

Taxing Energy Use 2018

France

This note describes the taxation of energy use in France. 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 France:

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/tCO₂, 2015, including electricity output taxes and energy use from biomass

Figure 3: Effective tax rates on energy use in EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

Figure 4: Effective tax rates on energy in EUR/tCO₂, 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 France

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

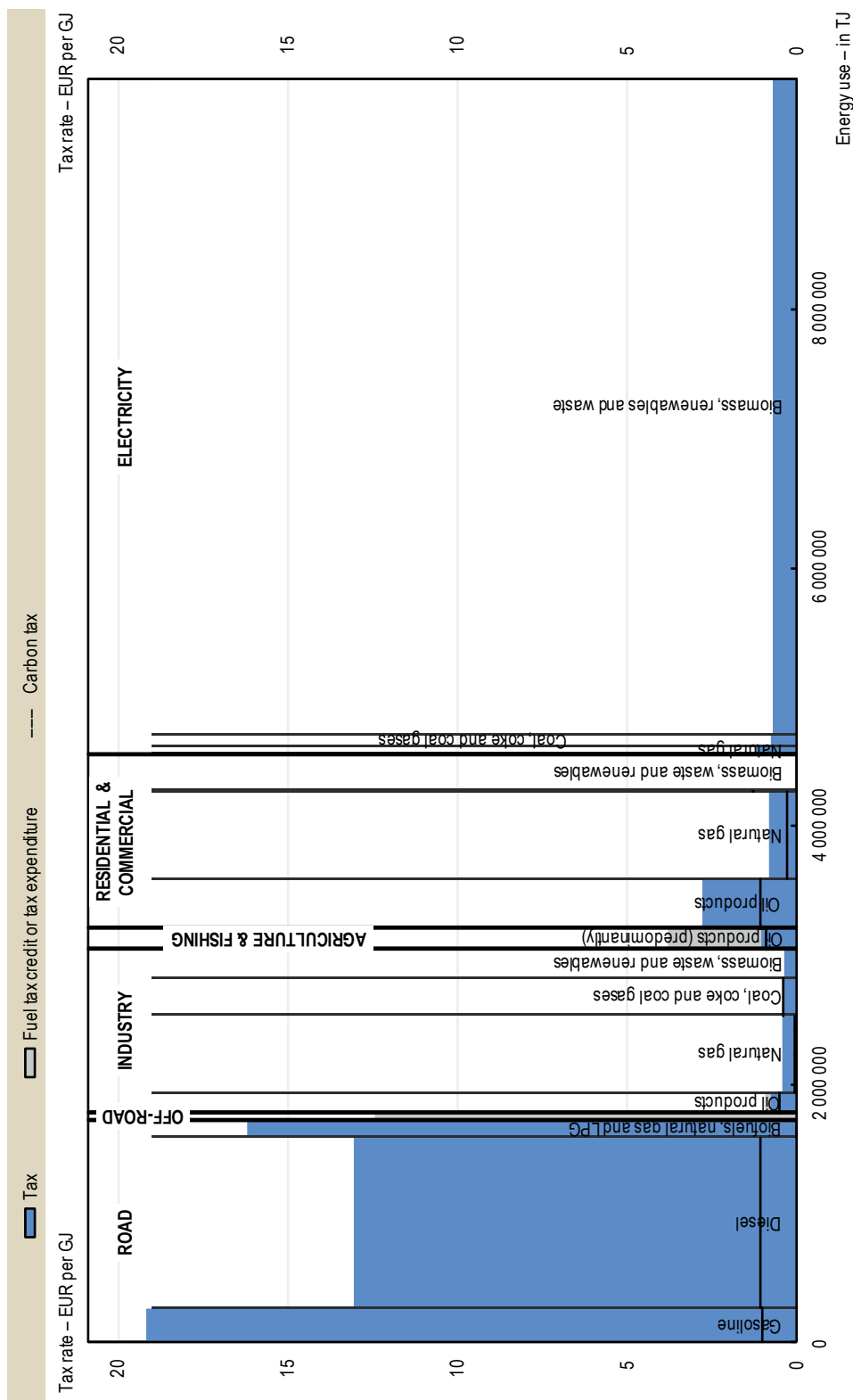


Figure 2. Effective tax rates on energy use in EUR/tCO₂, 2015, including electricity output taxes and carbon emissions from biomass

