

Environmentally related taxes and fees

2013

Environmentally related taxes represented 7.7% of total revenue from taxes and social contributions, in 2013

The value of environmentally related taxes was 4.49 billion euro in 2013, representing 7.7% of total revenue from taxes and social contributions (9.3% in 2012). The decrease in the contribution of environmentally related taxes was due to the reduction in revenue from these taxes (-10.7%), determined, in particular, by the reduction of taxes on oil and energy products, whereas total revenue from taxes and social contributions increased by 8%.

According to the information available for 2012, in Portugal, the share of environmentally related taxes in total revenue from taxes and social contributions stood slightly above EU27 average.

Statistics Portugal publishes data for environmentally related taxes and fees for the year of 2013, presenting also revised data since 1995, consistently with the new base 2011 of the Portuguese National Accounts. This information 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 2012, 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.

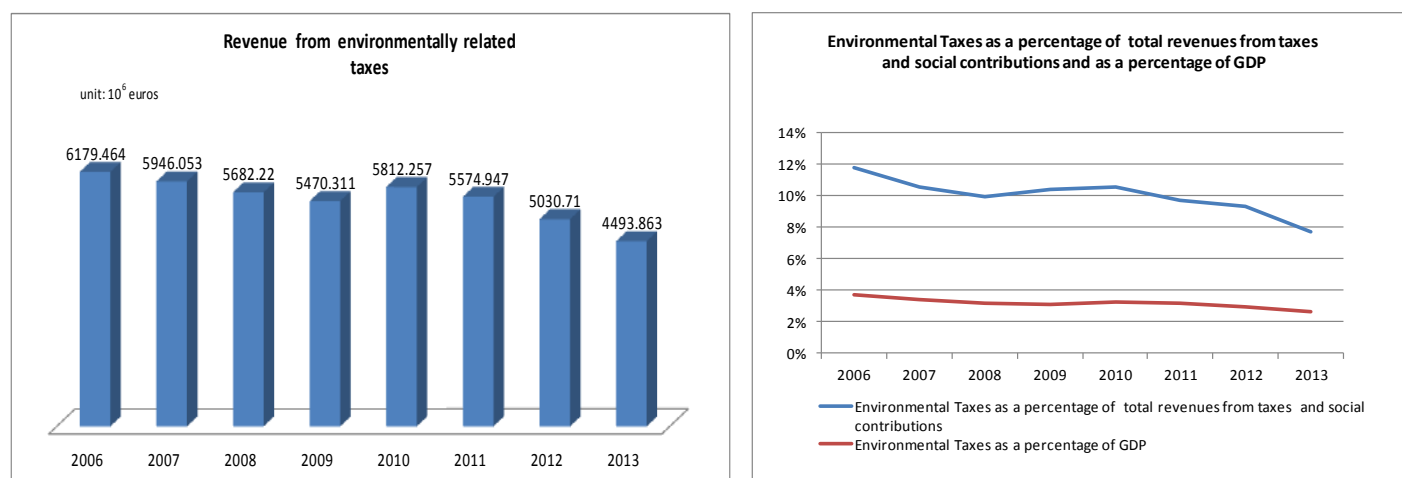
Environmentally related taxes

“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 2013, the value of these taxes was 4.49 billion euro, being the lowest figure since 2006. During this period, there was a reduction of tax revenue from environmentally related taxes of more than 1.6 billion euro. This reduction was mainly due to severe reductions on the revenue of the tax on motor vehicles sales and on the revenue of the tax on oil and energy products.

The reduction in the amount of revenue collected from these taxes 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 9.3% in 2012 and 7.7% in 2013 (in 2006, it was 11.8%), the second indicator changed from 3.0%, in 2012, to 2.6%.

