

## **Environmentally related taxes and fees 2012**

### **Environmentally related taxes represented 9.4% of total revenue from taxes and social contributions, in 2012**

In 2012, the value of environmentally related taxes amounted to 5.03 billion euro, representing 9.4% of total revenue from taxes and social contributions (9.8% in 2011). That value corresponds to a reduction of 9.7% compared to 2011, more intense than the reduction observed for total revenue from taxes and social contributions (-6.1%).

According to information available for 2011, in Portugal, the share of environmentally related taxes in total revenue from taxes and social contributions stood above EU27 average.

Statistics Portugal publishes data for environmentally related taxes and fees for the year of 2012. This information, consistent with the Portuguese National Accounts (Base 2006), 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.

International comparability is presented at the European level for 2011, 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.

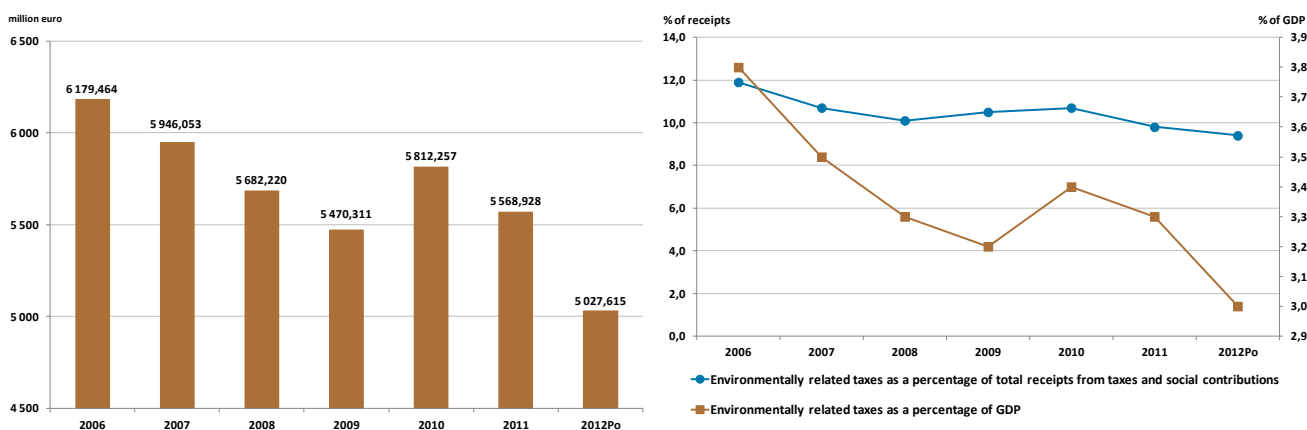
### **Environmentally related taxes**

“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 95 as a tax.

In 2012, the value of these taxes totalized 5.03 billion euro, being the lowest figure for the period between 2006 and 2012. During this period, there was a reduction of tax revenue from environmentally related taxes of more than one billion euro. In 2012, the value observed was 9.7% lower than the one recorded in 2011, a reduction that was more intense than the one observed for the total revenue from taxes and social contributions (-6.1%).

This reduction had an impact on the indicators "Environmentally related taxes as a percentage of total revenue from taxes and social contributions" and "Environmentally related taxes as a percentage of GDP." While the first indicator recorded a value of 9.8% in 2011 and 9.4%, in 2012 (in 2006, the value was 11.6%), the second indicator changed from 3.3%, in 2011, to 3.0%.

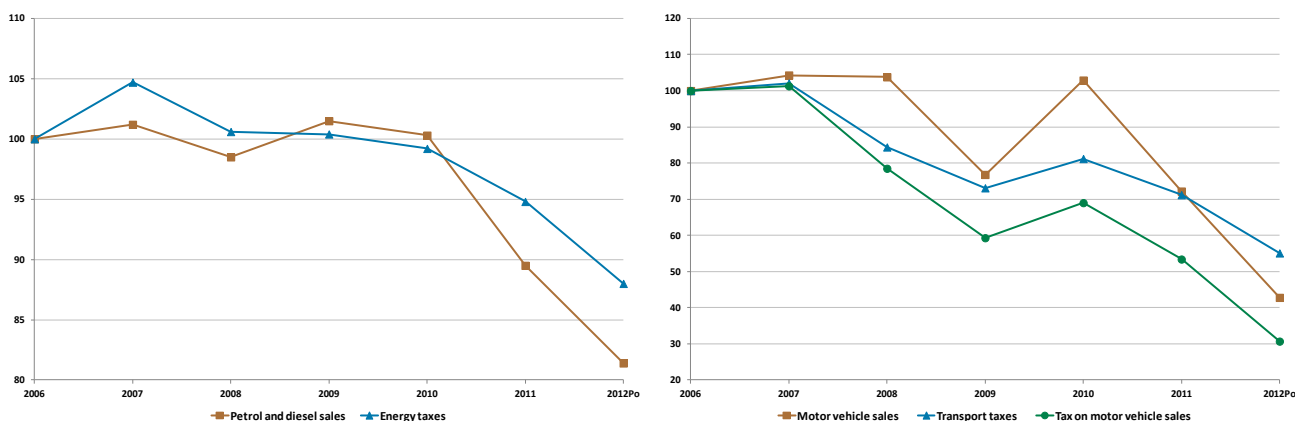
**Figure 1 - Total environmentally related taxes**



This low record of environmentally related taxes was due to the reduction of revenues from energy taxes and from transport taxes, of which tax on oil and energetic products and the tax on motor vehicle sales are the most relevant, respectively.