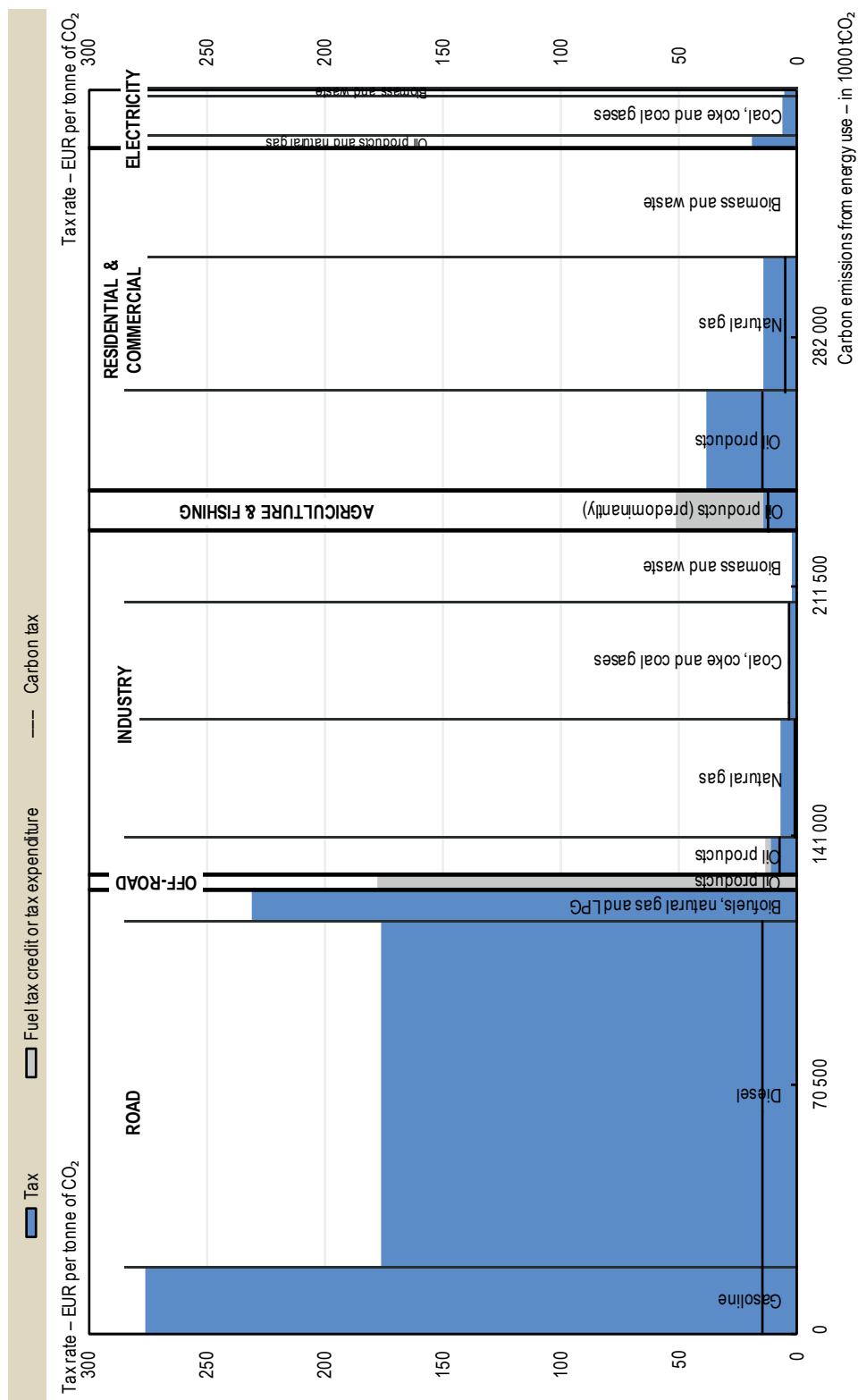


Figure 3. Effective tax rates on energy use in EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

