



Federation of European Accountants  
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# FEE Tax Day

Simple, fair, coordinated –  
tax Utopia in the EU?

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*Standing for trust and integrity*



# A European environmental tax?

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# “The future of taxes is green”

“Bulgaria Introduces Vehicles Eco Tax”

“Creative taxing can save the environment”

“France imposes carbon tax”

“Dutch Government ditches eco ticket tax”

*“Taxing products and activities that pollute, deplete or otherwise degrade natural system is a way of insuring that environmental costs are taken into account in private decisions”*





# Overview of environmental policy instruments

Information/ Persuasion	Creating rights	Regulation/ legal	Price-based instruments
Public participation	Property rights	Standards Permits	Subsidies (Subsidy Reduction)
Information disclosure	Tradable permits	Bans, Zoning	Environmental charges and taxes
Voluntary agreements	Tradable quotas	Public goods	Users charges
Labeling schemes	Offset systems	Liability	Deposit-refund systems

**Market based instruments** include taxes and charges helping to realise simultaneously environmental, economic and social policy objectives by taking into account the hidden costs of production and consumption to people's health and the environment, in a cost-effective way.



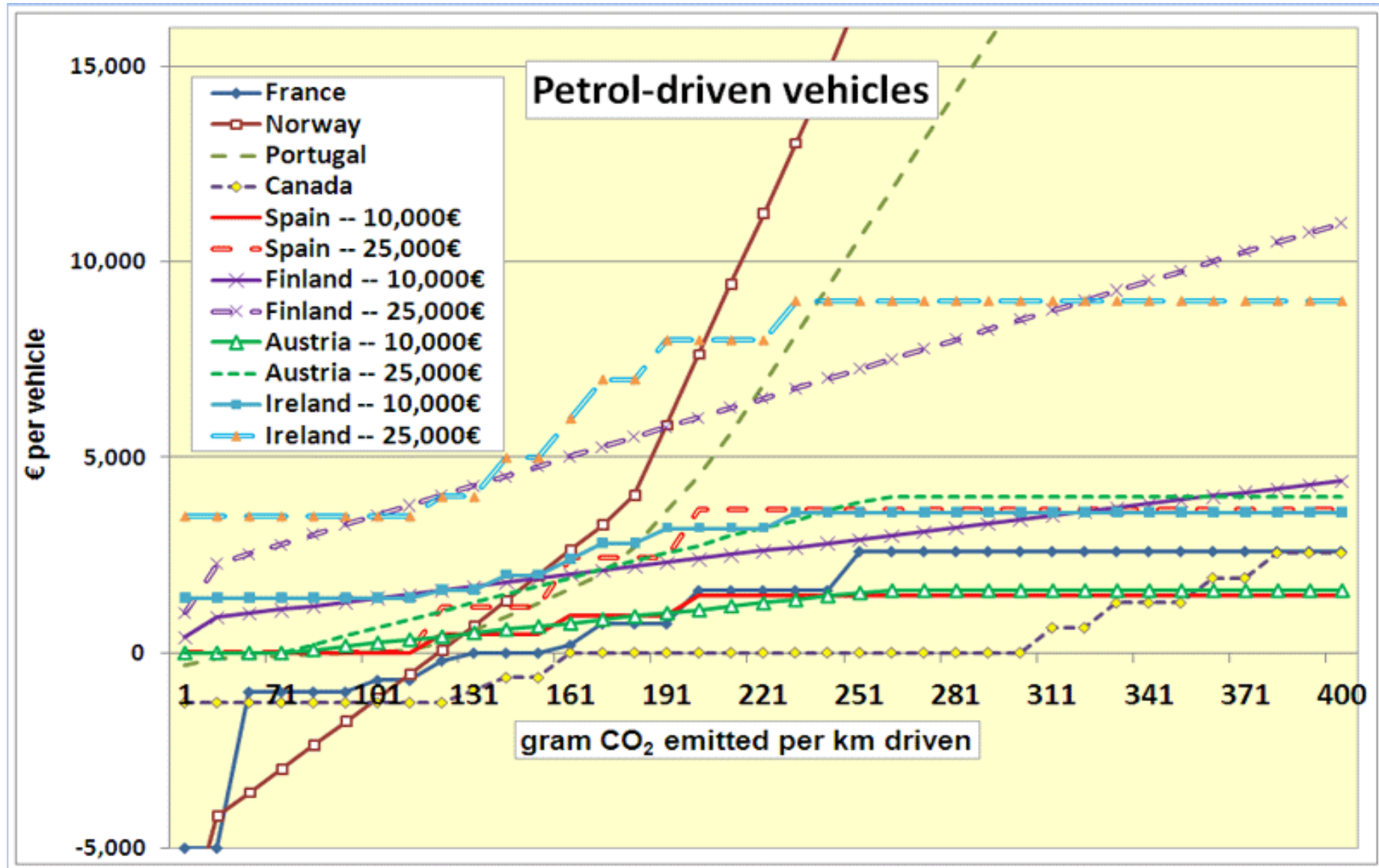
# EU Environmental Tax policy

No harmonised European Environmental Tax policy instruments :

