

Environmentally related taxes and fees

2015

Environmentally related taxes represented 7.0% of total revenue from taxes and social contributions, in 2015

In 2015, the value of environmentally related taxes amounted to 4.35 billion euro, representing 7.0% of total revenue from taxes and social contributions (6.6% in 2014). That value corresponds to an increase of 10.7% compared to 2014, higher than the increase observed for total revenue from taxes and social contributions (+4.4%).

According to information available for 2014, in Portugal, the share of environmentally related taxes in total revenue from taxes and social contributions was slightly higher (6.6%) than EU28 average (6.4%)

Statistics Portugal publishes data for environmentally related taxes and fees for the year of 2015. This information, consistent with the Portuguese National Accounts (Base 2011), is transmitted annually to Eurostat under the Regulation (EU) No 691/2011 of the European Parliament and of the Council, of 6 July 2011, on European environmental economic accounts.

This year's exercise includes a methodological change due to a recommendation from Eurostat to guarantee harmonization and comparability between EU countries. This change implied the inclusion of the fee for the obligatory establishment and maintenance of reserves of petroleum products as an environmentally related tax.

International comparability is presented at the European level for 2014, the latest year for which this information is available.

This press release is organized into two distinct parts: environmentally related taxes and environmentally related fees.

Environmentally related taxes

"Environmentally related tax" means a tax whose tax base is a physical unit (or a proxy of a physical unit) of something that has a proven, specific negative impact on the environment, and which is identified in ESA 2010 as a tax.

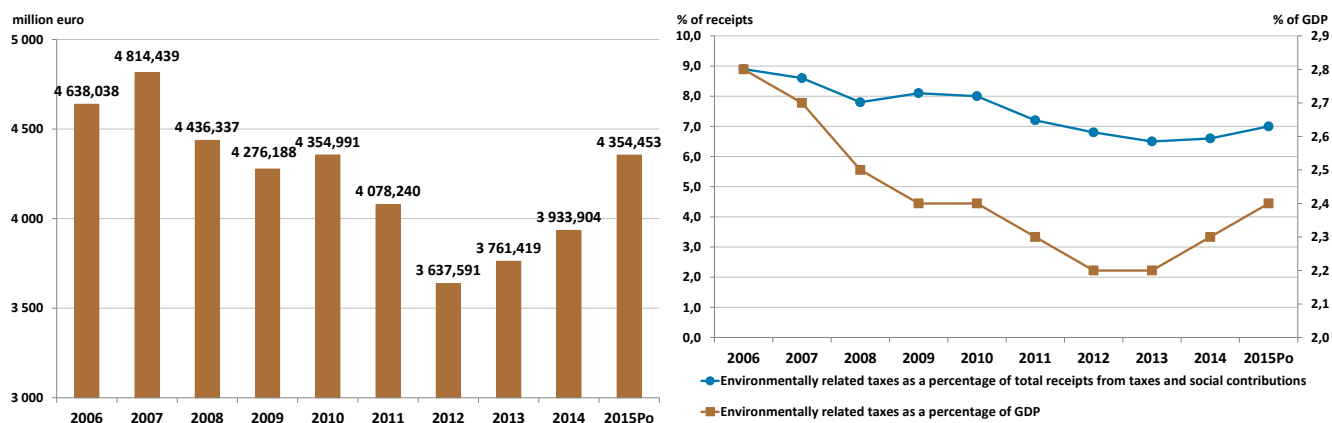
In 2015, the value of these taxes was 4.35 billion euro, registering an increase of 10.7% comparing to 2014. For the third consecutive year, revenues from this type of tax increased, reaching a level similar to 2010.

The increase of 10.7% was higher than the increase of total revenue from taxes and social contributions (change of +4.4%), resulting in a gain of the relative importance of environmentally related taxes in the Portuguese tax structure. In fact, in 2015, two environmentally related taxes, the tax on oil and energetic products and the tax on motor vehicle sales registered a growth of revenues of 10.4% and 22.8%, respectively.

It should also be mentioned that, in 2015, a new environmentally related tax emerged, the excise duties on lightweight plastic bags, which had total revenues of around one million euros.

Regarding the indicator "Environmentally related taxes as a percentage of GDP", its value stood at 2.4%, in 2015.