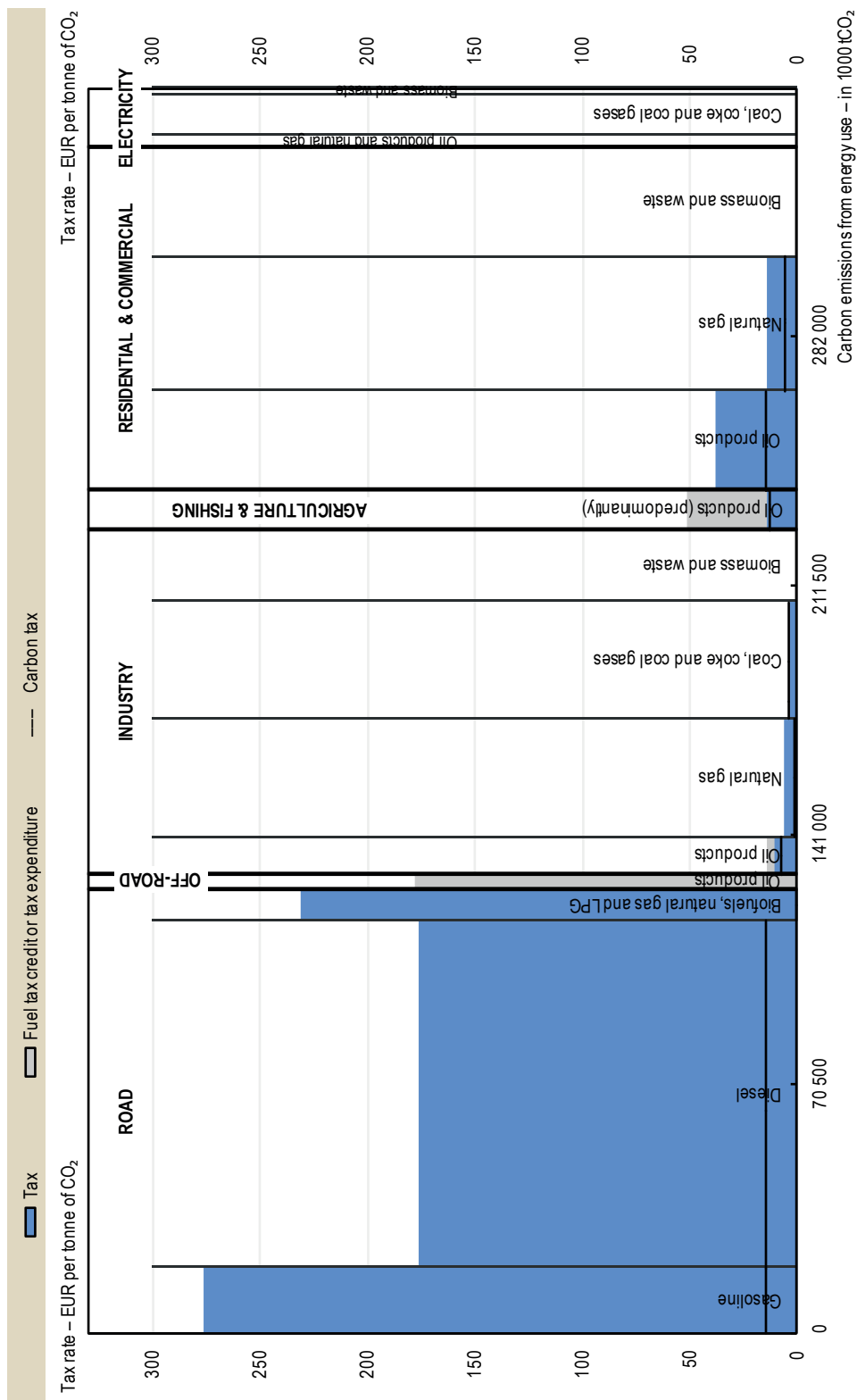
