

ENVIRONMENTAL TAXES

Introduction

Among the instruments of environmental policy, environmental taxes are considered to be environmentally effective, and economically efficient. The OECD has supported the consistent use of these instruments and has carried out an analysis of their implementation.

The Sixth community action Programme on the Environment, approved in 2002, recommends the use of economic instruments (energy taxes, taxes on resources and intensive products and processes in waste) in order to mitigate climate change and promote sustainable use of resources.

In this way, the fostering of the application of fiscal measures is considered a priority, including a suitable and adequate community framework for energy taxes, in order to enable the shift to move efficient energy use, and cleaner energy and transport systems.

In 1999, the INE carried out the first projects in this field, the 1980-1997 estimates of Environmental taxes in Spain, published in the internal series Work documents.

The European strategy on Environmental Accounts, approved in 2003, incorporates Environmental Taxes as a priority area for implementation, and will continue to be regarded as such in their 2008 review. The Statistical Office of the European Communities (EUROSTAT) requested during 2006 information from member countries, on the basis of a questionnaire designed to be integrated with a NAMEA-type framework.

The estimate of the breakdown of environmental taxes, in the 1995-2007 period, by branches of activity and household sector, and which also included an unclassified taxes entry¹, follows the schema proposed by EUROSTAT, and constitutes the work presented in this publication.

International framework

In the framework of harmonised statistics, carried out jointly in 1997 *by Eurostat, the European Commission, the Organisation for Economic Co-operation and Economic Development (OECD) and the International Energy Agency (IEA), environmental taxes are defined, such as those whose taxable base consists of a physical unit (or similar) of material with a negative, checked and specific impact on the environment.*

All energy and transport taxes are included, and added value taxes are excluded.

The general tax definition used in this statistical framework coincides with national accounts: taxes are mandatory payments collected by Public Authorities, and profit proportional to this tax is not directly linked to its payment.

The main categories of taxable bases of environmental relevance are as follows:

Air emissions

- Measured or estimated NO_x Emissions
- SO₂ content from fossil fuels
- Other emissions to air

Ozone depleting substances

¹ Unclassified* - amount not distributed by branches of economic activity and household sector. In the near future, studies will be carried out into available statistical sources, making it possible to complete allocation.

Effluents to water

- Measured or estimated effluents from oxydizeable matters (BOD, COD)
- Other effluents to water
- Effluent collection and treatment, fixed annual taxes

Non-point sources of water pollution

- Pesticides (Based on chemical content, price or volume)
- Artificial fertilisers (Based on phosphorus or nitrogen content or no price)
- Manure

Waste management

- Waste management in general (collection or treatment taxes)
- Waste management, individual products (packaging, beverage containers)

Noise (aircraft take-off and landings)**Energy products**

- Energy products used for transport
 - Unleaded petrol
 - Leaded petrol
 - Diesel
 - Other energy products for transport (LGP or natural gas)
- Energy products used for stationary purposes
 - Light fuel oil
 - Heavy fuel oil
 - Natural gas
 - Coal
 - Coke
 - Biofuels
 - Other fuels for stationary use
 - Electricity consumption
 - Electricity production
 - District heat consumption
 - District heat production

Transport

- Motor vehicles, one-off import or sales taxes
- Registration or use of motor vehicles, recurrent taxes

Resources

- Water abstraction
- Extraction of raw materials (except oil and gas)
- Other resources (forests)

Environmental taxes in the Spanish taxation system

Within the Spanish taxation system, in accordance with the definition adopted, the following are considered to be Environmental Taxes:

Tax on Hydrocarbons

Regulated by Law 38/1992 of Special Taxes, which adapts the Tax on Hydrocarbons (Law 45/1985, of 23 December of Special Taxes) to the harmonising community directives.

Included in the scope objective of the tax are those products meant to be used as fuels, additives for fuels or to increase the final volume of certain fuels.

This special manufacture tax is required throughout Spain, except Canarias, Ceuta and Melilla.

Tax on Electricity

Incorporated in the special manufacture taxes by Law 66/1997, of 30 December, of Fiscal, Administrative and Social Measures, which introduces a new Chapter IX in Title I dedicated to this tax, in Law 38/1992 of Special Taxes.

The scope objective of the Tax is made up of electrical energy.

Tax on Retail Sales of Certain Hydrocarbons (TRSCH)

Introduced by Law 24/2001, of 27 December of Fiscal, Administrative and Social Measures.

