

## **Environmentally related taxes and fees**

**2014**

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### **Environmentally related taxes represented 6.5% of total revenue from taxes and social contributions, in 2014**

In 2014, the value of environmentally related taxes amounted to 3.87 billion euro, representing 6.5% of total revenue from taxes and social contributions (6.4% in 2013). That value corresponds to an increase of 4.2% compared to 2013, higher than the increase observed for total revenue from taxes and social contributions (+2.1%).

According to information available for 2013, in Portugal, the share of environmentally related taxes in total revenue from taxes and social contributions was slightly higher (6.4%) than EU28 average (6.3%).

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Statistics Portugal publishes data for environmentally related taxes and fees for the year of 2014. 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.

For the first time, Portugal doesn't include "Excise duties on tobacco" as an environmentally related tax, thus harmonizing data with the remaining EU countries.

International comparability is presented at the European level for 2013, 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**

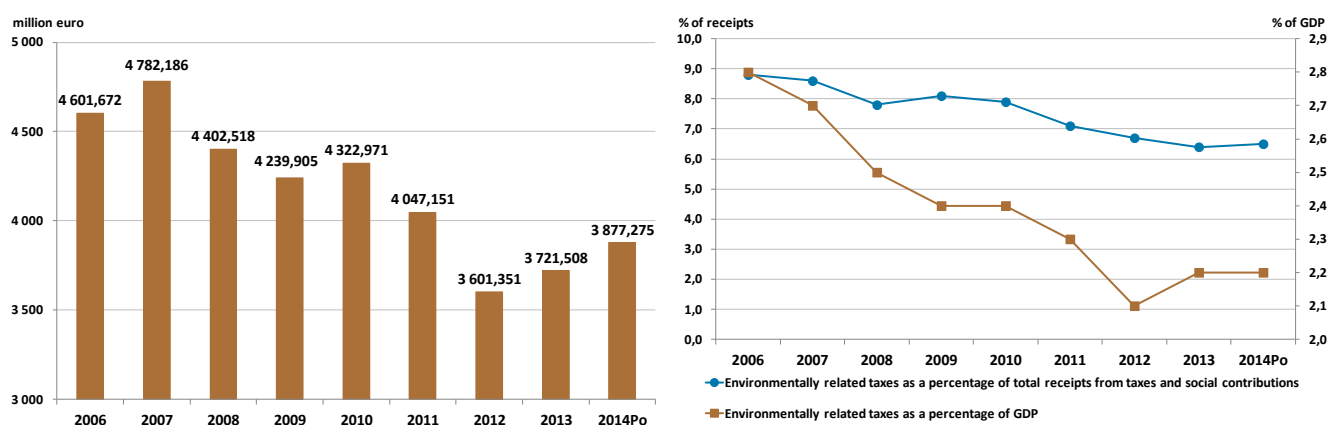
"Environmentally related tax" means a tax whose tax base is a physical unit (or a proxy of a physical unit) of something that has a proven, specific negative impact on the environment, and which is identified in ESA 2010 as a tax.

In 2014, the value of these taxes was 3.87 billion euro, registering an increase of 4.2% comparing to 2013. The year 2014 was the second consecutive year that the revenues from this type of tax increased, however, the revenues remain below the threshold of 4 billion euro, that this type of tax amounted before 2011.

The increase of 4.2% was higher than the increase of total revenue from taxes and social contributions (change of +2.1%), resulting in a gain of the relative importance of environmentally related taxes in the Portuguese tax structure (6.5%, in 2014), after four consecutive years of decrease.

In fact, the indicator "Environmentally related taxes as a percentage of total revenue from taxes and social contributions" attained 8.1%, in 2009, and decreased consecutively until 2013, when it registered the value of 6.4%. Regarding the indicator "Environmentally related taxes as a percentage of GDP", its value has stood at 2.2%, in 2013 and 2014.

