Taxing Energy Use 2018

The Netherlands

This note describes the taxation of energy use in the Netherlands. It contains the country's energy tax profiles, followed by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). The note contains four energy tax profiles for the Netherlands:

Figure 1: Effective tax rates on energy use in EUR/GJ, 2015, including electricity output taxes and energy use from biomass

Figure 2: Effective tax rates on energy use in EUR/tCO_2, 2015, including electricity output taxes and energy use from biomass

Figure 3: Effective tax rates on energy use in EUR/tCO_2, 2015, excluding taxes on electricity output, including carbon emissions from biomass

Figure 4: Effective tax rates on energy in EUR/tCO_2, 2015, excluding taxes on electricity output and carbon emissions from biomass

The main insights from the second vintage of the *Taxing Energy Use* database, including a systematic comparison of patterns of the taxation of energy use across countries, sectors and fuels are available in *Taxing Energy Use 2018* (OECD, 2018) at: http://oe.cd/TEU2018.

1. Energy tax profiles for the Netherlands

Figure 1. **Effective tax rates on energy use in EUR/GJ, 2015, including electricity output taxes and energy use from biomass**

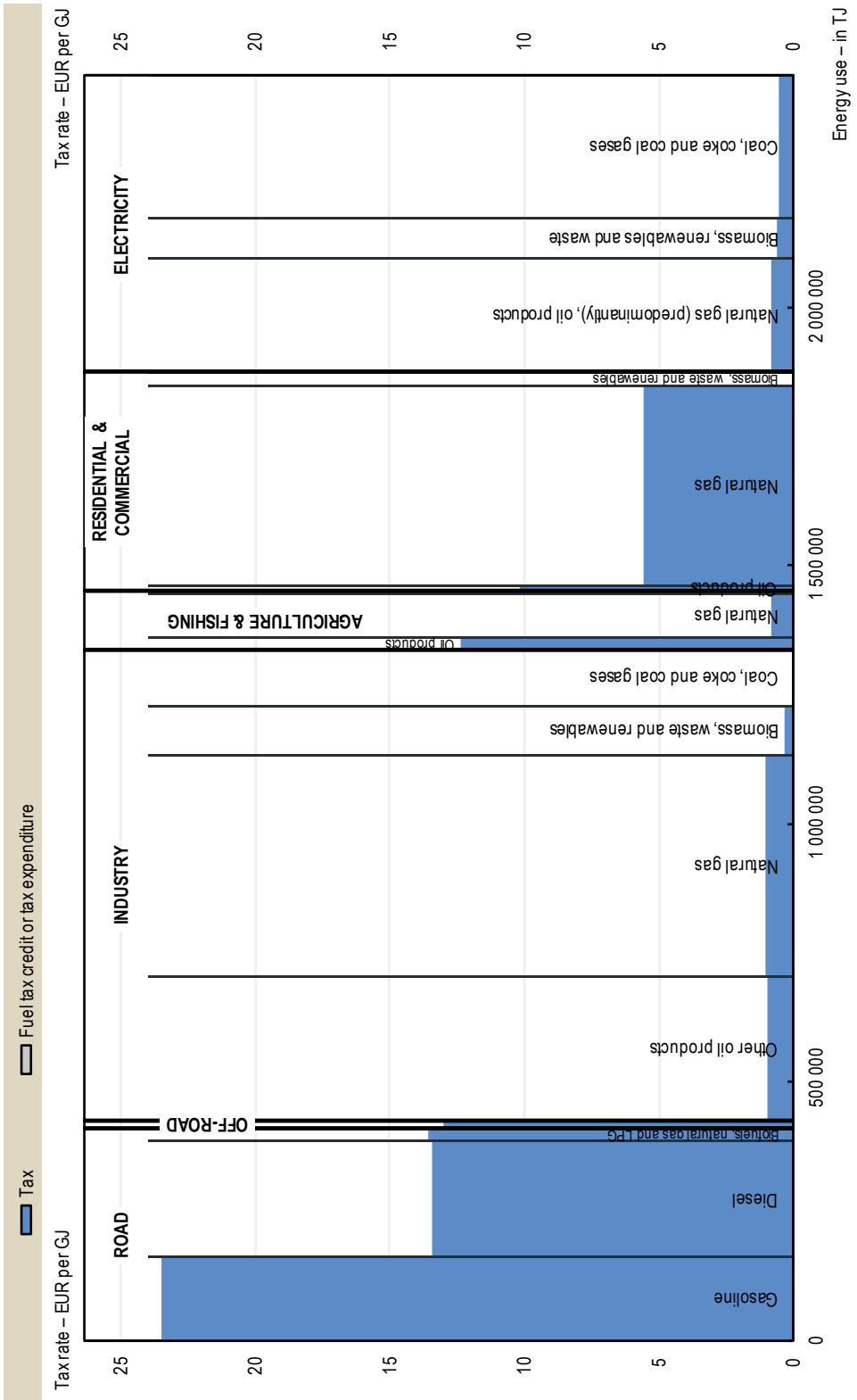


Figure 2. **Effective tax rates on energy use in EUR/tCO_2, 2015, including electricity output taxes and carbon emissions from biomass**

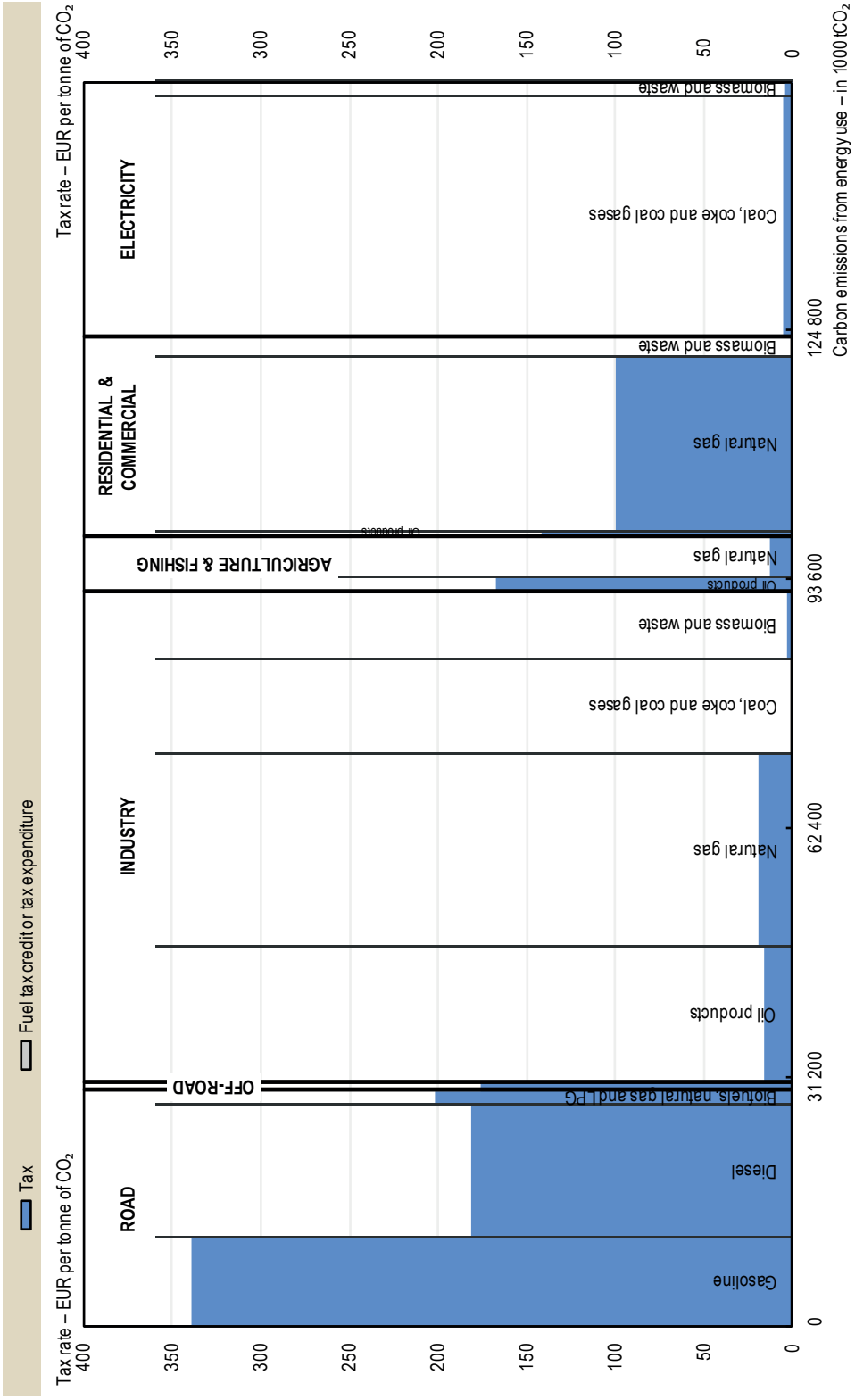


Figure 3. **Effective tax rates on energy use in EUR/tCO_2, 2015, excluding taxes on electricity output, including carbon emissions from biomass**