Figure 1 - Total environmentally related taxes

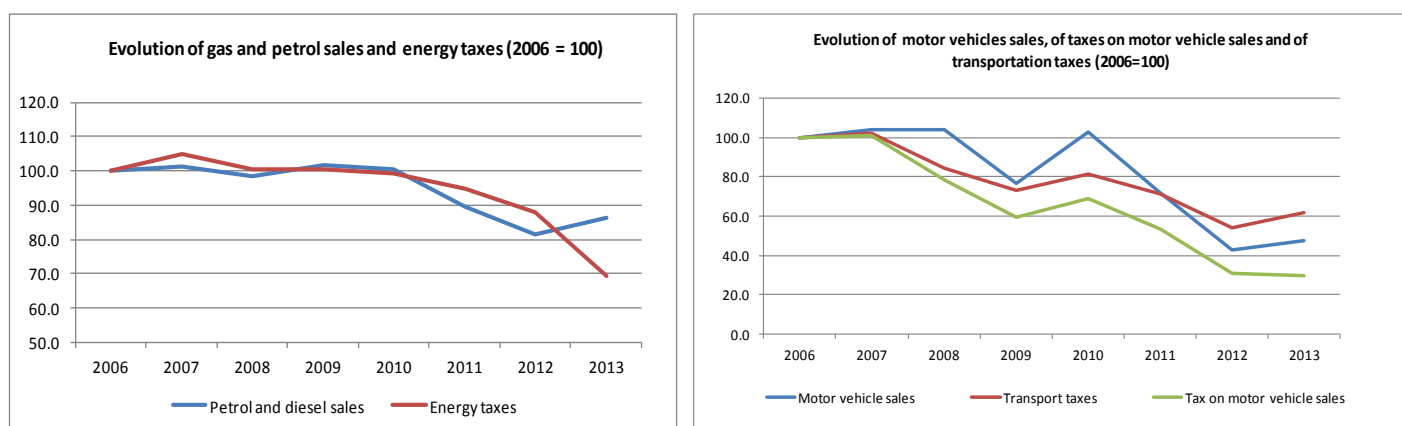


This low record of environmentally related taxes was due to the reduction of revenues from energy taxes and from transport taxes, of which tax on oil and energy products and the tax on motor vehicle sales are the most relevant, respectively.

The following graphs present the behaviour of revenue from those taxes and the respective tax base. For energy taxes it is noticeable that although sales of petrol and diesel have increased in 2013, the revenue from energy taxes decreased. This result is due to the ad-valorem nature of the tax on oil products. As in 2013 the prices of oil products have decreased, the negative price effect related to the lower prices more than offset the positive volume effect of an increase in the quantities sold.

Regarding the transportation taxes it should be stressed that due to the fact that a large part of transportation taxes revenue stems from the unified traffic tax which is paid by all existing vehicles, the total revenue from transportation taxes is less volatile than motor vehicle sales or its respective tax revenue.

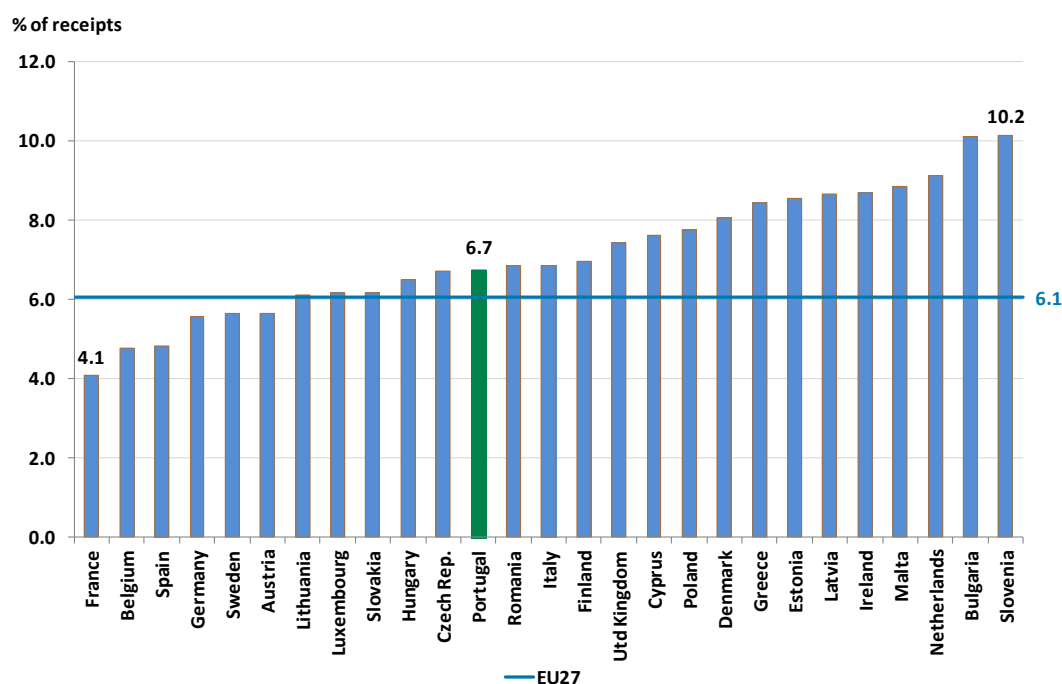
Figure 2 – Evolution of fuel and motor vehicles sales and their respective taxes