**Figure 1 - Total environmentally related taxes**

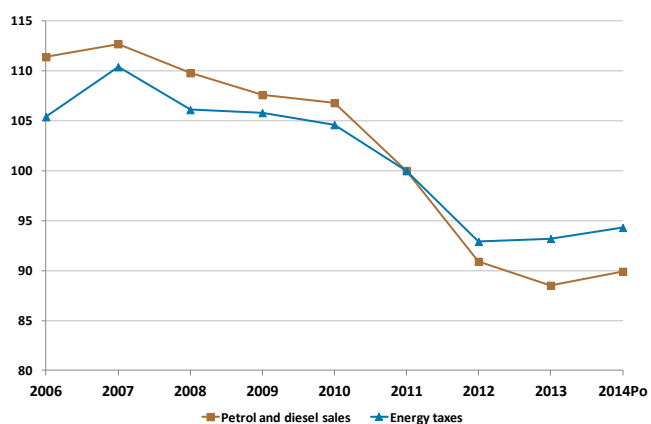


Since environmentally related taxes are essentially comprised by three taxes - tax on oil and energy products, tax on motor vehicle sales and single circulation tax, it is relevant to analyse the behaviour of those taxes, given the respective tax base.

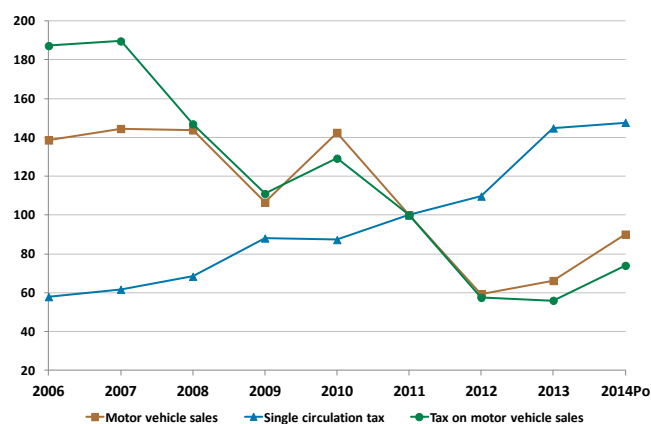
Thus, it appears that the evolution of energy taxes is, in general, similar to petrol and diesel sales, by volume. The improvement in 2013 and 2014 in energy taxes is explained by the introduction of the revenues from the carbon trading rights, which are considered in this category.

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 serie. 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

