

Potential for Environmental Fiscal Reform in 12 Member States – Key Issues

Global Conference on Environmental Taxation, Copenhagen

25th September 2014

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Overview

- 1. Background to Study**
- 2. Brief Results**
- 3. Issues Arising from the Study**

Background

- 1. Fiscal Crisis in Many Countries**
- 2. European Semester Process**
- 3. Options for Fiscal Reform**
- 4. Country Specific Recommendations from 2013**

Background

- 1. 12 MS-cases: AT, BE, HR, CZ, EE, FR, HU, LT, PL, RO, SK, (IT = update)**
- 2. Builds on EEA work (ES, IE, IT, PT)**
- 3. With Aarhus University and peer reviewers in each Member State**
- 4. Funded by DG Environment**
- 5. Follow-up Study Now in Progress**
 - 1. 14 Member States**
 - 2. Eunomia, Aarhus University, IEEP and peer reviewers**

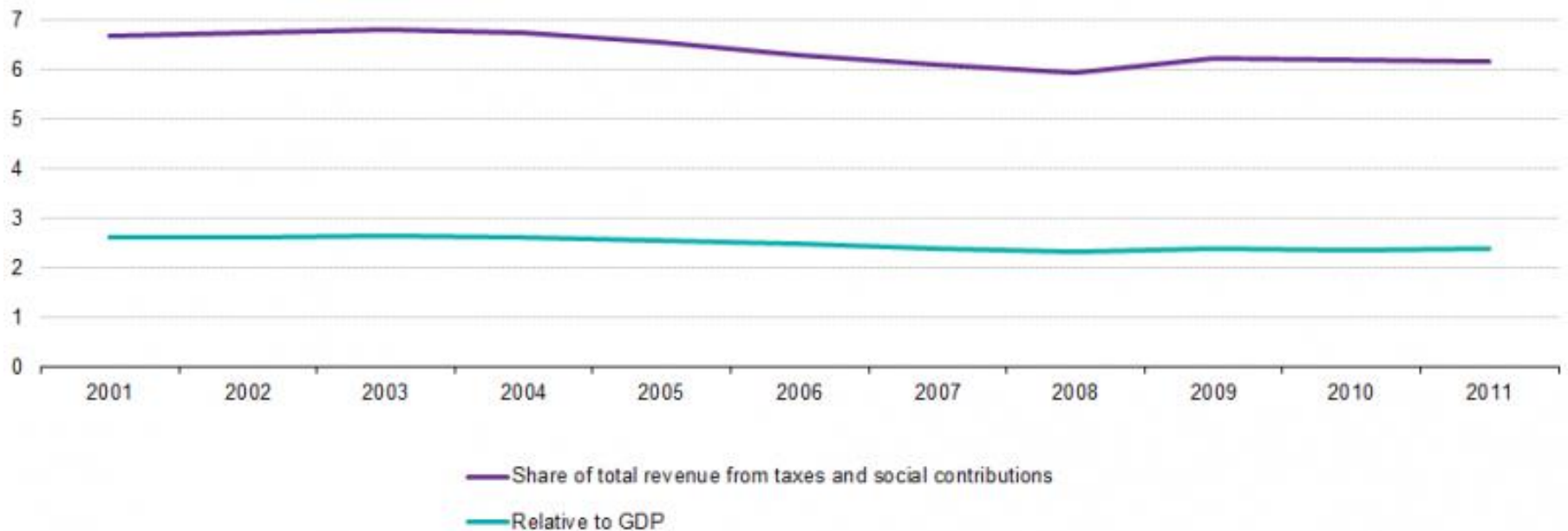
Background

Trends

EU-15/EU-27	1995	2000	2008	2012
Energy taxes	5.33	5.10	4.38	4.55
Transport taxes	1.36	1.33	1.31	1.21
Pollution/resource taxes	0.18	0.20	0.21	0.25
Environmental taxes	6.87	6.63	5.89	6.05