The hydrocarbons that are included in the scope objective of this Tax are gasolines, diesel fuel, fuel oil and kerosene, the remaining liquid hydrocarbons that are used as heating fuel, and the remaining products that, with the exception of natural gas, methane, liquid petroleum gas and other equivalent gaseous products, are meant to be used as fuel, as additives for fuel, or to increase the final volume of a fuel.

The scope territory of application is made up of the whole of Spain, with the exception of Canarias, Ceuta and Melilla.

Special Tax of the Autonomous Community of Canarias on fuels derived from petroleum

Regulated by Law 5/1986, of 28 July, encumbering gasolines, diesel fuels, fuel oil, and liquid petroleum gases.

The tax is required throughout the Autonomous Community of Canarias.

Special Tax on Certain Modes of Transport (TMT)

Introduced by Law 38/1992, of 28 December, within the group of special taxes.

The taxable item of the tax is basically constituted of the first registration in Spain of modes of transport.

Tax on Mechanically-Drawn Vehicles (TMDV)

Legislative Royal Decree 2/2004, of 5 March, approving the revised text of the Regulation on Local Tax Offices, regulates in articles 92 and subsequent the Tax on Mechanically-Drawn Vehicles that encumbers the ownership of vehicles of this nature, apt for circulating on public highways, regardless of their class and category.

Dumping Control Tax

Considered in Legislative Royal Decree 1/2001, of 20 July, approving the revised text of the Water Law.

Dumping into the hydraulic public domain is encumbered with a tax created for the study, control, protection and improvement of the recipient medium of each hydrographic basin, called the dumping control tax. The amount of the dumping control tax shall be the product of the volume of the authorised dumping by a unitary dumping control price.

Tax on Air Pollution of the Autonomous Community of Galicia

Created by Law 12/1995, of 29 December, the tax on air pollution is applied to the emissions whose centres are located within the territorial scope of the Autonomous Community.

The taxable item is the emission into the atmosphere of any of the following substances:

- a. Sulphur dioxide or any other oxygenated compound of sulphur.
- b. Nitrogen dioxide or any other oxygenated compound of nitrogen.

Tax on facilities that affect the environment of the Autonomous Community of Extremadura

By order of Law 7/1997, of 29 May, of tax measures on the production and transport of energy that affect the environment.

The taxable item is any type of facility and structure designed for production, storage, transformation or transport activities for fixed elements of the electrical energy supply, as well as fixed elements of telephone and telematic communications networks.

Tax on facilities that affect the environment of the Autonomous Community of Castilla-La Mancha

Regulated by Law 11/2000, of 26 December, of the Tax on certain activities that affect the environment.

The taxable item of the tax is the pollution and risks that are taken for the environment as a result of any of the following activities carried out within the territory of Castilla-La Mancha:

- a) Activities whose facilities emit sulphur dioxide, nitrogen dioxide or any other oxygenated compound of sulphur or nitrogen into the atmosphere
- b) Thermonuclear production of electrical energy
- c) Storage of radioactive waste

In addition, other Autonomous Communities are gradually establishing different environmental taxes, which it has not been possible to cover in this analysis, such as the filtering of wastewater and the sanitation tax.

In this way, this study does not include taxes with resources as a taxable base, or waste management, which will be researched at a later date in order to incorporate them in the next publication on this subject.

Data sources and estimation methods

The publication EUROSTAT "Environmental taxes — A statistical guide European Communities, 2001", constitutes a methodology reference base.

Basic information for this work originates from the State Tax Administration Agency, which will provide the estimate of the tax quota accrued, of different taxes, by product type.

The breakdown by branches of activity at NCEA A31 level has been based on consumption estimates of the different products by each branch of economic activity.

The Ministry of Industry and Energy publishes the Energy balance sheets, as well as the Electrical energy Statistics, information that comprises the different types of energy product.

Regarding INE information sources, we should mention Spanish National Accounts, and the energy consumption surveys for the different economic sectors.

Likewise, the Environmental Surveys, such as the Environmental Protection Expenditure Survey, the Water Supply and Treatment Survey, and the different energy modules incorporated into the Waste Production Surveys, have made it possible to complete the estimates.

Future work

In light of growing interest in environmental issues, and the demand for this type of information by international Bodies, the INE will continue to improve estimates, and incorporate methodological developments carried out by EUROSTAT. In this sense, the compilation of energy accounts would be fundamental, as it is considered to be in the sphere of international statistics, in physical terms, as a basis for the breakdown by branches of activity of environmental taxes.