

Brussels, 23rd January 2003

## Car tax: infringement procedures against Greece and Denmark

*The European Commission has decided to take Greece to the Court of Justice over the taxation of permanent imports of cars following a change of residence. The Commission has also decided to send Denmark a formal request to exempt the cars of people moving permanently to Denmark from registration tax. The Commission considers these practices to be incompatible with Directive 83/183/EEC, which provides for the exemption of personal property imported permanently from another Member State by private individuals from the turnover tax, excise duty and other consumption taxes which normally apply to such property.*

### Greece

A series of complaints to the Commission and a number of petitions lodged with the European Parliament revealed that the Greek authorities are not applying Directive 83/183/EEC properly with regard to cars and that this is causing many problems for European citizens.

Instead of granting the "tax exemption" for cars laid down in the Directive, Greece currently taxes cars brought into Greece by individuals moving to Greece from another Member State at a rate of one fifth (20%) of the tax normally paid before a car can be put on the road in Greece. Furthermore, only one car per family qualifies for the reduced rate whereas the Directive stipulates that an exemption should apply to every car actually used in the former country of residence by any member of the family transferring his "normal residence" to another Member State.

Secondly, the Greek authorities apply a restrictive interpretation to the concept of "normal residence". On the one hand, Greek nationals who have left the country to live and work in another Member State for a number of years are regarded by the Greek authorities as residents of Greece even if their centre of interest has been moved to another Member State. People in this category returning to live in Greece are therefore charged Greek taxes on an imported car because Directive 83/183 is considered as non-applicable in their case.

In contrast, where non-nationals are concerned, there are cases where, as proof of transfer of normal residence, the Greek authorities require the production of a long-term residence permit for Greece. However, such a residence permit often takes more than six months to obtain, in which case, instead of attributing this delay to their own officials, the Greek authorities attribute it to the persons concerned by prohibiting them from using their vehicles for more than six months or even by impounding vehicles on the grounds that no tax has been paid on them.

The Greek authorities failed to comply with the Commission's formal request to change their law and practices (see [IP/02/1036](#) of 11 July 2002).

## **Denmark**

On examining a number of complaints from European citizens recently, the Commission found that the Danish authorities might be misinterpreting Directive 83/183/EEC.

Denmark does not grant persons moving permanently to that country the exemption from "registration tax" provided for in Directive 83/183/EEC. Since that tax is actually a consumer tax, exemption is mandatory under the Directive.

At most the Directive, as interpreted in the light of the case-law of the Court of Justice, allows Member States to charge duties covering the administrative costs of registering a vehicle. In this case, however, the Commission considers a rate of taxation of between 105% and 180% of the value of the vehicle to be exorbitant and disproportionate.

The Commission's formal request takes the form of a reasoned opinion, the second stage in the infringement procedure provided for in Article 226 of the EC Treaty. If it does not receive a satisfactory response within two months, the Commission could take the matter to the Court of Justice.

The latest information on infringement procedures concerning all Member States can be found at the following site:

[http://europa.eu.int/comm/secretariat\\_general/sgb/droit\\_com/index\\_en.htm](http://europa.eu.int/comm/secretariat_general/sgb/droit_com/index_en.htm)