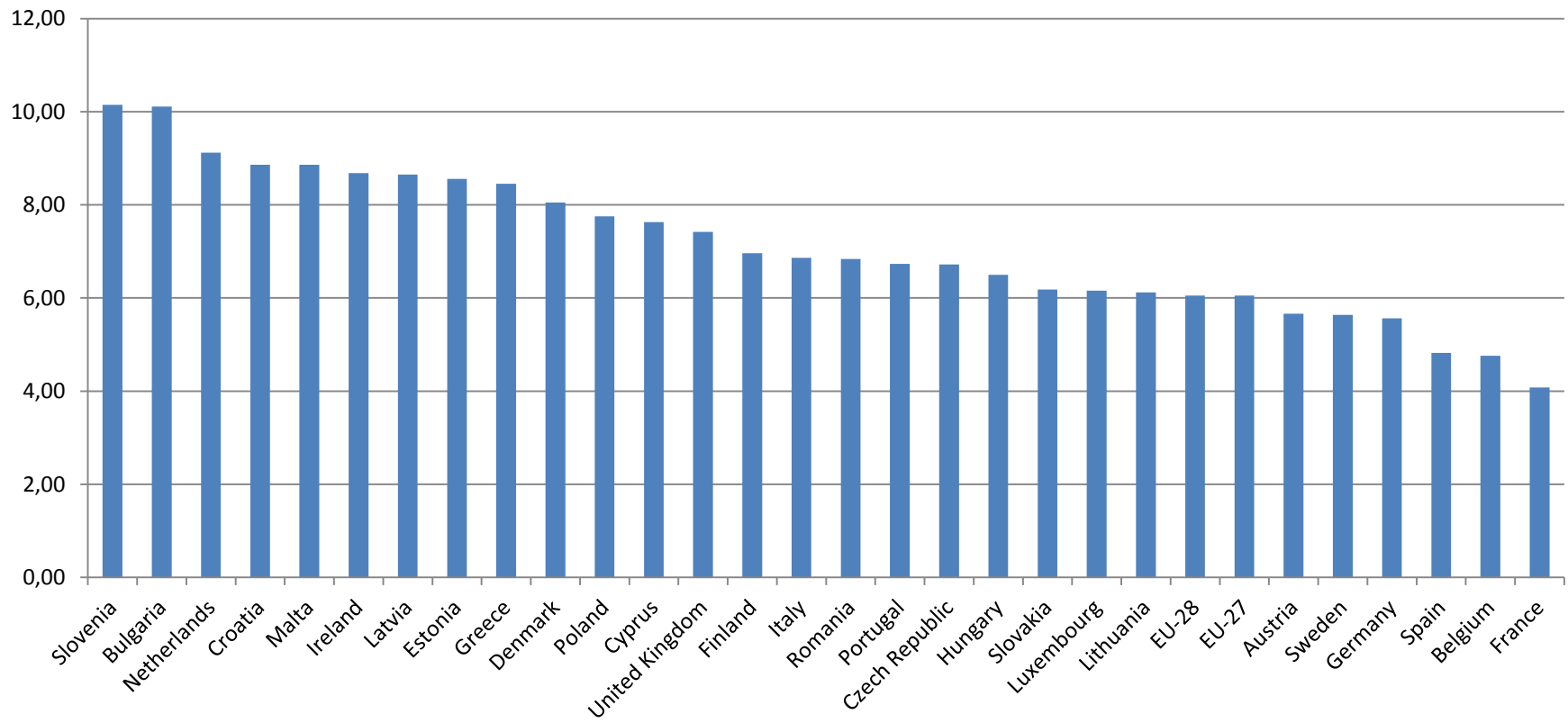
Background

Trends, Share of Total Revenue and Share of GDP



