

# New legislation in France

**A**N INCREASING NUMBER OF ROAD TRANSPORT OPERATORS HAVE CHOSEN NATURAL GAS FUEL IN THE ALPINE VALLEYS OF FRANCE TO CONTRIBUTE TO THE EMERGENCE OF CLEAN MOBILITY THAT PRESERVES THE QUALITY OF THE AIR. UNTIL NOW, USERS OF THIS FUEL HAVE NOT BEEN ELIGIBLE FOR AN EXCISE CONSIDERATION AND ARE THEREFORE FINANCIALLY DISADVANTAGED COMPARED TO THEIR COMPETITORS WHO USE DIESEL.

In an Amendment to Article 265 of the Code of Customs, the following argument is presented:

*"In this perspective and in order to allow the development of fuel gas in transport, in line with the trajectory of multiannual energy programming (PPE – programmation pluriannuelle de l'énergie) and in line with the Government's ambitions to promote alternative clean mobility, this amendment proposes to make benefit from the same advantages as diesel by recognizing it as a professional fuel. This recognition involves the introduction of a refund of a fraction of TICPE, like diesel, provided for in Article 265f of the Customs Code for the transport of goods."*

*"The road transport sector, a sector with high emissions of atmospheric pollutants and greenhouse gases, must undergo significant changes in order to meet the ambitious targets for the development of clean mobility that France has set itself in the context of PPE and ultimately to improve the quality of the air. In addition, the climate plan presented by the Government on July 6 announces wanting to make clean mobility accessible to all and, more particularly, support the development of alternative fuels including gas. It is therefore proposed to harmonize the taxation of fuel gas, with the stated objectives of the Government to develop it by allowing it to benefit from the same recovery of TICPE as diesel when used by professionals and thus safeguarding its competitiveness."*

According to ministry figures, almost 95% of greenhouse gas emissions from transportation come from road transport. The amendment has been adopted giving natural gas the status of a fuel used for commercial applications. This is a significant step toward achieving the objectives set by PPE, which includes having 3% of heavy goods vehicles running on natural gas by 2023.

## PROPOSAL TO CHANGE TAX TREATMENT OF BIOMETHANE FUEL UNSUCCESSFUL

A second amendment proposed for Article 265 of the Code of Customs, for the year 2018 was not supported. The amendment sought to exempt biomethane fuel (BioGNV) from internal consumption tax on products (TICPE) in order to take into account the renewable nature of this fuel.

Natural Gas for Vehicles (NGV) has been taxed under TICPE since 2014 with the introduction of the carbon component in the calculation of internal consumption taxes, the so-called (CCE) or carbon tax. However, that tax applies to CNG and bioNGV in an undifferentiated manner. By contrast, renewable natural gas / biomethane directly consumed or injected into gas networks is exempt from domestic consumption tax on natural gas (TICGN) due to its renewable nature recognized by Article L. 211-2 of the Energy Code. The author of the amendment unsuccessfully proposed that exempting BioGNV under TICPE would restore a form of tax equity for all uses of biomethane.

Biomethane as a fuel is considered by ADEME (French Environmental and Energy Management Agency) as the most virtuous for the environment because it avoids significant greenhouse gas emissions and significantly reduces particulate emissions into the air (up to 60% reduction of NOx and particulates according to actual emission measurements).

Source: National Assembly, France