



Press release

COLIBI, COLIPED and ETRA ask European Commission for a European strategy on tax incentives for cycling

Gent, 24 April 2009 – COLIBI, COLIPED and ETRA have made a joint appeal to Taxation Commissioner Kovács for a European strategy on tax incentives for cycling. The request follows on Mr Kovács' statements indicating that the Commission will discontinue all research into the effect of VAT-rates on the use of energy-efficient goods and energy-saving materials. ETRA, COLIBI and COLIPED had been lobbying for lower VAT-rates on all bicycle products and services in this framework.

In March, the Council reached an agreement on the continuation of reduced VAT-rates on a number of labour-intensive services, including bicycle repairs. This agreement caused several member states, among which Germany, Bulgaria, Denmark, Estonia and Lithuania, to call for a halt to the debate on reduced VAT-rates.

Although COLIBI, COLIPED and ETRA are pleased with the preservation of the reduced rate for bicycle repairs, they believe the EU is in need of a further reaching cycling-friendly taxation policy. ETRA Secretary General, Annick Roetynck, explains: "In our view, this is a missed opportunity to make mobility in the European Union more sustainable by means of a fiscal incentive. Whereas millions of European citizens are driving cars, which they have obtained for free, as an extra-legal benefit, the majority of commuting cyclists have to pay for their bikes. They also have to pay the standard VAT-rate on that bike, with a minimum of 15% and a maximum of 25% of the buying price. This taxation policy goes totally against other EU policies such as transport, environment and energy. We believe the European Union needs an approach that, via a range of practical and feasible measures, significantly reduces the levels of all private motorised transport in urban areas and that increases the proportion of journeys made by bicycle as well as on foot and by public transport. Harmonised fiscal incentives should be part of those measures because several examples in the member states show that they are effective."

Annick Roetynck quotes the example of Belgium, where since 1997, the law allows employers to pay employees, who cycle to work, a tax-free fee of currently € 0.20 per cycled kilometre. Paying the fee is a favour, not a legal obligation. Research by the Belgian mobility department has shown that if a company pays the fee, cycling increases considerably. The number of cyclists rises from 6.3% to 9.5%, that is +50%.

Many years ago, Holland introduced a law allowing employers to give their employees a bike, tax-free, up to an amount of € 749. In 2008, 240,000 so-called company bikes were sold, i.e. almost 1 out of 5 new bikes, at an average price of € 836. Holland has 18 million bicycles for 16 million people. The bicycle accounts for 26% of all trips.

In 2005, the UK government launched the "Cycle to Work" tax incentive scheme. Employers can lend bicycles to their staff as a tax-free benefit on condition that the bicycles are mainly used to go to and from work or for work-related purposes. The employee 'buys' the bike at the end of the lending period for a nominal sum. And finally, on 23 April, the Italian government has decided to grant 30% restitution (on a maximum price of € 700) on all (electric) bikes sold in the country.

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According to COLIBI & COLIPED Secretary General, Greet Engelen investing in cycling pays: “Every kilometre cycled instead of travelled by car avoids 0.2 kg CO² emission. More cyclists on the road improve road safety. Regular cycling reduces the risk of heart diseases, diabetes, high blood pressure, certain types of cancer and problems linked to obesity. Cycling to work reduces absence through illness. In 2002, the European Commission presented a new strategy on the taxation of passenger cars in the European Union. The Commission analysed existing passenger car taxation systems and explored ways to remove the tax obstacles to free movement of passenger cars within the Internal Market. We believe it is now time for a European analysis of cycling prohibitive taxation systems as an impetus for a new strategy on tax incentives for cycling in the European Union.”

In view of the direct effect of the EU's taxation policy on transport, environment and energy, a copy of the letter to Mr Kovács' has been sent to Vice President Tajani, Environment Commissioner Dimas and to Energy Commissioner Piebalgs. Furthermore, ETRA, COLIBI and COLIPED have urged their members to lobby for the reduced rate on cycling repairs where the measure is not yet applicable. To date, five member states are already making use of the measure: in Belgium, Luxembourg and Holland there is 6% VAT on bicycle repairs, in Poland 7% and in Greece 9%.

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