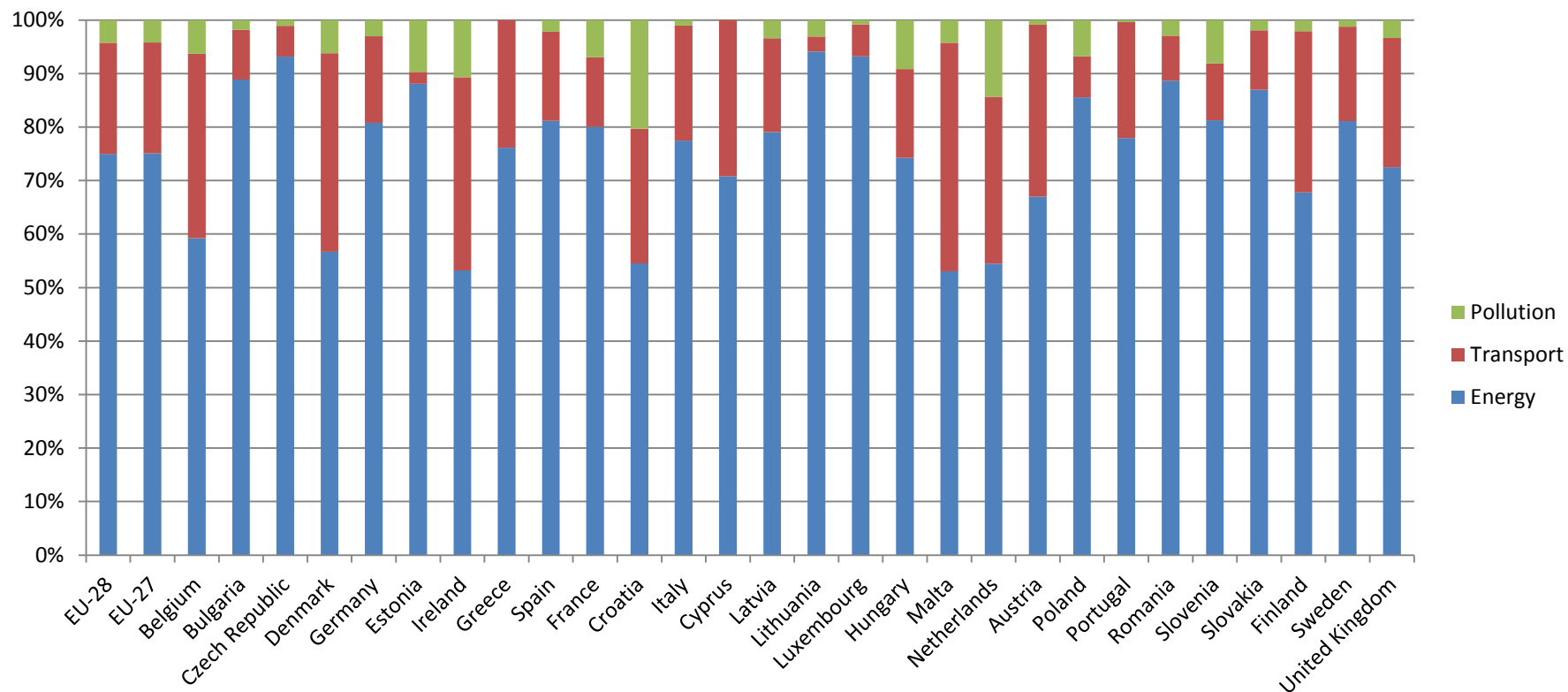
Background

Share of environmental taxes in total taxes in 2012 (as total taxes and SSCs)



