



A knowledge base for taxes and fees in the transport sector **Summary report**
2017:19
– sub-report

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Publiceringsdatum: 2017-10-31

Summary

The Swedish Government has commissioned Transport Analysis to create a knowledge base concerning how taxes and fees in the transport sector contribute to the fulfilment of our transport policy goals. How the Swedish trade and industry and Sweden's highly set goals to reduce climate-gas emissions are affected of actual taxes, fees and subsidies are also to be analysed. The final report will be published on 31 October 2018.

The present sub-report provides a preliminary compilation of all taxes, fees and subsidies in the field today. Some of the regulations with impact on the cost structure are also reported. Tables 1 and 2 present preliminary summaries of all taxes, fees and relevant subsidies, broken down by mode and for passenger- and freight transport. The units "SEK per passenger-kilometre" and "SEK per tonne-kilometre" are used to enable comparison between the different modes of transport. Increased costs attributable to regulations and administrative costs for all concerned are not included.

Table 1 includes energy and carbon dioxide taxes on fuel, vehicle taxes, congestion charges, rail track charges, fairway dues and pilot fees for maritime transport, VAT on fuel for private car use, VAT on private new car purchases, insurance tax, state fees for illegal parking, fees payed to the Swedish Transport Agency, state funding via interregional transport agreements, state financial support for maritime transport and deductions of travel expense for trips made to and from work. The taxes are higher for cars per passenger-kilometre than for buses since a bus holds more passengers than a car.

Table 1. Preliminary summary of taxes, fees and subsidies for passenger transport, broken down by mode of transport in urban areas, rural areas and as weighted averages.

<i>SEK/passenger-km All taxes/fees/subsidies</i>	<i>Car, petrol</i>	<i>Car, diesel</i>	<i>Bus, diesel</i>	<i>Passenger train</i>	<i>Maritime passenger transport</i>	<i>Aviation</i>
Urban areas	0.8	0.6	0.3			
Rural areas	0.6	0.4	0.2			
Average	0.7	0.5	0.2	0.07	0	0.2

Source: Our own calculations

A comparison with paid fuel taxes associated with road use shows that the additional taxes and fees paid by road traffic are significant, and exceed the subsidies being distributed. The subsidies exceed the additional modest fees being paid in the case of passenger trains and maritime passenger transport, which pay rail track charges and fairway dues/pilot fees, respectively. In the case of maritime transport it is the state financial support for maritime transport that is high. With regard to aviation there are small differences between traffic-related fees and the sum of all fees and subsidies payed by aviation and included in the study.

Table 2 relate to freight transport, and includes fuel taxes, vehicle taxes, rail track charges, fairway dues and pilot fees, insurance taxes, regional transport grant, state financial support

for maritime transport and fees payed to the Swedish Transport Agency. Taxes are higher for heavy lorries without trailers per tonne-kilometre than for those with trailers, because a lorry with a trailer can carry more cargo than one without a trailer.

Table 2. Preliminary summary of taxes, fees and subsidies for freight transport, broken down by mode of transport in urban areas, rural areas and as weighted averages.

<i>SEK/tonne-km All taxes/fees/subsidies</i>	<i>Pick-up truck, diesel</i>	<i>Heavy lorry w/o trailer</i>	<i>Heavy lorry with trailer</i>	<i>Freight train</i>	<i>Maritime transport</i>
Urban areas	0.6	0.4	0.2		
Rural areas	0.6	0.4	0.2		
Average	0.6	0.4	0.2	0.02	0

Source: Our own calculations

As is the case with passenger transport, the taxes and fees (minus subsidies) that are being paid in addition to fuel taxes are higher for road traffic. The subsidies exceed the additional fees being paid in the case of freight trains and maritime transport, which pay rail track charges and fairway dues/pilot fees, respectively. If we consider freight transport that receives regional transport grants, we find that the subsidies exceed all the taxes and fees being paid in some cases.