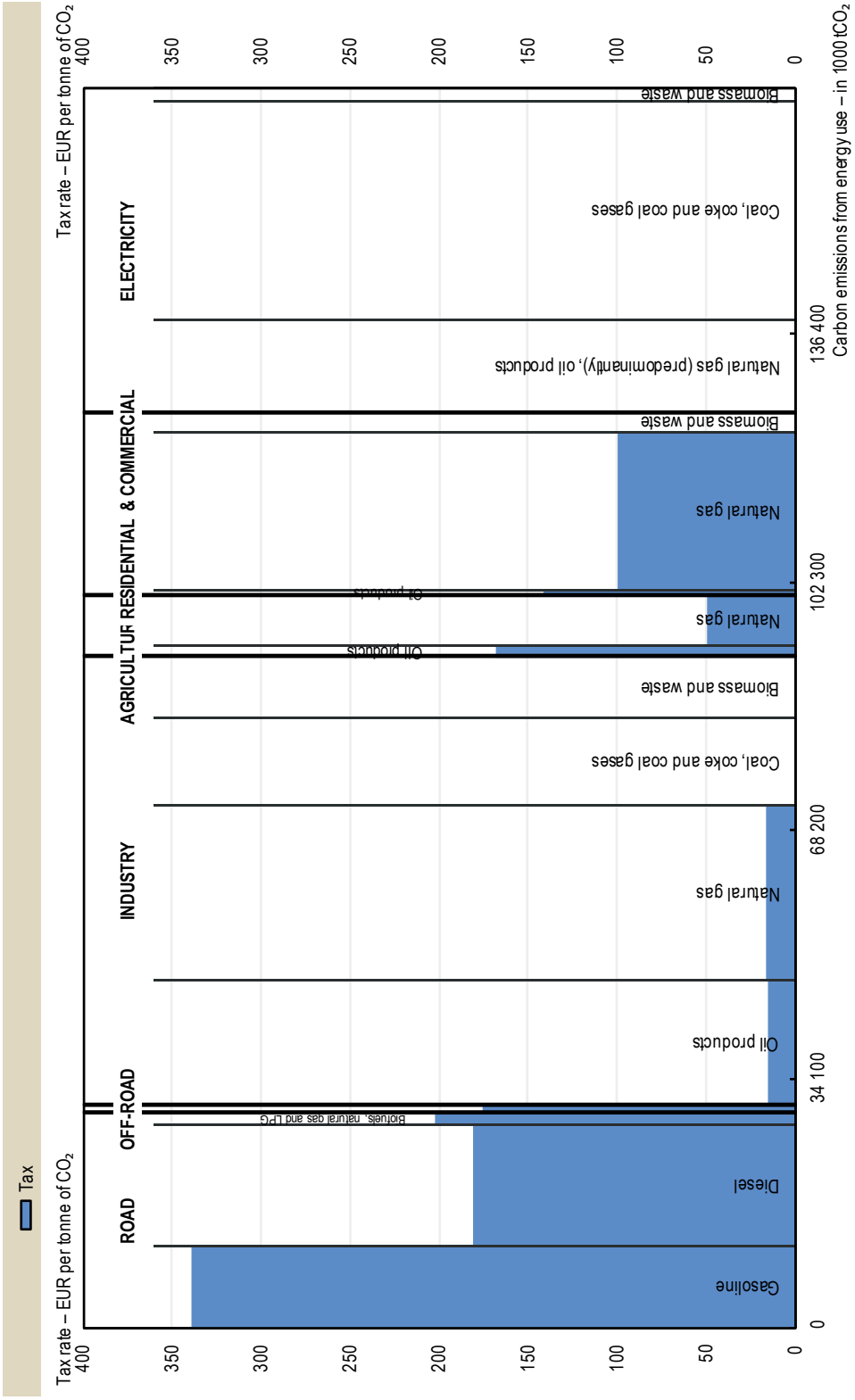