Background

Contributions to total environmental taxes in 2012

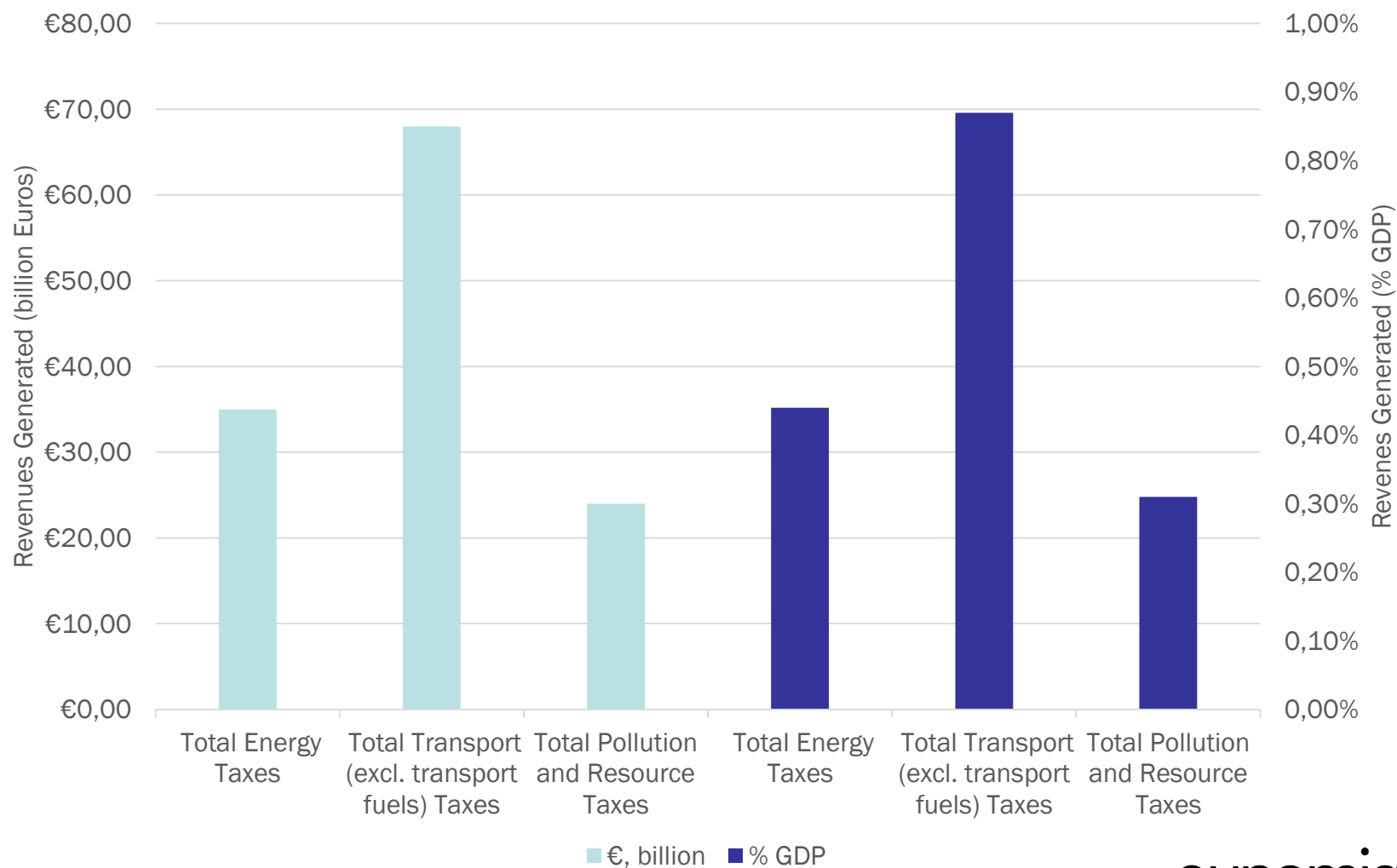


Brief Results

- 1. 12 Member States**
- 2. Based on Potential Revenue Generation**
- 3. Proposed ETD from Commission (2011)**
- 4. Proposal on Passenger Car related taxes (2005)**
- 5. Otherwise, 'best practice' (revenue-wise)**
 - 1. Rate sometimes adjusted in line with PPP**