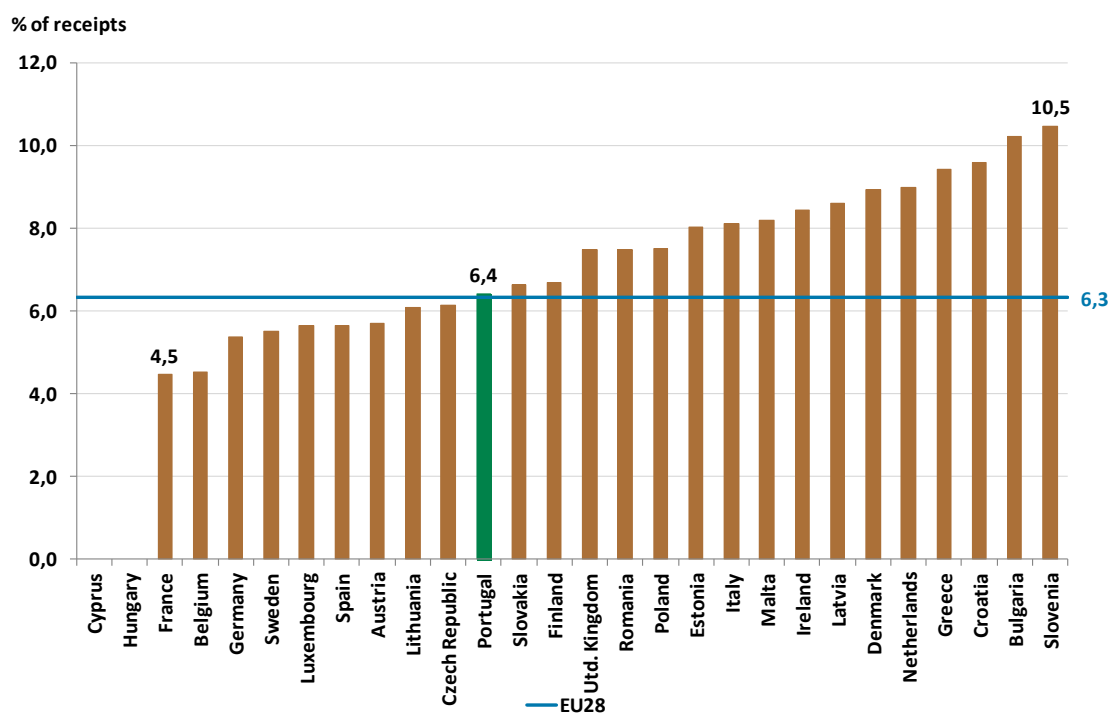


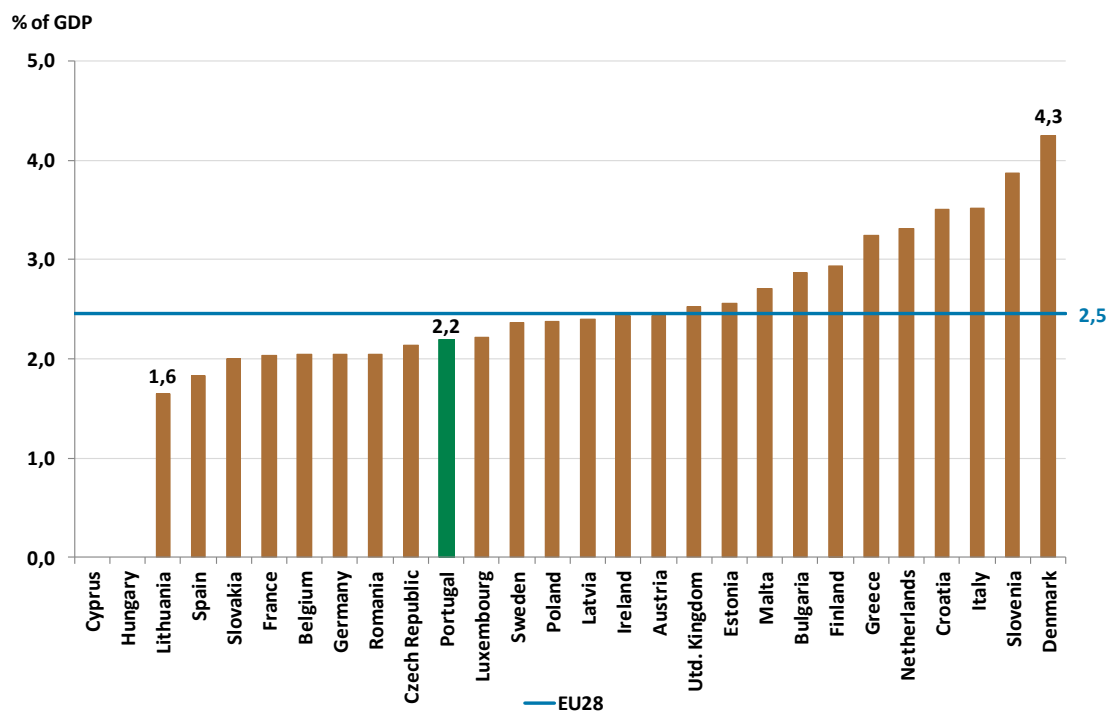
Source of data on motor vehicle sales: ACAP – Portuguese Vehicle Sales Association

Comparing with other European Union countries, in 2013, “Environmentally related taxes as a percentage of total revenue from taxes and social contributions”, in Portugal, registered a value of 6.4%, which is slightly higher than the EU28 average of 6.3%.