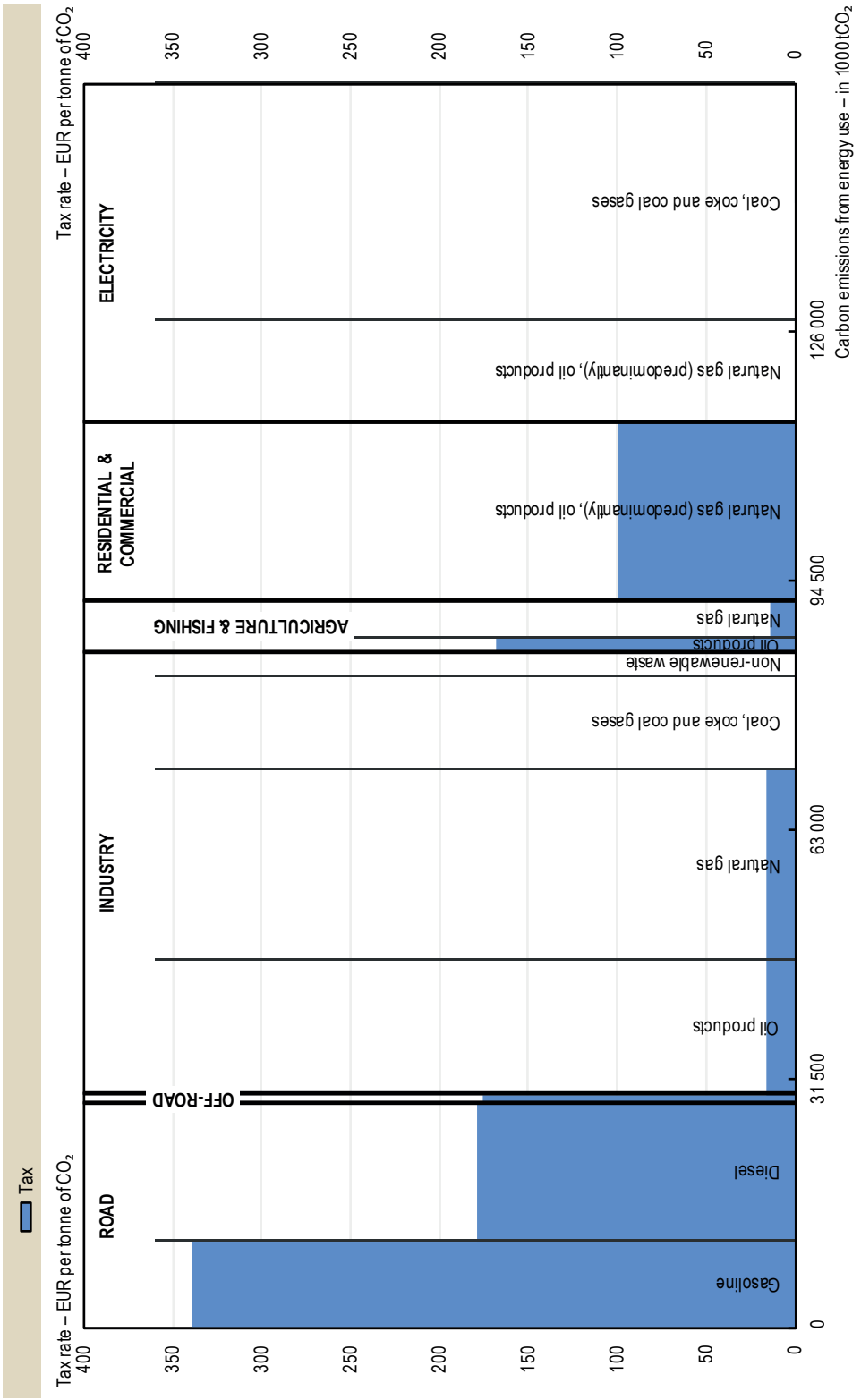


