

# Federal Council for Sustainable Development

## (FRDO-CFDD)

### Opinion on tax reductions for energy-saving investment in homes

- Requested by the Minister of Energy and Climate, Mr Magnette, in a letter of 28 October 2008
  - Prepared by the working group on *energy and climate*
  - Approved by the general assembly on 25 September 2009
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- [1] Minister Magnette has asked the FCSD to organise structural consultation on energy incentives<sup>1</sup>. This opinion is the first response to this request. In the coming months, the FCSD will give closer consideration to these energy-related incentives and formulate its recommendations in an opinion to be delivered at the beginning of 2010.
- [2] In earlier opinions<sup>2</sup>, the FCSD emphasised that priority should be given to a policy of controlling energy demand in order to reduce our greenhouse gas emissions and strengthen our economy in the face of increasing energy costs.
- [3] In the current context of budget discussions, it has been the wish of the FCSD to deliver an opinion on tax reductions for energy-saving investment in homes, which are among the main federal instruments to keep energy demand under control. Taking account of the efforts required for this purpose, the FCSD takes the view that, notwithstanding the difficult budgetary context, it is not appropriate to reduce the amounts earmarked for this policy.
- [4] The FCSD recommends that the following principles be applied to the terms and conditions for granting tax reductions for energy-saving investment:
- Before any application for a tax reduction can be submitted, an energy audit ought to be made of the home in question, for which purpose mechanisms should be introduced to make this audit accessible to all household categories;
  - Under this audit, investments conducive to improving the building's energy performance should be prioritised by listing them in order of efficiency (ratio between the energy saved and/or CO<sub>2</sub> emission prevented, on the one hand, and the investment costs, disregarding premiums and reductions, on the other hand);
  - Tax reductions should as a matter of priority be granted to investment with the highest efficiency.

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<sup>1</sup> In a letter to the FCSD of 28 October 2008 headed: "Structural consultation on energy-related incentives".

<sup>2</sup> See, in particular, the FCSD's framework opinion on obstacles to introducing cost-effective measures to reduce greenhouse gas emissions ("no regret" measures) of 20 May 2003 or the third opinion on a strategy to prevent climate change after 2012 (Belgian component of the European framework) of 25 November 2005 (2005a08).

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[5] Without wishing to go into the details of the specific terms and conditions of this adaptation, the FCSO formulates the following three recommendations:

- a solution should be found for households that do not pay tax and can therefore not benefit from these measures in respect of their principal place of residence. In this regard, it might be appropriate to extend the tax credit system provided for in the economic recovery plan or to make the conditions more flexible so as to be able to have recourse to the third-party investor system;
- the measures should be maintained to actively support tenants to enable them to make energy-saving investments;
- a transitional period between the old and new conditions ought to be established in order to make it possible for households to adapt their investment decisions, in which case the possible reductions for work carried out before the adaptation would be retained in accordance with the conditions previously in force. Such a transitional period should also be used to lay down the scope and contents of the audits.