Regarding “Environmentally related taxes as a percentage of GDP”, Portugal registered a value of 2.2%, 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 2013**





### Environmentally related fees

In 2013, the last year for which this information is available, environmentally related fees amounted to 715.5 million euro (0.4% of GDP) a growth of 3.9%, compared to 2012, 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 82.6% of total revenue collected from environmentally related fees, in that year.

Regarding integrated waste management systems based on an ECOVALUE rate continued to register a decrease in revenue, although less pronounced than in previous years, reflecting again the reduction of private consumption in the Portuguese economy.

**Table 1 - Environmentally related fees, between 2006 and 2013**

unit: million euro

FEE DESCRIPTION	2006	2007	2008	2009	2010	2011	2012	2013
<b>Pollution fees</b>	<b>627,162</b>	<b>699,735</b>	<b>740,646</b>	<b>761,195</b>	<b>698,539</b>	<b>717,916</b>	<b>679,648</b>	<b>708,575</b>
Fees for solid waste collection, treatment and disposal	414,592	425,550	483,146	500,471	402,350	436,607	417,336	453,912
Fees for wastewater collection, treatment and management	130,145	161,302	141,700	146,515	148,214	133,336	140,420	137,230
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
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
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
Fee for the recycling and disposal of tyres	8,673	9,123	10,540	9,965	10,369	9,081	8,235	9,994
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
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	10,272
Fee for the recycling and disposal of batteries and accumulators	2,464	2,459	1,413	1,591	2,020	1,682	1,569	1,592
Waste management fee	//	3,055	6,593	11,941	15,732	18,131	17,301	15,889
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	4,285
<b>Resource fees</b>	<b>0,093</b>	<b>//</b>	<b>//</b>	<b>8,060</b>	<b>7,198</b>	<b>7,267</b>	<b>8,842</b>	<b>6,915</b>
Fee for the use of water resources	//	//	//	8,060	7,198	7,267	8,842	6,915
Fee for boiling springs management	0,093	//	//	//	//	//	//	//
<b>Total environmental related fees</b>	<b>627,255</b>	<b>699,735</b>	<b>740,646</b>	<b>769,255</b>	<b>705,737</b>	<b>725,183</b>	<b>688,490</b>	<b>715,490</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 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. This understanding differs from the methodology used by Statistics Portugal. Since Eurostat published a new manual on these statistics, this event was used to implement this change, in order to harmonize data with the rest of European countries.

This methodological change causes a significant reduction in the indicators "Environmentally related taxes as a percentage of total receipts from taxes and social contributions" and "Environmentally related taxes as a percentage of GDP":

Heading	Unit	2006	2007	2008	2009	2010	2011	2012	2013	2014Po
Total environmental related taxes (without excise duties on tobacco)	euro	4.601,672	4.782,186	4.402,518	4.239,905	4.322,971	4.047,151	3.601,351	3.721,508	3.877,275
Environmentally related taxes as a percentage of total receipts from taxes and social contributions (without tobacco)	%	8,8	8,6	7,8	8,1	7,9	7,1	6,7	6,4	6,5
Environmentally related taxes as a percentage of GDP (without tobacco)	%	2,8	2,7	2,5	2,4	2,4	2,3	2,1	2,2	2,2
Excise duties on tobacco	euro	1.578,814	1.165,389	1.281,300	1.232,445	1.496,056	1.529,837	1.431,524	1.387,377	1.372,150
Total environmental related taxes (with tobacco)	euro	6.180,486	5.947,575	5.683,818	5.472,350	5.819,027	5.576,988	5.032,875	5.108,885	5.249,425
Environmentally related taxes as a percentage of total receipts from taxes and social contributions (with tobacco)	%	11,9	10,7	10,0	10,4	10,6	9,8	9,4	8,8	8,9
Environmentally related taxes as a percentage of GDP (with tobacco)	%	3,7	3,4	3,2	3,1	3,2	3,2	3,0	3,0	3,0

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.