- “Tax Directive” only on energy products (2003/96/EC) :
  - ↳ Minimum tax rates set per type of product
  - ↳ Proposal to base tax rates on energy content / emissions level
  
- Environmental Directives” on:
  - ↳ Packaging waste (94/62/EC)
  - ↳ Waste electrical and electronic equipment (2002/96/EC)
  - ↳ Batteries (2006/66/EC)
  
- Large variety of environmental taxes, taxation system and level of taxation – even for energy products ...
  
- Harmonisation limited to non-discrimination under Treaty and prohibition of border formalities from excise directive

# Green evolution of passenger car taxation

## One-off vehicle taxes





## Variety of environmental taxes on products

### Products subject to green taxes:

	BELGIUM	DENMARK	ITALY	HUNGARY	SLOVAKIA
Tyres		T		T	F/C
Beverage cont.	T	T			
Packaging	T	T	F/C	T	
Bags	F/C	T	T		
Pesticides		T			
CFCs		T			
Batteries	T	T	F/C	T	F/C
Lights bulbs		T			F/C
PVC/phtalates		T			
Lubrication oil	T	T	T	T	T
Fertilisers		T			
Paper, board		T		T	F/C
Solvents		T			

T = Tax

F/C = Fee or Charge

Source: OECD/EEA database for environmental taxes.



# Diversity of current environmental tax rules on products

Example: Packaging tax regimes in various Member States:

	NETHERLANDS	BELGIUM	HUNGARY	DENMARK
<b>SCOPE</b>	Packaging in general	Recipients for beverages	Glass and plastic bottles	Retail containers (content < 20L)
<b>RATE</b>	Carbon based - 0.0662 EUR/Kg (for glass)	9.86 EUR/hl of beverage (for non reusable packages)	28-65 HUF per bottle	Based on environmental impact - 0.3 DKK /Kg (10-20cl items)
<b>EXEMPTIONS</b>	First 15.000 kilos of packaging, etc	Milk product, reusable containers, etc	First 500 kilos of packaging, etc	Containers of metal products, etc
<b>MECHANISM</b>	Obligation on the producer/ importer of packaged product	Obligation on the producer/ importer of beverage (// excise)	Obligation on the producer/ importer of packaged product	Obligation on the producer/ importer of packaged product
<b>COMPETENCY</b>	Ministry of Finance / Belastingdienst	Customs and Excise administration	Customs and Excise administration	The Regional Tax and Customs Administration





# Challenge for the business

- Who is liable to environmental taxes and charges (e.g. the manufacturer, importer, wholeseller or retailer)?
- How to benefit from exemptions/reduced rates?
- What are the formalities and compliance obligations?
- How to be aware of legislative changes?
- How to manage cross-border transactions?
- How to take advantages of environmental incentives?



# Challenge for the business

- Variety of taxes, exemption rules, taxation systems, competent authorities, formalities mean difficulties to:
  - ↪ Achieve full compliance at a reasonable cost
  - ↪ Have control on obligations
  - ↪ Take advantages of incentives
  - ↪ Manage environmental taxes centrally at pan-EU level



## Harmonisation is the way forward

- A Common European Environmental Tax?  
Not expected in short/mid term due to the unanimity rule
- A status quo is not desirable
  - Enforcement of current harmonisation only through courts
  - Criminal penalties discourage action
  - Are infringement actions priority for EU Commission ?
- Call for a European Environmental Tax Framework :
  - avoid distortions of competition
  - improve the functioning of the internal market and reduce administrative burden on businesses
  - allowing individual member states to define how they want to influence behaviour (level of taxation, etc)



# Harmonisation is the way forward

- **Broader use of existing energy product taxation**

Force Member States to use excise for all environmental tax on transport and energy use

- **“Partial harmonisation” for other products:**

- Common definition of products
- Taxable basis per type of product
- Minimum rates (even if 0 for some/most products)
- Definition of taxpayer and taxable event
- Common exemption rules
- Simplified formalities for cross border supplies
- Rules in case of competency of regional/local authorities
- ...



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