FIGURE
05

TAX INCENTIVES FOR BIOFUELS IN TRANSPORT
IN THE EU-27 IN 2026

Source: ePURE, National Fuel Industry Associations, Finnish Ministry of Finance, rench Ministry for Ecological Transition

No tax incentive:

Biofuels do not benefit from any tax advantages compared to fossil fuels.

Taxation based on the energy/CO_2 content:

Biofuels are taxed according to their energy content (calorific value) and their average CO_2 emissions.

No excise duty/exempted from certain taxes (components):

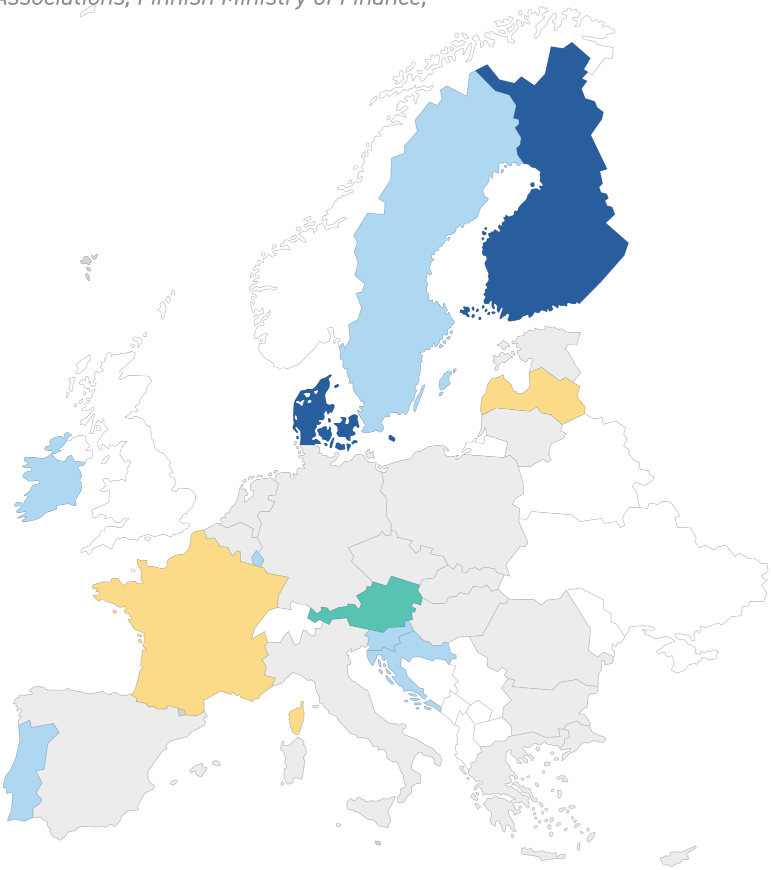
Biofuels are not subject to excise duties or are exempt from certain taxes. E.g. Exemption from carbon tax.

Lower tax for high biofuels blends:

Lower taxation rates are applied to biofuel blends with a percentage of fossil fuel content below 70%.

Lower tax for high and low biofuels blends

Lower taxation rates are applied for petrol with a biofuel blend of at least 4.6%.



In the EU, all liquid fuels for a certain purpose or a specific sector are currently taxed at a similar level, regardless of carbon intensity. However, some EU Member States implemented specific taxation incentives to encourage the use of biofuels in the transport sector. The current revision of the Energy Taxation Directive (ETD) included in the Fit for 55 package proposes a taxation based on the climate impact of fuels and energy.

Note: In Portugal, Decree-Law No. 126-C/2025 provides that, as of 1 January 2026, the ISP tax exemption is withdrawn for advanced biofuels produced from palm-oil residues; exemptions for advanced biofuels produced from other feedstocks continue to apply.