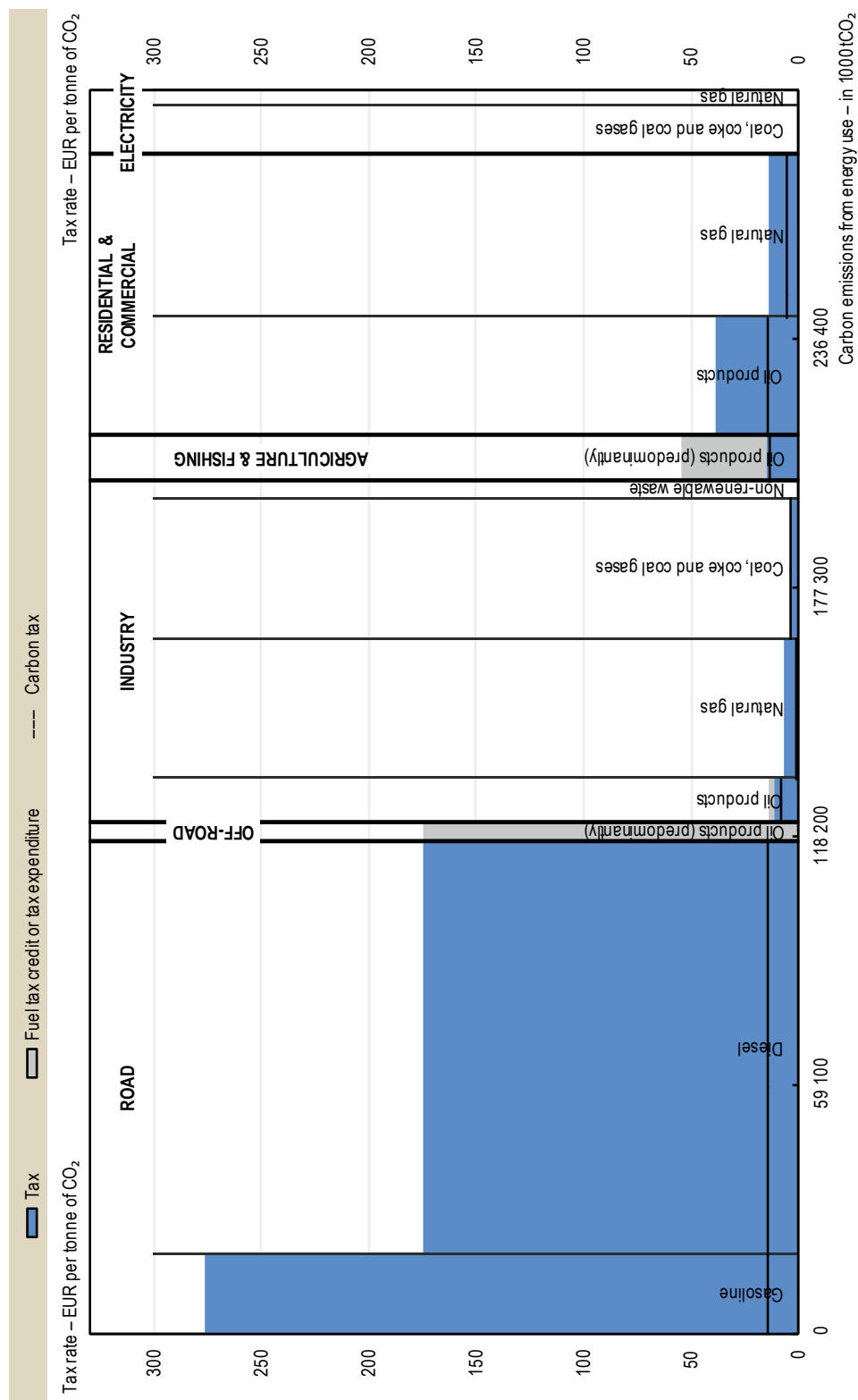