Figure 1 - Total environmentally related taxes

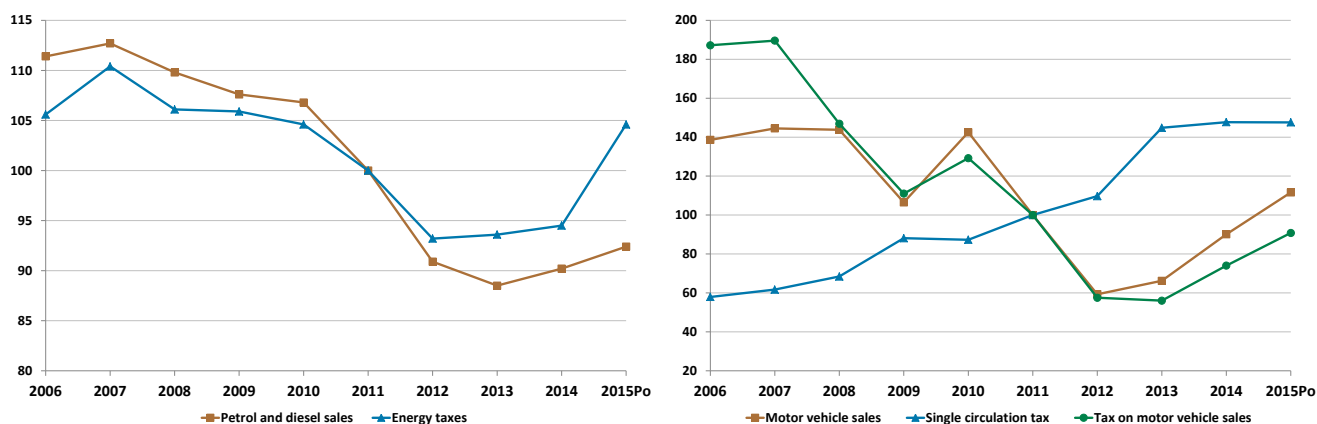


Since environmentally related taxes are essentially comprised by three taxes - tax on oil and energetic products, tax on motor vehicle sales and single circulation tax, it is relevant to analyse the behaviour of those taxes, given the respective tax base.

Thus, it appears that the evolution of energy taxes is, in general, similar to petrol and diesel sales, in volume terms. The different behaviour of 2015 is explained by the significant increase of the revenues from the carbon trading rights, which are considered in this category.

Regarding transport taxes, motor vehicle sales and tax on motor vehicle sales show a similar behaviour. On the opposite side, the single circulation tax, which focuses on the existing stock of vehicles, presents a growth for the total series. This behaviour is mainly explained by the car taxation reform, which entered into force in 2007, and introduced a worsening of taxation over the vehicle's lifetime.

Figure 2 – Evolution of fuel and motor vehicles sales and their respective taxes



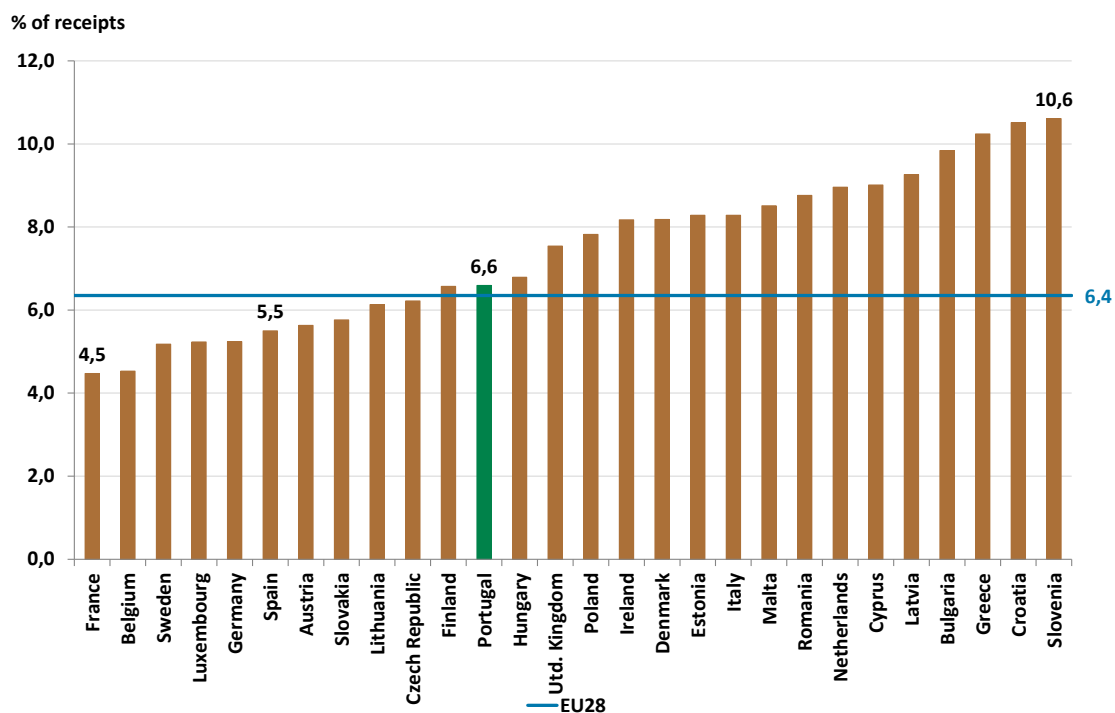
Source of data on petrol and diesel sales: Directorate-General of Energy and Geology

