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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. Cion doc.:	11518/14 FISC 107 ENER 344
Subject:	Council Implementing Decision authorising Italy to apply, in determined geographical areas, reduced rates of taxation on gas oil and LPG used for heating purposes in accordance with Article 19 of Directive 2003/96/EC - Adoption

1. On 27 June 2014 the Commission transmitted to the Council the abovementioned proposal for a Council Implementing Decision. The aim of the Decision is to allow Italy to apply, in certain particularly disadvantaged areas, reduced rates of taxation to gas oil and liquefied petroleum gas (LPG) used for heating purposes. In those geographical areas, the measure is needed in order to counterbalance the high heating costs of residents due to very severe climate conditions or insularity of such zones combined with difficult fuel procurement.

2. At its meeting on 25 July 2014 the Working Party on Tax Questions (Energy Taxation) examined the Commission proposal and, in addition, discussed a request for a modification of the time period during which the measure would apply. Namely, the Commission proposal envisaged the measure to have a duration of three years starting on the day of the Decision's notification, whereas at the Working Party it was suggested that the measure should apply from 1 January 2013 until 31 December 2018. The reasoning behind this additionally requested modification is to ensure continuous application of the reduced taxation rates regime as the previous regime already expired on 31 December 2012.
3. Recital 8 and Article 3 have been adapted in line with the above modification. The modified text was agreed by the Working Party with the support of the Commission. The DE and FR delegations entered a Parliamentary and a scrutiny reservation respectively. Since then these reservations have been lifted.
4. It is therefore suggested that the Permanent Representatives Committee invite the Council to adopt as an "A" item the abovementioned Implementing Decision, as finalised by the Lawyer Linguists and set out in doc. 12313/14 FISC 109 ENER 365 ECOFIN 768.