Figure 4. Effective tax rates on energy use in EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass



2. Country-specific notes

This note describes the taxation of energy use in France. 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).

France 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 France 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 France are the following:

- An energy tax applies to oil products, natural gas and coal and coke consumption.
- A CO₂ tax applies to the same fossil fuels as the energy tax, at rates varying in line with the fuels' carbon content.
- Electricity output is taxed (per MWh), except when used for transport purposes.

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

These taxes are included in the energy tax profiles of France, 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 France's energy use² to calculate effective tax rates on energy use (in EUR/TJ) or CO₂ emissions from energy use (in EUR/tCO₂). Energy use and the CO₂ 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 French energy tax profiles (Figures 1 and 2) 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.

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.

- 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, biofuels are taxed at a lower effective rate in terms of TJ and in terms of CO₂. Diesel use, encompassing close to 80% of the road sector's total energy base in terms of carbon emissions, is taxed at a lower effective rate than biofuels and gasoline. LPG and natural gas are taxed at a lower effective and statutory rate.
- Fuel use in the **off-road** sector is untaxed.
- Fossil fuels used in the **industry** the **residential and commercial** are taxed, but reduced rates and exemptions apply as follows:
 - The CO₂ tax does not apply to natural gas consumed by large industrial users, or firms which participate in the EU ETS.
 - As per the OECD's data on *Effective Carbon Rates*, the EU ETS covers 45% of the industry sector, correspondingly the carbon tax is excluded for this amount of energy use and carbon emissions from energy use. The remainder of the industry sector is shown as taxed at the rate of large industrial users.
 - Diesel used in the construction industry is untaxed.
- Fuels used for **fishing** activities are untaxed, and only the carbon tax applies to oil products for **agricultural** uses.
- Fuels use to generate **electricity** are untaxed, but electricity output is taxed, except when used in transport.

Assumptions and caveats

- Per-unit rates for the CO₂ tax are calculated based on standard conversion factors.
- The proportion of industries with an installed capacity higher than 250 kW is assumed to be 60%, and these are included as subject to the lowest tax rate applicable on electricity output.

Where not separately indicated, these assumptions have been arrived at in consultation with national officials, or otherwise are based on previous *Taxing Energy Use* publications.

Reported tax expenditures and rebates

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

- Biogasoline and biodiesel are taxed at a reduced rate compared to their fossil fuel equivalents.
- Reduced excise rates apply to diesel, fuel oil and natural gas used for agriculture activities, and a refund can be claimed for diesel used in rail transport.
- Fuels used for domestic navigation, domestic aviation and for fishing purposes are untaxed.
- Diesel used in the construction industry is untaxed.

Reported tax expenditures or rebates might be averaged with tax rates on other energy uses, in which cases they are not visibly identifiable in the graphical profile. 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 OECD (2018), the following country-specific sources were used:

French Government (2015), “Taxe sur la consommation finale d’électricité”, www.impots.gouv.fr/portal/dgi/public/professionnels.impot?espId=2&pageId=prof_tcf&impot=TCFE&sfid=50.

French Government (2014a), “Code des Douanes”, consolidated version of 29 December 2014, www.legifrance.gouv.fr/affichCode.do?cidTexte=LEGITEXT000006071570&dateTexte=20141201.

French Government (2014b), “Circulaire du 12 mars 2014”, http://circulaire.legifrance.gouv.fr/pdf/2014/03/cir_38051.pdf.

Ministère de la Transition écologique et solidaire (2016), “Fiscalité des énergies”, <https://www.ecologique-solidaire.gouv.fr/fiscalite-des-energies>.