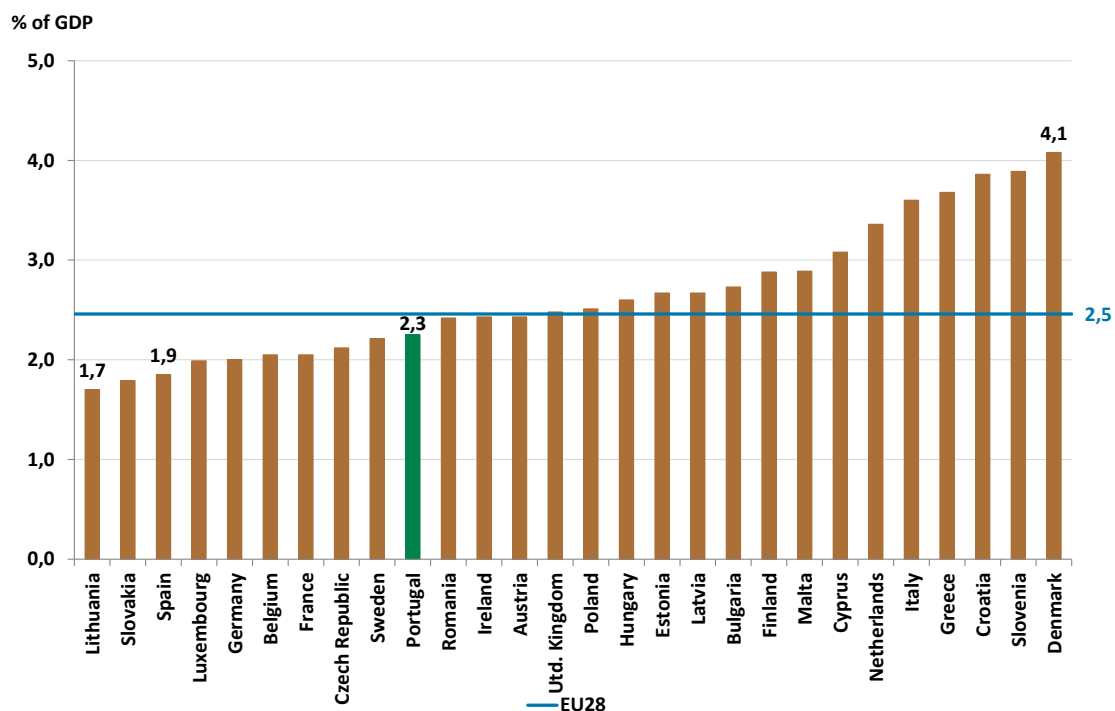
Source of data on motor vehicle sales: ACAP – Portuguese Vehicle Sales Association

Comparing with other European Union countries, in 2014, “Environmentally related taxes as a percentage of total revenue from taxes and social contributions”, in Portugal, registered a value of 6.6%, which is slightly higher than the EU28 average of 6.4%.

Regarding “Environmentally related taxes as a percentage of GDP”, Portugal registered a value of 2.3%, which was lower than the EU28 average (2.5%).

Figure 3 - Environmentally related taxes as a percentage of total receipts from taxes and social contributions and as a percentage of GDP, in European Union countries, in 2014





Environmentally related fees

In 2014, the last year for which this information is available, environmentally related fees amounted to 717.5 million euro (0.4% of GDP) an increase of 0.9%, compared to 2013, mainly explained by higher revenues from fees for solid waste collection, treatment and disposal, carried out by Municipalities.

Fees for solid waste collection, treatment and disposal and for wastewater collection, treatment and management accounted for 80% of total revenue collected from environmentally related fees, in that year.

Regarding integrated waste management systems based on an ECOVALUE rate, the revenues increased. The last time this kind of revenues increased was in 2010.