Figure 4. **Effective tax rates on energy use in EUR/tCO_2, 2015, excluding taxes on electricity output and carbon emissions from biomass**



2. Country-specific notes

This note describes the taxation of energy use in the Netherlands. It contains the country's energy tax profiles, accompanied by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). Tax rates are those applicable in April 2015, energy use data are for 2014.

The data shown in the energy tax profiles is from the OECD's *Taxing Energy Use* (TEU) Database. More detail on the TEU Database, the calculation of effective tax rates on energy use and the interpretation of the energy tax profiles can be found in *Taxing Energy Use 2018* (OECD, 2018).

The Netherlands participates in the European Union emissions trading system (ETS), not shown in the energy tax profiles.[1]

Energy and carbon taxes

Energy and carbon taxes in the Netherlands are levied within the framework of the 2003 EU Energy Tax Directive, which sets minimum rates for the taxation of energy products in member states. Within this framework, the main taxes on energy use in the Netherlands are the following:

- An energy tax applies to oil products, natural gas and coal and coke consumption.
- Electricity output is taxed (per MWh).

The rates at which these taxes apply differ across fuels and different users, as described below.

These taxes are included in the energy tax profiles of the Netherlands, but the tax on electricity output is only included when separately indicated (see below). Where more than one tax rate applies to an energy user or fuel, the energy tax profile shows their sum.

Effective tax rates on energy use for different fuels and users

The tax rates on different fuels and uses are linked to energy use[2] of the Netherlands to calculate effective tax rates on energy use (in EUR/TJ) or CO_2 emissions from energy use (in EUR/tCO_2). Energy use and the CO_2 emissions associated with it are shown for six economic sectors: road transport, domestic offroad transport, industry, agriculture and fishing, residential and commercial, and electricity.

The energy tax profiles (Figures 1 and 2) for the Netherlands show effective tax rates for different fuels and uses in terms of the fuels' energy and carbon content, respectively. Figures 1 and 2 include energy use and carbon emissions from biomass and they show output taxes on electricity. Figure 3 is identical to Figure 2, except that taxes on electricity output are excluded. Figure 4 excludes carbon emissions from biomass and taxes on electricity output.

- Of the six economic sectors, the **road** sector is taxed at the highest rates, both in terms of the fuels' energy and carbon content. Within the road sector, gasoline is taxed at the highest effective tax rate, diesel is taxed at a lower rate in terms of TJ and in terms of CO_2.

1. The OECD's *Effective Carbon Rates* contains information on emissions trading systems.
2. Data on energy use is taken from the IEA's *Extended World Energy Balances*, see Chapter 1 of *Taxing Energy Use 2018* (OECD, 2018) for additional detail.

Biofuels are taxed at the same rates as their fossil fuel equivalents, but benefit from a partial refund. For the purposes of calculating effective tax rates, it is assumed that all users have claimed this refund, so all biofuels are shown as being taxed at the reduced rates.

LPG and natural gas for propellant use are also taxed, but at lower effective rates than other fuels for road use.

- Fuels used in the **off-road** sector are taxed, but at lower effective rates than fuel use in road transport. Fuels used for domestic aviation are untaxed.
- Fossil fuels used in the **industry** and **residential and commercial** sectors are taxed, but at lower statutory rates than in the transport sector.

  The taxation of natural gas in the industry, and residential and commercial sector is based on a bracket system, which provides a schedule of marginal rates that decrease with consumption volumes. Average weighted rates for each consumption bracket have been estimated in consultation with national officials, and included in the TEU database.
- The statutory tax rates on natural gas consumed in the **agriculture and fishing** sector are lower than those paid by other users.
- Fuels used to generate **electricity** benefit from a full refund on the tax paid, if the installation has a capacity of more than 1 MW. It is assumed all users benefit from the full refund on the tax paid on fuels used for electricity generation. **Electricity output** is taxed. The Dutch tax rates on electricity decrease with increased use by consumption brackets. Average weighted rates for each consumption bracket have been estimated in consultation with national officials, and included in the TEU database.

  Energy intensive processes (metallurgic, electrolytic and chemical reduction processes) are exempt from the tax on electricity output. This exemption is shown as applying to the chemical and petrochemical, iron and steel and non-ferrous metals industrial sectors.

Reported tax expenditures and rebates

The following tax expenditures are included in the *Taxing Energy Use* data for the Netherlands:

- Electricity output from energy intensive processes is untaxed.
- Fuels used for electricity generation benefit from a full tax refund, if the installation has a capacity of more than 1 MW.

Reported tax expenditures or rebates might be averaged with tax rates on other energy use, in which case they are not visibly identifiable in the energy tax profiles. Additional detail on the treatment of tax expenditures is available in Chapter 1 of *Taxing Energy Use 2018*.

Sources

The main insights from the second vintage of the *Taxing Energy Use* database are analysed in:

OECD (2018), *Taxing Energy Use 2018 – Companion to the Taxing Energy Use Database*, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264289635-en.

Apart from the sources included in the *Taxing Energy Use 2018* (OECD, 2018), and consultation with national delegates, the following country-specific source was used.

Tax Authorities of the Netherlands (2018), "Tarievenlijst Accijns en verbruiksbelastingen", https://download.belastingdienst.nl/douane/docs/tarievenlijst_accijns_acc0552z75fol.pdf.