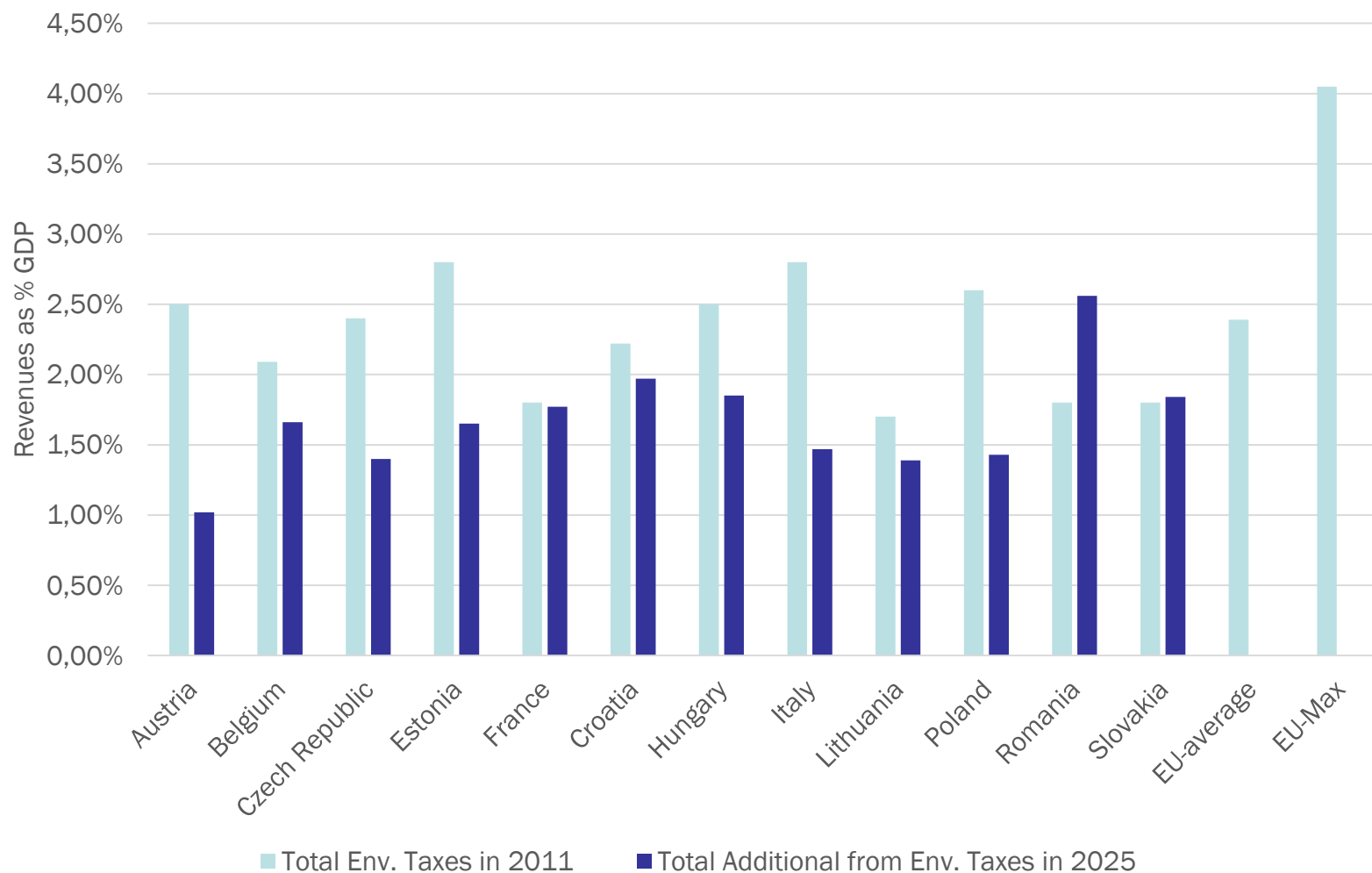
Brief Results

Additional Revenues, Summary by Type, 2025 (12 MS)



