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Environmentally related taxes and fees

2006-2011

Environmentally related taxes represented 9.8% of total receipts from taxes and social contributions, in 2011

In 2010, the value of environmentally related taxes amounted to 5.55 billion euro, representing 9.8% of total receipts from taxes and social contributions. This value corresponds to a negative change (-4.6%) compared to 2010, reflecting a reduction in revenue from tax on oil and energetic products and from tax on motor vehicle sales.

According to information available for 2010, the weight environmentally related taxes in total taxes in Portugal stood well above EU27 average.

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 2001).

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 do.

The source of information is table 9 of the national accounts (ESA 95) transmission programme – Regulation (EC) n. 1392/2007 of the European Parliament and of the Council, of 13 November 2007, which details tax and social contribution receipts by type of tax and social contribution and receiving sub-sector.

According to ESA 95, 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).
- 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 95) 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 relevant fee.