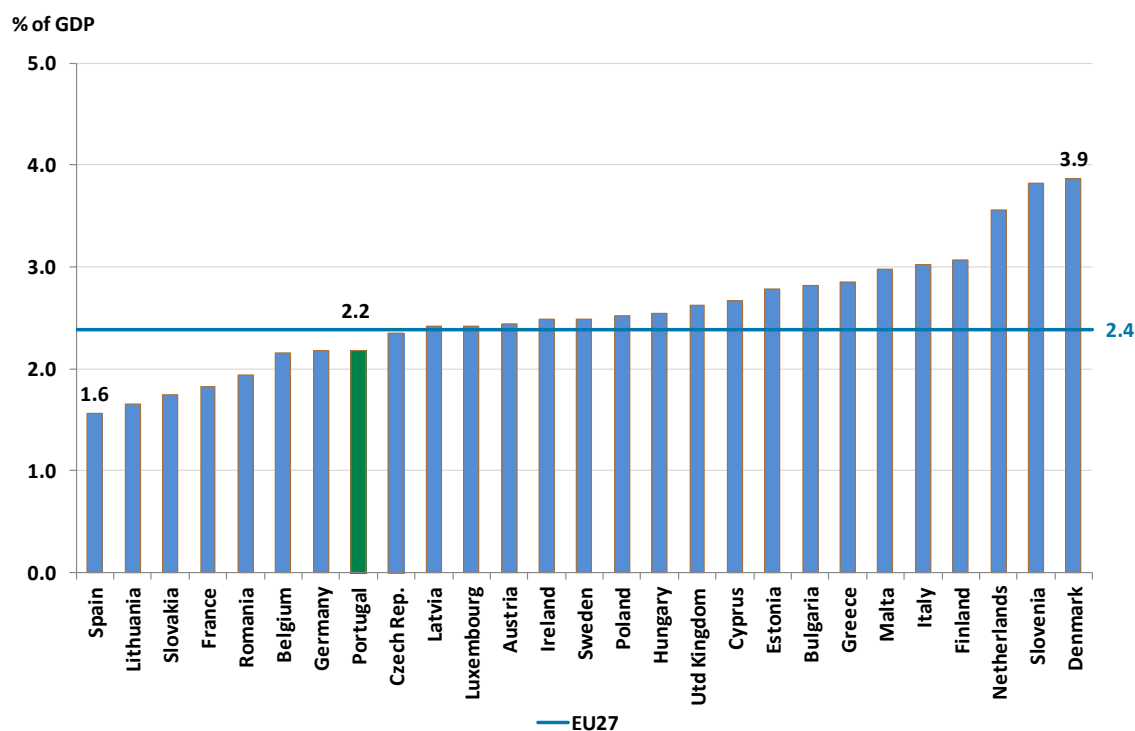
Comparing with other European Union countries, in 2012, “Environmentally related taxes as a percentage of total revenue from taxes and social contributions”, in Portugal, registered a value¹ of 6.7%, which is higher than the EU27 average of 6.1%. In 2012, the country was in the 16th position as far as environmentally related taxes weight in tax system is concerned (14th place in 2011).

Regarding “Environmentally related taxes as a percentage of GDP”, Portugal registered a value¹ of 2.2% below the 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 2012



¹ 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 2012, the revenue from environmentally related fees was 689 million euro (0.4% of GDP), presenting a decrease of 4.4% comparing with the value observed in the previous year. The reduction in the total amount of these fees is mainly justified by lower receipts from fees for solid waste collection, treatment and disposal, carried out by Municipalities; by lower receipts from fees for the recycling and disposal of packages and by lower receipts for the recycling and disposal of electrical and electronic equipments.

On the opposite side the amount of fees for the use of water resources increased by 13% from 2011 to 2012.

Fees for solid waste collection, treatment and disposal and for wastewater collection, treatment and management accounted for 60.6% of total revenue collected from environmentally related fees in 2012.

Table 1 - Environmentally related fees, between 2006 and 2012

Fee Description	2006	2007	2008	2009	2010	2011	2012
Pollution Fees	617.236	687.301	729.886	750.071	686.534	713.023	680.621
Fees for solid waste collection, treatment and disposal	415.207	426.181	483.863	501.214	402.350	436.607	417.332
Fees for wastewater collection, treatment and management	119.604	148.237	130.223	134.648	136.209	127.702	140.420
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
Fee for the recycling and disposal of pharmaceutical and plant protection products	1.825	1.857	1.935	1.852	2.035	2.171	2.019
Fee for the recycling and disposal of used lubricating oils	5.588	5.679	5.632	4.996	5.156	4.666	5.262
Fee for the recycling and disposal of tyres	8.7	9.1	10.5	10.0	10.4	9.1	8.2
Fee for the recycling and disposal of old motor	0.250	0.246	0.245	0.248	0.274	0.579	0.208
Fee for the recycling and disposal of electrical and electronic equipments	10.930	22.458	22.517	21.126	22.555	18.339	11.874
Fee for the recycling and disposal of batteries and accumulators	2.464	2.459	1.413	1.591	2.020	1.691	1.561
Waste management fee		3.055	6.593	11.941	15.732	18.484	16.792
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
Resource Fees	0.093	0.000	0.000	8.060	7.198	7.267	8.211
Fee for the use of water resources				8.060	7.198	7.267	8.211
Fee for boiling springs management	0.093						
Total Environmental related fees	617.329	687.301	729.886	758.131	693.732	720.290	688.832

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.