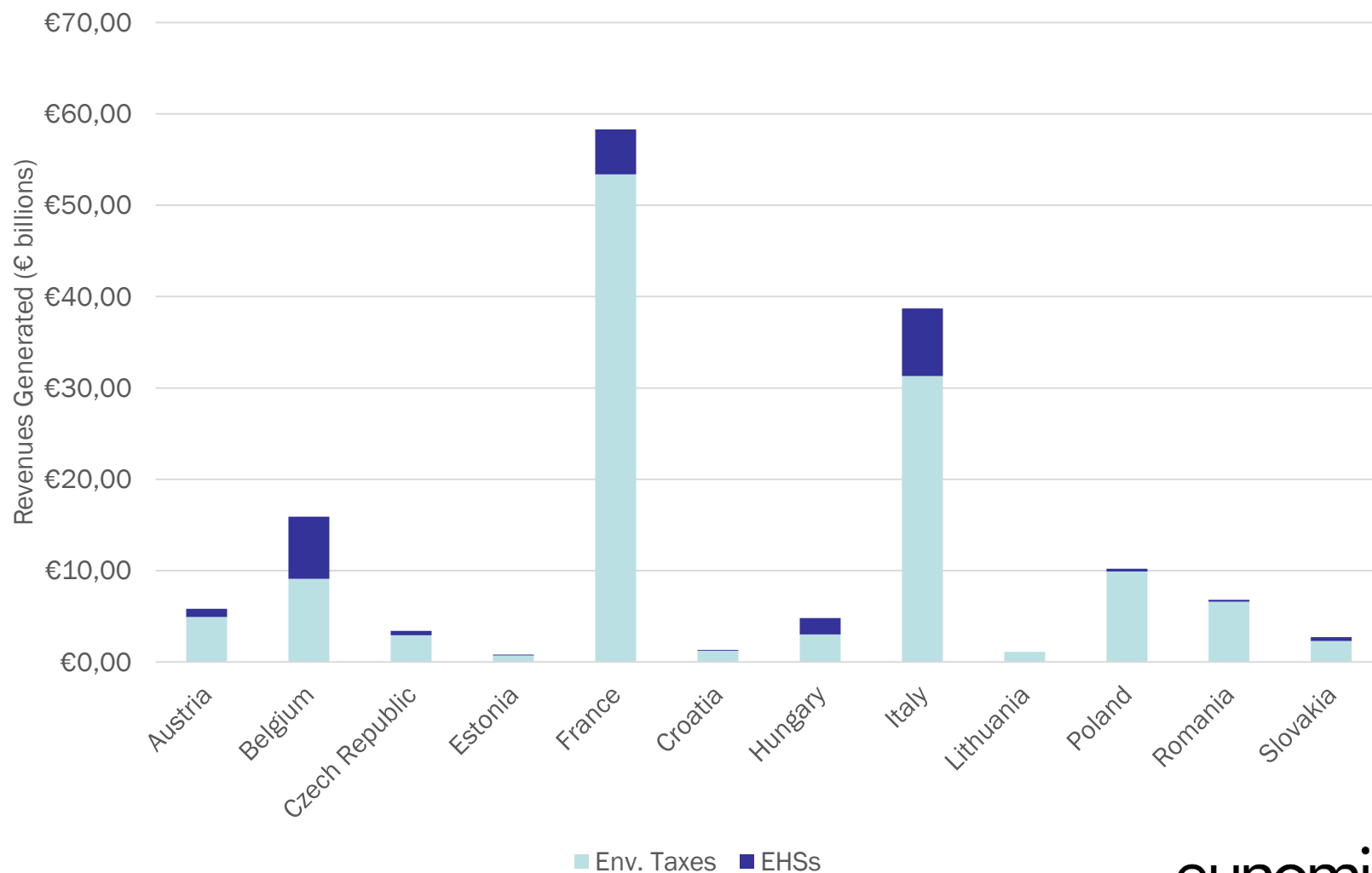
Brief Results

Additional Revenues, By Member State, 2025 (and 2011 levels)



Brief Results

Tax Revenues Compared with EHSs



Issues

- **When is a tax a charge (and vice versa)?**
 - Especially an issue with water abstraction and discharge
 - Environmental elements, but basically a means to recover cost
 - Also an issue with waste (though usually easier to deal with)
- **How should vehicles be taxed?**
 - Registration v circulation?
 - Environmental bases
 - CO₂ or air pollutants? Or neither?
 - How close to zero? (low emissions vehicles)
 - Effectiveness of vehicle taxation?

