Brussels, 11 July 2006.

For the Council
The President
E. HEINÄLUOMA