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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL IMPLEMENTING DECISION authorising Italy to apply a reduced rate of taxation to electricity supplied directly to vessels, other than private pleasure craft, at berth in a port

COUNCIL IMPLEMENTING DECISION (EU) 2021/...

of ...

**authorising Italy to apply a reduced rate of taxation
to electricity supplied directly to vessels,
other than private pleasure craft, at berth in a port**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity¹, and in particular Article 19 thereof,

Having regard to the proposal from the European Commission,

¹ OJ L 283, 31.10.2003, p. 51.

Whereas:

- (1) In its letter of 14 September 2020, Italy, in accordance with the procedure laid down in Article 19 of Directive 2003/96/EC, requested authorisation to apply a reduced rate of taxation to electricity supplied directly to maritime and inland waterway vessels, other than private pleasure craft, at berth in a port ('shore-side electricity'). In its letter of 12 May 2021, Italy provided additional information.
- (2) Through the reduced rate of taxation, Italy aims to promote the use of shore-side electricity. The use of such electricity is considered to be an environmentally less harmful way of satisfying the electricity needs of vessels at berth in a port than the burning of bunker fuels by those vessels.
- (3) Insofar as the use of shore-side electricity avoids emissions of air pollutants resulting from the burning of bunker fuels by vessels at berth in a port, it improves local air quality in port cities. The reduced rate of taxation to shore-side electricity is therefore expected to contribute to the environmental, health and climate policy objectives of the Union.

- (4) Allowing Italy to apply a reduced rate of taxation to shore-side electricity does not go beyond what is necessary to increase the use of such electricity since on-board generation of electricity will remain a more competitive alternative in most cases. For the same reason, and because of the current relatively low degree of market penetration of the technology, the application of a reduced rate of taxation to shore-side electricity is unlikely to lead to significant distortions in competition during the period of application of that rate of taxation and will thus not negatively affect the proper functioning of the internal market.
- (5) In order to enable port and ship operators, as well as distributors and redistributors of electricity, to continue promoting the use of shore-side electricity, it is appropriate to authorise Italy to apply a reduced rate of taxation to shore-side electricity.

- (6) In accordance with Article 19(2) of Directive 2003/96/EC, authorisations granted under the procedure laid down in Article 19(1) of that Directive are to be strictly limited in time. In order to ensure that the authorisation period is sufficiently long so as not to discourage relevant economic operators from making the necessary investments, it is appropriate to grant the requested authorisation for six years from 1 January 2022. However, the authorisation should cease to apply from the date of application of any general provisions on tax advantages for shore-side electricity adopted by the Council under Article 113 or any other relevant provision of the Treaty on the Functioning of the European Union, should such provisions become applicable prior to 31 December 2027.
- (7) This Decision is without prejudice to the application of Union rules regarding State aid,

HAS ADOPTED THIS DECISION:

Article 1

Italy is authorised to apply a reduced rate of taxation to electricity supplied directly to maritime and inland waterway vessels, other than private pleasure craft, at berth in a port ('shore-side electricity'), provided that the minimum levels of taxation referred to in Article 10(1) of Directive 2003/96/EC are respected.

Article 2

This Decision shall apply from 1 January 2022 until 31 December 2027.

However, should the Council, acting on the basis of Article 113 or any other relevant provision of the Treaty on the Functioning of the European Union, provide for general provisions on tax advantages for shore-side electricity, this Decision shall cease to apply on the day on which those general provisions become applicable.

Article 3

This Decision is addressed to the Italian Republic.

Done at ...,

For the Council

The President