Table 1 - Environmentally related fees, between 2006 and 2014

unit: million euro									
FEE DESCRIPTION	2006	2007	2008	2009	2010	2011	2012	2013	2014
Pollution fees	562,826	633,701	665,677	683,538	636,108	686,024	647,176	683,301	694,333
Fees for solid waste collection, treatment and disposal	350,256	359,516	408,177	422,814	339,919	404,715	384,864	428,444	433,726
Fees for wastewater collection, treatment and management	130,145	161,302	141,700	146,515	148,214	133,336	140,420	137,230	140,327
Fee for the recycling and disposal of packages (glass, cardboard, plastic, metal and wood)	50,376	65,834	64,251	59,630	87,185	89,090	72,472	69,003	71,466
Fee for the recycling and disposal of pharmaceutical and plant protection products	1,825	1,857	1,935	1,852	2,035	2,165	2,054	1,984	2,043
Fee for the recycling and disposal of used lubricating oils	5,588	5,679	5,632	4,996	5,156	4,666	3,878	3,997	4,202
Fee for the recycling and disposal of tyres	8,673	9,123	10,540	9,965	10,369	9,081	8,235	9,994	11,266
Fee for the recycling and disposal of old motor vehicles	0,250	0,246	0,245	0,248	0,274	0,579	0,416	0,417	0,436
Fee for the recycling and disposal of electrical and electronic equipments	10,930	22,458	22,517	21,126	22,555	17,966	11,521	10,285	9,378
Fee for the recycling and disposal of batteries and accumulators	2,464	2,459	1,413	1,591	2,020	1,682	1,569	1,579	1,548
Waste management fee	//	3,055	6,593	11,941	15,732	18,131	17,301	15,889	15,966
Fee for collection of corpses of dead animals on the farm	2,319	2,172	2,674	2,860	2,649	4,613	4,446	4,479	3,975
Resource fees	0,093	//	//	8,060	22,783	15,215	32,525	27,690	23,177
Fee for the use of water resources	//	//	//	8,060	22,783	15,215	32,525	27,690	23,177
Fee for boiling springs management	0,093	//	//	//	//	//	//	//	//
Total environmental related fees	562,919	633,701	665,677	691,598	658,891	701,239	679,701	710,991	717,510

Methodological notes

Taxes consist of compulsory, unrequited payments, which are levied by general government. The term “unrequited” means in this context that government provides nothing directly in return to the individual unit making the payment, although they might use the funds to provide goods and services to other units or to the community as a whole.

Environmentally related taxes

Environmentally related tax statistics record data on revenues raised by governments from taxation on products and services with a negative impact on the environment. Thus, all taxes levied on these tax bases are environmentally related taxes (this definition is in agreement with Eurostat’s publication – Environmental taxes – A statistical guide, from 2013).

The value added tax (VAT) is excluded from the definition of environmentally related tax. This is mainly because VAT is a neutral tax (with few exceptions) since it is deductible for industries but not for households. Therefore, it does not influence relative prices in the same way as an environmentally related tax does.

Alcohol, tobacco and similar consumption taxes should also not be included in environmental tax statistics, since they are not considered to be specifically negative for the environment.

The source of information is table 9 of the national accounts (ESA 2010) transmission programme – Regulation (EC) n. 5492/2013 of the European Parliament and of the Council, of 21 May 2013, which details tax and social contribution receipts by type of tax and social contribution and receiving sub-sector.

According to ESA 2010, there are three main categories of taxes:

- Taxes on production and imports (D.2);
- Current taxes on income, wealth, etc. (D.5);
- Capital taxes (D.91).

For analytical purposes, the environmentally related taxes can be classified into four main categories:

- Energy taxes – this group includes taxes on energy products (petrol, diesel, fuel oil, natural gas, coal and electricity), as well the proceeds from emission permits recorded as taxes in the national accounts.
- Transport taxes – this group mainly includes taxes related to the ownership and use of motor vehicles. Taxes on other transport equipment – planes or ships – are also included here, when they conform to the general definition of environmentally related taxes. The transport taxes may be a single tax related to imports or sales of the equipment or recurrent taxes such as an annual road tax.
- Pollution taxes – this group includes taxes on measured or estimated emissions to air and water, management of solid waste and noise.
- Resource taxes – this group includes taxes linked to the extraction or to the use of natural resources, such as oil and gas, water, forests, wild flora and fauna, etc., as these activities deplete natural resources.

Environmentally related fees

The difference between a tax and a fee is on the way General Government uses the receipts. If the amounts collected are used to issue licences to organise some proper regulatory function (such as checking the competence or qualifications of the entity concerned or the promotion of management systems in areas that have a tendency to generate negative externalities), these payments should be treated as purchases of services from government (P.11, in ESA 2010) rather than payment of taxes, unless the payments are clearly out of all proportion to the cost of providing the services. Some examples are garbage disposal fees or wastewater collection, treatment and management fees.

Regarding the several integrated waste management systems operating in the country, despite being managed by entities that do not belong to General Government, they are licensed by the Portuguese Environmental Agency, where they are given a mandate to assume a role that should be the responsibility of the State, so the revenues collected for the management of each system are considered to be an environmentally related fee.