Issues

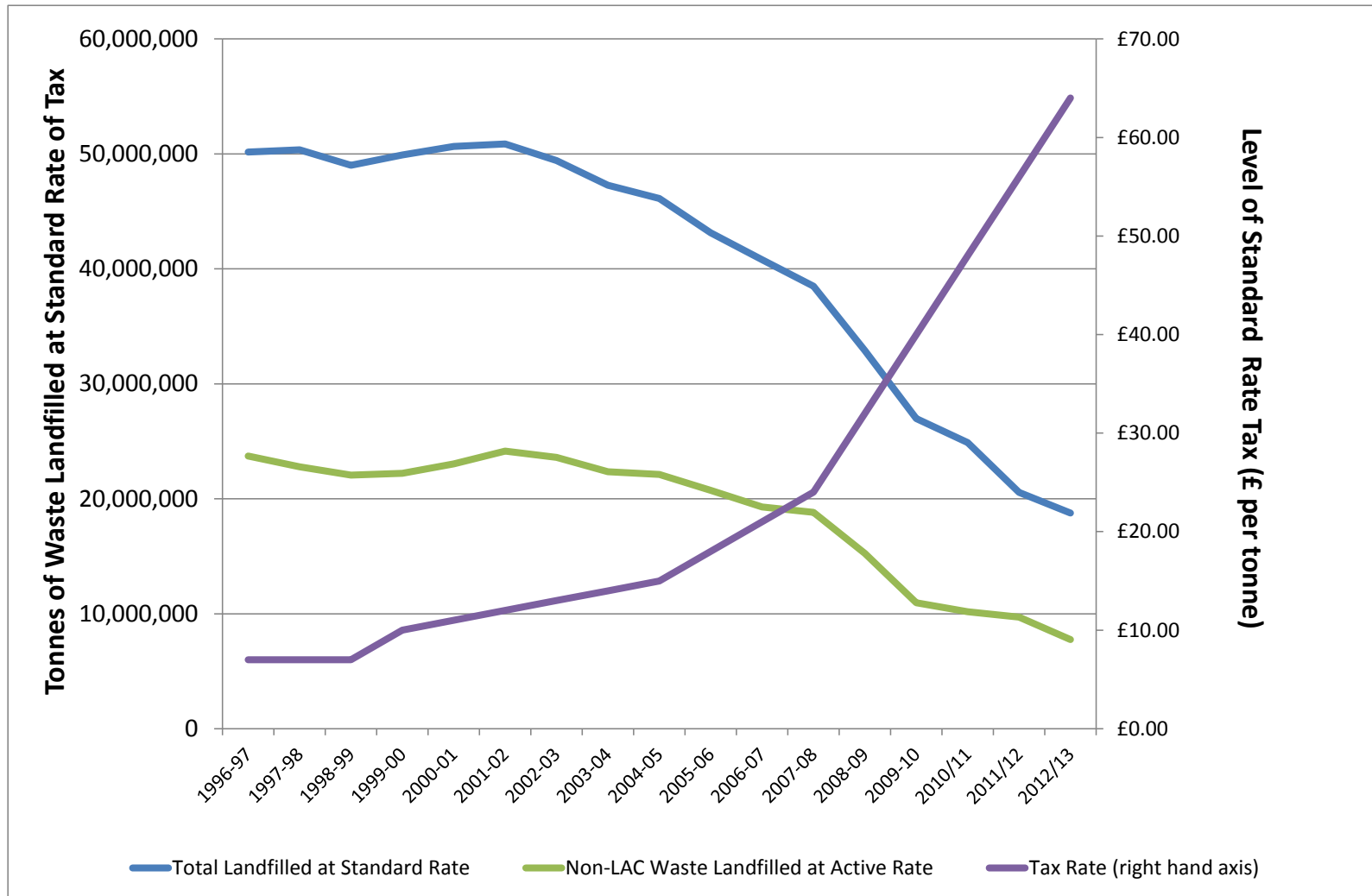
➤ **Why are air pollution taxes so low?**

- Relatively well understood damages
- Most taxes well below externalities
- Many countries without any tax
- Urban air quality is often poor
- Links to transport (see above)

➤ **Resource taxes**

- Still mainly the non-traded ones
- What prospect for the circular economy?

