

Limits to regional environmental taxes

Spanish experience and proposals

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Introduction

- Spanish Regions have broad taxation power
- Examples
 - Competences on several central taxes
 - Can be levied on taxable events not taxed by central gov't
 - Main prohibition → double taxation

But what about environmental protection?



There are different regional environmental taxes...

- Some don't fulfil their environmental aim
- Some are correctly design but each region has done something different
- PLUS there are limits imposed by the EU law



Important questions to answer

- Are you sure all the national measures that mean a restriction of EU freedoms are prohibited?
 - Environment could justify certain restrictions to fundamental freedoms
- Could some regional environmental taxes be considered as state aids?
- What about the hydrocarbon tax and the competence that spanish regions have to introduce regional rates in it?



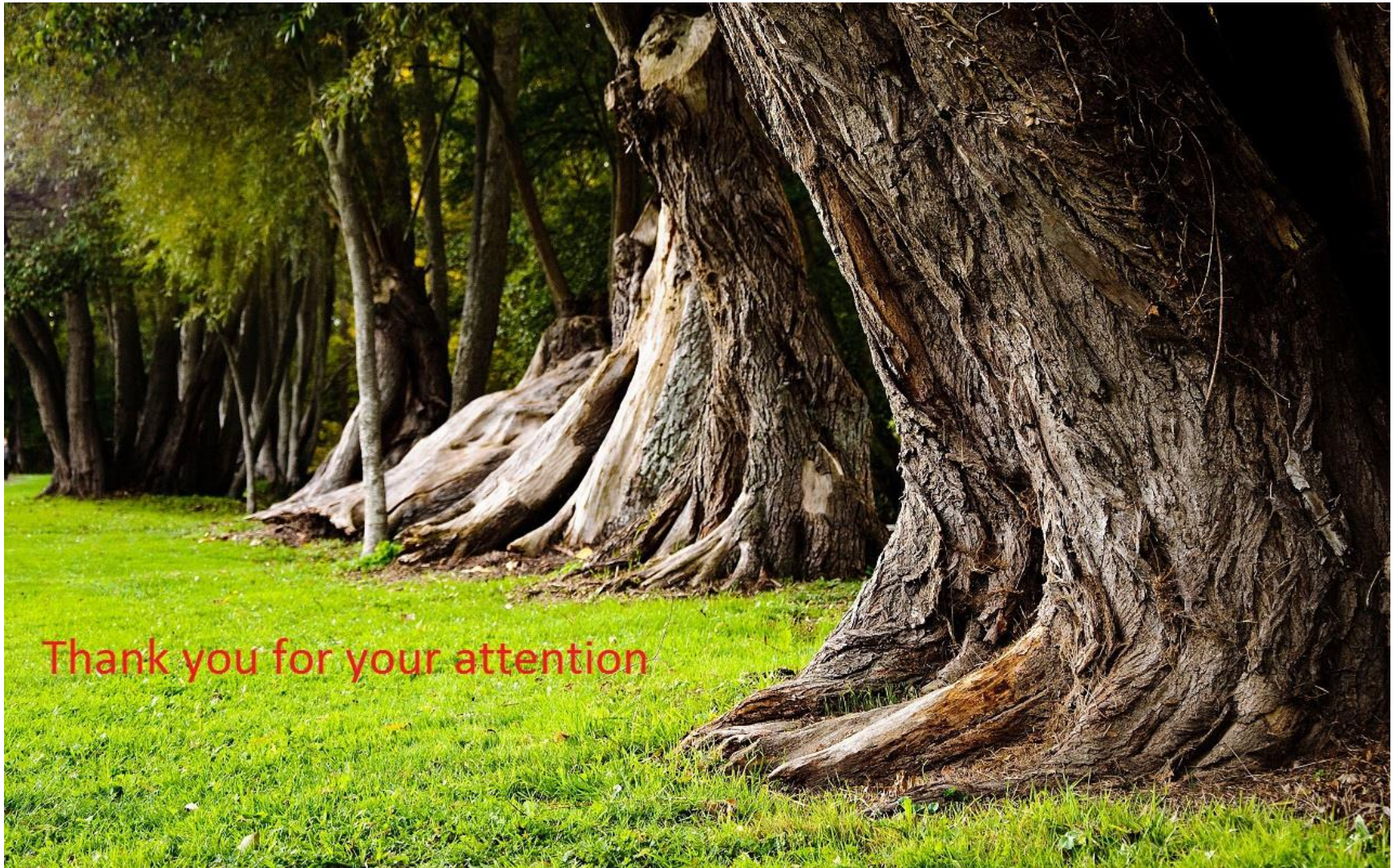
Based on the reasons given, we propose a reform of Constitutional Law on Regional Finances

- Hydrocarbon tax
 - Split its tax base
- Registration and Circulation Taxes
 - Introduce a new environmental tax on the use of motor vehicles
- Taxes on polluting facilities
 - Eliminate or change



Which legal tools can be used?

- There are two options
 - Absorb regional taxes providing financial compensation
 - Discuss and approve a new model code of regional environmental taxes



Thank you for your attention