

Courtesy translation



THE SENATE
OF THE PARLIAMENT OF THE CZECH REPUBLIC
13TH TERM

333RD

RESOLUTION OF THE SENATE

Delivered on the 17th Session held on the 5th of November 2021

on the Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast) (Senate Print No. N 067/13, COM(2021) 563)

The Senate

I.

1. Has come to the conclusion

that the Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast) does not comply with the principle of subsidiarity according to Article 5(3) of the Treaty on European Union for the following reasons:

- the Proposal for a Directive interferes with the Member States' tax powers by not allowing to set different tax rates for energy products in the same category (while observing the minimum levels of taxation), which precludes a flexible tax policy adjusted to the conditions in the Member State;
- the mechanism of automatic indexation of tax levels infringes the Member States' tax powers by precluding a rational tax policy, because in case of a high inflation, the automatic increase of minimum tax levels will only aggravate the problems; furthermore the minimum tax levels constitute an essential element of the Proposal and should therefore only be adjusted by a legislative act, i.e. an amendment to the Directive, not by a delegated act of the Commission;
- the definition of vulnerable households in Article 17(c) of the Proposal, to which the possibility of a temporary reduction of the level of taxation applies, as households below 60 % of the national median equivalised disposable income is too rough and unsuitable for attaining the defined objective because it does not take into account the different purchasing power in individual states and regions and brings with itself the problem of a stepwise nature of taxation for households with incomes

slightly above the threshold level; by this, it limits significantly the Member States' possibilities to deal with the social impacts of the directive already within the tax policy itself; in accordance with the principle of subsidiarity, the directive should leave to the Member States a much greater discretion for dealing with these issues;

2. Adopts

therefore a **Reasoned Opinion** on the incompatibility of the Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast) with the principle of subsidiarity in accordance with Article 6 of the Protocol on the Application of the Principles of Subsidiarity and Proportionality attached to the Treaties;

II.

1. Notes

that the adoption of such an ambitious plan (European Green Deal) is irresponsible when the way of substitution of existing sources of energy remains unknown;

2. Supports

the position of the Government that rejects any proposals that could lead to an increase in prices of energy products and electricity;

3. Points out

that differentiated taxation is not a suitable means of resolving impacts on various social groups; these issues should be dealt with by the state's social policy;

III.

1. Requests the Government

- to make use of the veto power during the adoption of the Proposal in the Council unless the Proposal is amended in order to reflect the reasons of the Senate's Reasoned Opinion;
- to inform the Senate by the 31st of March 2022 about the way this Resolution was taken into account and about the further development of negotiations;

2. Authorises

the President of the Senate to forward this Reasoned Opinion to the Presidents of the European Commission, the European Parliament and the Council.

Miloš Vystrčil
sign manual
President of the Senate

Josef Bazala
sign manual
Senate Verifier