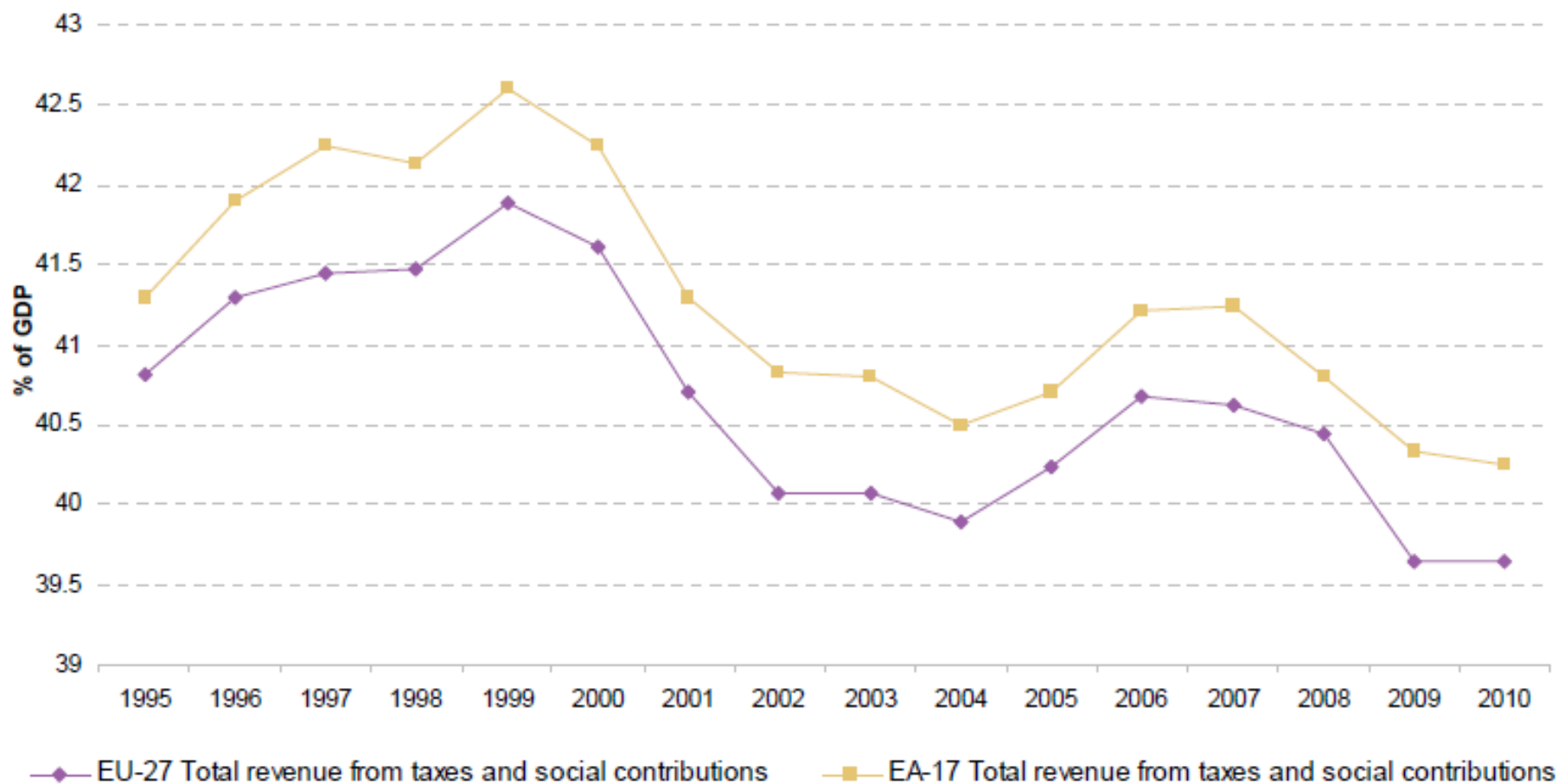
Issues (UK Landfill Tax)



Issues

- **What scope for major tax shifts?**
 - EU tax and SSCs – 40% GDP
 - EU env tax take – 2.3% GDP
 - Upper end tax take – 4% GDP
 - Range in EU – 4-10% of total taxes and SSCs

Issues





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