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**Fachbereich WD 4**

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**Legislative and Regulatory Framework for Fuel Prices (re. Taxes)**

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## 1. Taxes on fuels, applicable tax rates

According to Section 2 of the Energy Tax Act<sup>1</sup>, the following tax rates apply per 1.000 litres or 1.000 kg of the respective fuels:

- for petrol between 654.50 euros and 721 euros,
- for medium-weight oils 654.50 euros,
- for gas oils (which includes diesel) between 470.40 euros and 485.70 euros,
- for heating oils 130 euros,
- for lubricating oils 485.70 euros,
- for 1 MWh of natural gas 31.80 euros (reduced to 27.33 euros during 2026),
- for liquid gases 409 euros (unmixed) or 1.217 euros (others),
- for 1 Gigajoule of coal and petroleum coke 0.33 euros.

Council Directive 2003/96/EC of 27 October 2003<sup>2</sup> sets out the European Union's framework for the taxation of energy products and electricity. Its core purpose is the setting of minimum tax rates for all Member States. However, the Directive leaves room for the design of domestic taxes.

In addition to the Energy Tax the supply of fuels is subject to Value Added Tax (VAT) according to the general rules at a tax rate of 19 %. VAT base includes the net price of the fuel as well as the applicable amount of Energy Tax. Therefore, the general consumption tax (VAT) is levied on another special consumption tax (Energy Tax) resulting in an accumulation of taxes.

## 2. Tax incentives, exemptions, or relief applicable to fuels

Certain energy products may be used tax-free in watercrafts in accordance with Section 27 of the Energy Tax Act for shipping (except for private, non-commercial shipping), for the maintenance and for the manufacture of such watercrafts. In addition, aviation petrol and aviation turbine fuel may be used tax-free in aircrafts for aviation (except for private, non-commercial aviation), for the maintenance and for the development and manufacture of aircrafts.

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1 Energiesteuergesetz vom 15. Juli 2006 (BGBl. I S. 1534; 2008 I S. 660, 1007), das zuletzt durch Artikel 6 des Gesetzes vom 22. Dezember 2025 (BGBl. 2025 I Nr. 341) geändert worden ist, <https://www.gesetze-im-internet.de/energiestg/index.html>, accessed on 19 February 2026.

2 Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (Text with EEA relevance), <https://eur-lex.europa.eu/eli/dir/2003/96/oj/eng>, accessed on 19 February 2026.

According to Section 28 of the Energy Tax Act, certain types of biofuels may be used tax-free for electricity generation in fixed installations.

Tax relief is granted to companies in the manufacturing industries and to agricultural businesses, provided that the energy products are used for heating for operational purposes (Section 54 of the Energy Tax Act).

Tax relief is also granted for railways and motor vehicles used in local public transport (Section 56 of the Energy Tax Act).

### **3. Subsidy mechanisms or other forms of financial support for fuels**

Some observers already view the lower taxation of diesel compared to petrol for the use in motor vehicles (see above) as an undue preference of diesel and, therefore, a subsidy. However, the different tax rates can be explained by the fact that in the past, commercial vehicles in particular were powered by diesel. This distinction has virtually disappeared over the years with the development of the mass-market diesel engine.

Section 57 of the Energy Tax Act provides for a special subsidy for farmers which has been highly disputed in recent years. Farmers receive a special tax refund for diesel used for their tractors and special-purpose vehicles. Compared to the tax of 470.40 euros per 1.000 litres of diesel (see above), the tax refund under Section 57 of the Energy Tax Act amounts to 214.80 euros. The refund is made at the farmer's request in the year following the use of the fuel.

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