The following graphs present the behaviour of revenue from those taxes and the respective tax base. While the sale of petroleum products considerably decreased in 2011 and 2012, the sales of motor vehicles noticeably diminished in 2009, presenting a significant increase in the following year. This increase was partially associated to an anticipation of sales, in response to an expected tax increase that was introduced on this sector in 2011 (increase of Value Added Taxes - VAT rates from 21% to 23%, increased rates of the tax on motor vehicle sales and the end of car scraps schemes).

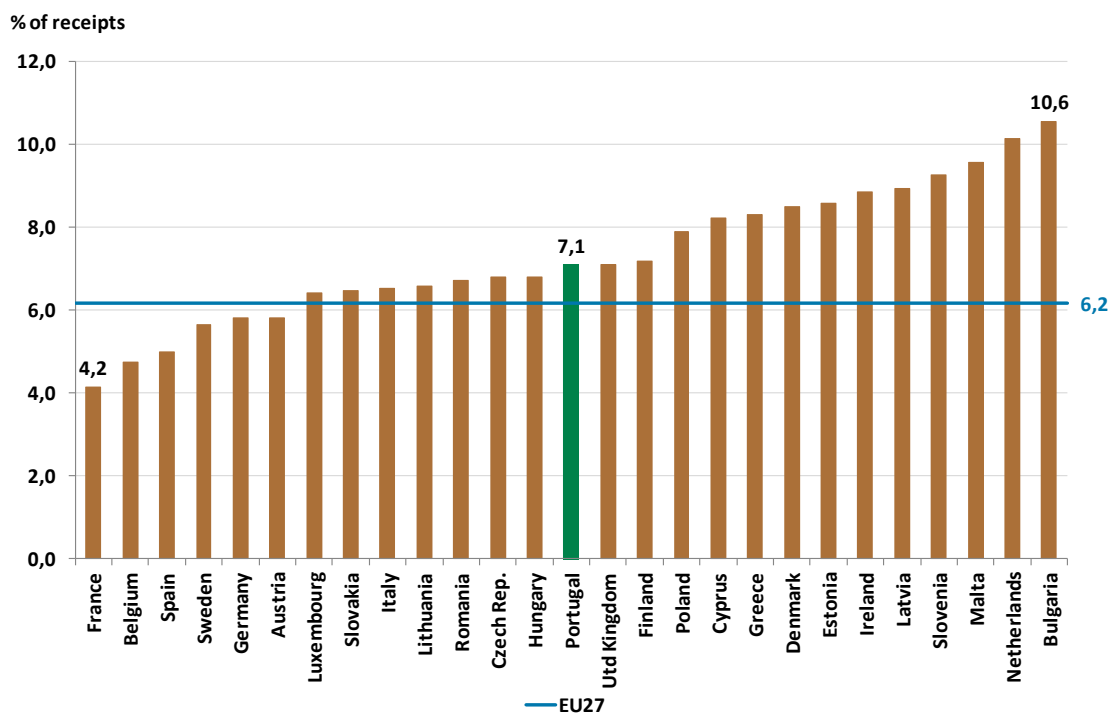
**Figure 2 – Evolution of fuel and motor vehicles sales and their respective taxes**