The summary of taxes, fees and subsidies for freight was prepared to enable an assessment of how the cost structure in different branches of the economy is being affected by actual taxes, fees and major subsidies within the transport sector. Table 3 on the next side presents preliminarily calculated so-called "tax cost ratios", which constitute the transport related total tax costs in relation to the production costs. The table includes the most transport-intensive branches, and is based on production costs derived from available statistics. The total tax costs for these industries are calculated based on actual transport in tonne-kilometre with all modes of transport for each branch.

Table 3 shows that it is the raw-materials-based industries that have the highest outlays for transport-related taxes and fees in relation to their production costs. The mining industry has a notably higher ratio than do the adjacent industries. It is possible that these differences in part is a consequence of uncertainties in the statistics and the approach used in the calculations. Other industries lie closer to one another, and the mutual ranking seems reasonable, given the degree of processing, etc., for the various goods groups being transported.

Table 3. Tax cost ratios (all taxes and fees plus subsidies) for various branches of the economy

<i>Goods code</i>	<i>Branch of the economy (SNI code)</i>	<i>Tax costs (MSEK)</i>	<i>Tax costs' share of production costs</i>
03	Mining of metal ores and other mining and quarrying (07-08)	704	3.6 %
01	Forestry and logging (02)	798	1.6 %
06	Wood and products of wood and cork (16)	696	1.1 %
09	Other non- metallic mineral products (23)	335	1.1 %
04	Food industry (10-12)	983	0.9 %
01	Crop and animal production (01)	358	0.6 %
06	Pulp, paper and paper products (17)	331	0.4 %
07	Coke and refined petroleum products (19)	244	0.3 %
08	Chemicals, chemical products, pharmaceuticals, plastics, rubber (20-22)	333	0.3 %
10	Basic metals and metal products except machinery (24-25)	308	0.2 %
11	Other machinery and equipment (28)	194	0.2 %
12	Manufacture of motor vehicles and trailers (29)	173	0.1 %

Source: Our own calculations

Transport Analysis are also to analyse the ways in which taxes and fees impact different parts of Sweden. To obtain an idea of this, a transport index calculated for the 21 various counties has been created. These index are to be viewed as approximations. Low goods values per tonne combined with high volumes of goods within a county result in a high transport intensity and a high transport index. Västra Götaland County (a Swedish west coast region, including Gothenburg) has the highest volume of transported goods, although the high value of those goods reduces the county's transport intensity. Conversely, Norrbotten (the most Northern part of Sweden) has high transport flows of relatively low-value goods, which increases the transport intensity. Norrbotten, with the highest transport index, can be said to be affected more than other counties by taxes and fees in the transport sector. The regional analysis will be more in-depth in the final report, were several other aspects also will be analysed.

Looking at how the Swedish trade and industry is affected, it can be concluded that competitiveness is a problematic concept and means different things to different stakeholders. From an international perspective it has to do with comparative advantages between countries. These comparative advantages depend on numerous factors and transport-related taxes, fees and subsidies can have impact. However, they are at a low level in Sweden with respect to railways in terms of both rail track charges and other fees. The same comes to maritime transport, which pays traffic-related fees while at the same time receiving a state subsidy. Lorry traffic, on the other hand, pay in total very heavy taxes and fees, particularly in rural areas. The exception is transports with lorries that is eligible to receive the regional transport grant.

With regard to the future level of greenhouse gas emissions from domestic transport, this will be reduced by 2030 for several reasons, namely the EU's carbon dioxide requirement for new cars and pick-ups, continued reductions in the number of petrol-powered cars and increased use of biofuels. The use of electricity is increasing while demand for fossil fuels is falling. The anticipated reduction in emissions depends on the effects of policies already adopted continuing to be felt after 2020. However, the forecast reduction in emissions is not sufficient to reach the Swedish climate goal; emissions (from domestic transport excluding aviation) are expected to decrease only by ca. 35% from 2010 to 2030, which is half of what is needed to reach our goal of 70%.



Trafikanalys är en kunskapsmyndighet för transportpolitiken. Vi analyserar och utvärderar föreslagna och genomförda åtgärder inom transportpolitiken. Vi ansvarar även för officiell statistik inom områdena transporter och kommunikationer. Trafikanalys bildades den 1 april 2010 och har huvudkontor i Stockholm samt kontor i Östersund.