

## **ENVIRONMENTAL TAXATION: EUROPEAN EXPERIENCE**

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Taxation is a reliable instrument of business activity. It plays an important role in the economic system stimulating rational natural resource management and minimizing negative impact on environment. Intensive development of world's economy challenges global ecology, which has become a subject of international concern. Environmental taxation is expected not only to raise state budget income, but also to introduce sanctions against polluters, to make industrial production ecologically safer, to stimulate economy modernization with implementation of environmentally friendly technologies. This approach helps preserve natural resources.

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A number of modern scientists have completed initial researches on complex approaches to environmental taxation. It is a current issue of further research: many questions remain unanswered. Approving changes to the Ukrainian Tax Code requires thorough examination of environmental taxation in EU countries, aiming to implement their experience into domestic system.

Environmental taxation system is available almost in all postindustrial developed countries with market economy, particularly in EU countries. European Union is one of the world's leaders in environmental taxation introduction and development.

According to EUROSTAT, EU countries collected around 364.4 billion euro (2.44% of average EU GDP) of environmental taxes in 2016 [1].

According to the available data, Great Britain collected €58.3 billion, Germany – €58.5 billion, Italy – €58.8 billion, France – €49.7 billion, Poland – €11.6 billion, Denmark – €11.1 billion of environmental taxes in 2016.

In 2016 environmental taxes accounted for 3.99% of GDP in Denmark, 3.5% in Italy, 3.11% in Finland, 2.77% in Bulgaria, 2.72% in Poland (2.44% of average EU GDP).

These data demonstrate high level of economy's ecological safety in countries with market economy.

Research on environmental tax as a part of EU GDP in 2012-2016 highlights ups and downs of its revenues. Environmental tax income increased by 0.43% in Portugal, 0.27% in France, 0.13% in Finland and Poland; on the contrary, there was a decrease in its rate by 0.25% in Germany and 0.18% in Sweden (EU average data fluctuations are insignificant).

Environmental taxes are an important part of general taxation revenues in EU. According to 2016 data, Bulgaria was on the top of environmental tax revenue list with 9.57% of general taxation income, 8.43% in Denmark, 8.16% in Italy, and 7.91% in Poland (6.11% of EU average).

In 2012-2016 Portugal and Norway demonstrated an increase in environmental tax revenues from 6.27% to 7.02%, and from 5.68% to 6.23% respectively; on the contrary, there was a decrease of this indicator in Germany, Sweden and Bulgaria from 5.38% to 4.60%, 5.57% to 4.99% and from 10.00% to 9.57% respectively [1].

Energy taxes are an important structural part of environmental taxation of all EU countries. The biggest share of energy taxes was marked in Denmark and Germany. Since the second half of the 20<sup>th</sup> century, a number of EU countries introduced energy tax on fuel resources. Denmark receives highest revenues of all EU countries. Tax is a component of the final price on natural gas for industrial consumers in the Netherlands and Romania [2].

Environmental taxation of electric energy is expected to stimulate the development of wind power, small hydropower and other renewable sources of energy.

Integration of environmental taxation system is eventually taking place in the EU. The list of environmental taxes, as well as the number of ecologically unfriendly goods and materials, becomes shorter [3].

European countries run into certain issues in environmental taxation system casting a negative effect on economy. Environmental taxes can result in slumps of production

and sales (mainly in the branches connected with natural resources) consequently resulting in unemployment growth. It is also important to mention that environmental taxes negatively influence polluters' competitiveness.

The perspectives of environmental taxation optimization in EU require further discussions. After the USA exit the Paris Climate Agreement, activation of environment protection policy became a pending issue in the EU. According to the author's opinion, carbon tax (greenhouse gases tax) introduced in all EU countries, can become an important financial tool fighting climatic changes.

Environmental taxation system in EU has proved its efficiency. It casts a systemic positive influence on environmental quality, stimulates the growth of ecological production, minimizes ecological risks, and creates ecologically safe living and working space.

"Green growth" conception is a subject of important concern in EU environmental taxation policy. It helps find out and promote new potential sources of economic development with limited impact on nature. Transition to green economy is based on complex environmental tax and budget measures, taken for green business development.

It is important to revise the existing vehicle taxation system in order to stimulate business produce electric transport and make it more advantageous to prospective buyers. One of the options is to introduce tax allowance for battery-powered vehicles and service infrastructure, and cancel it for diesel engines.

Domestic environmental taxation system in Ukraine faces certain difficulties. Positive experience of EU may help develop an efficient environmental taxation system.

Development of environmental taxation system in Ukraine requires implementation of special management and regulation instruments:

- To introduce taxes on ecologically unfriendly materials and items (EU countries administer environmental taxes on a wide range of materials and items, such as tires, batteries, plastic tableware and others);

- To activate introduction of environmental taxes on mobile polluters, agricultural polluters, household and municipal waste;

- Environmental tax is expected to stimulate the industries introduce ecologically friendly technologies and launch optimization production processes, minimizing impact on nature;

- To promote cooperation and coordinate interaction of both governmental and nongovernmental environmental institutions;

- To introduce land tax allowance to agricultural manufacturers producing organic goods;

- To introduce environment tax credits opening tax refund opportunities under condition of investments into systemic ecological modernization of production.

The influence of environment tax on ecologically unfriendly production may become a subject of further scientific research.

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