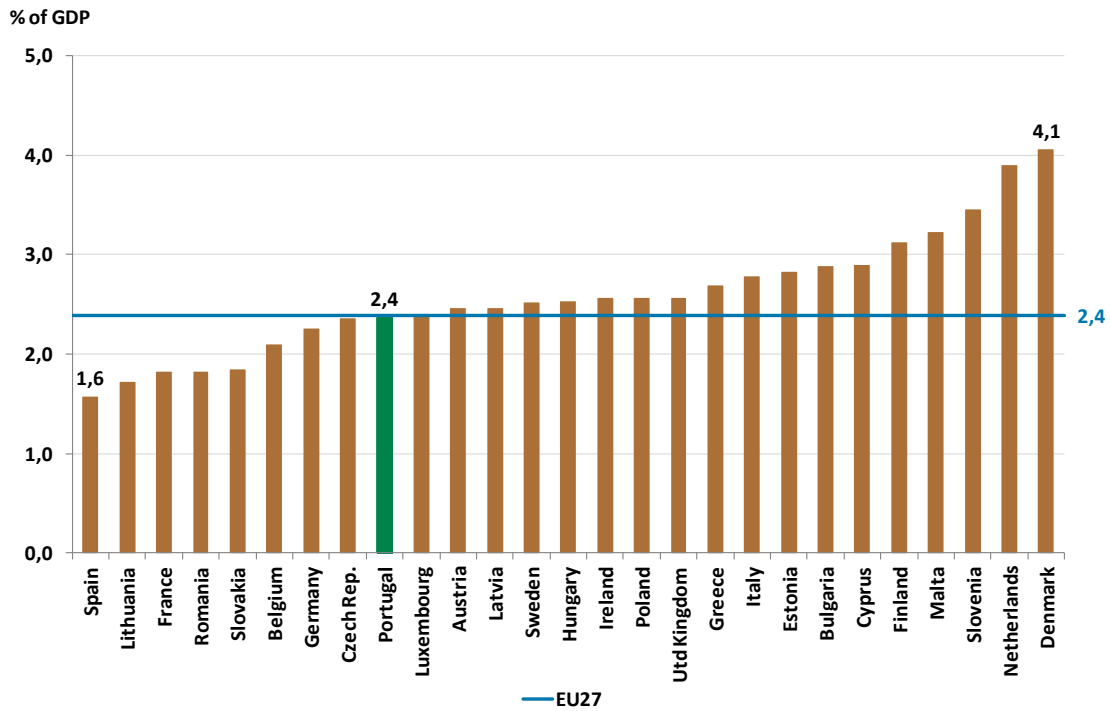
Comparing with other European Union countries, in 2011, “Environmentally related taxes as a percentage of total revenue from taxes and social contributions”, in Portugal, registered a value<sup>1</sup> of 7.1%, which is higher than the EU27 average of 6.2%. In 2011, the country was in the 14<sup>th</sup> position as far as environmentally related taxes weight in tax system is concerned (11<sup>th</sup> place in 2010).

Regarding “Environmentally related taxes as a percentage of GDP”, Portugal registered a value<sup>1</sup> equal to EU27 average, which was 2.4%.

**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 2011**



<sup>1</sup> Eurostat does not consider excise duties on tobacco as an environmentally related tax. To allow international comparison, it was necessary to subtract this tax from Portuguese totals. Hence, the value of the graph for Portugal is somewhat lower than that reported earlier in this press release.



### Environmentally related fees

In 2011, environmentally related fees totaled 722 million euro (0.4% of GDP), a growth of 4.0% comparing with the value observed in 2010, mainly justified by higher receipts 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 78.4% of total revenue collected from environmentally related fees in 2011.

It should be noticed that almost all integrated waste management systems based on an ECOVALUE rate lost revenue, although the rate itself increased for some of them. This behaviour is partly associated with the reduction of private consumption recorded in 2011.

**Table 1 - Environmentally related fees, between 2006 and 2011**

unit: million euro

FEE DESCRIPTION	2006	2007	2008	2009	2010	2011
<b>Pollution fees</b>	<b>617,236</b>	<b>687,301</b>	<b>729,886</b>	<b>750,071</b>	<b>687,131</b>	<b>715,044</b>
Fees for solid waste collection, treatment and disposal	415,207	426,181	483,863	501,214	402,947	438,628
Fees for wastewater collection, treatment and management	119,604	148,237	130,223	134,648	136,209	127,702
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
Fee for the recycling and disposal of pharmaceutical and plant protection products	1,825	1,857	1,935	1,852	2,035	2,171
Fee for the recycling and disposal of used lubricating oils	5,588	5,679	5,632	4,996	5,156	4,666
Fee for the recycling and disposal of tyres	8,673	9,123	10,540	9,965	10,369	9,081
Fee for the recycling and disposal of old motor vehicles	0,250	0,246	0,245	0,248	0,274	0,579
Fee for the recycling and disposal of electrical and electronic equipments	10,930	22,458	22,517	21,126	22,555	18,339
Fee for the recycling and disposal of batteries and accumulators	2,464	2,459	1,413	1,591	2,020	1,691
Waste management fee	-	3,055	6,593	11,941	15,732	18,484
Fee for collection of corpses of dead animals on the farm	2,319	2,172	2,674	2,860	2,649	4,613
<b>Resource fees</b>	<b>0,093</b>	<b>-</b>	<b>-</b>	<b>8,060</b>	<b>7,198</b>	<b>7,267</b>
Fee for the use of water resources	-	-	-	8,060	7,198	7,267
Fee for boiling springs management	0,093	-	-	-	-	-
<b>Total environmental related fees</b>	<b>617,329</b>	<b>687,301</b>	<b>729,886</b>	<b>758,131</b>	<b>694,329</b>	<b>722,311</b>

## 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 does.

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 related fee.