



Methodology for Environmental Taxes & Subsidies accounts

Joint OECD/UNECE Seminar on Implementation of SEEA

March 2023 – Session 7

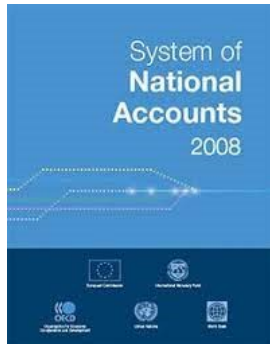
Eurostat – Unit E2

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Outline

- Framework for environmental accounts
- Environmental taxes accounts
- Environmental subsidies and similar transfers accounts
- EU practice

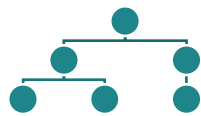
Framework for environmental accounts



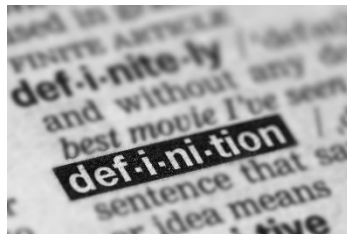
National Accounts methodology

System of Environmental Economic Accounting Central Framework (SEEA CF)

Taxes and subsidies - accounts next to others



Classifications ([CEPA 2000](#), [CReMA](#)) for environmental protection and resource management activities; activity classifications ([ISIC](#) – [NACE](#))



Concept of environmental primary purpose (technical nature or legislative motive)



Environmental taxes and subsidies accounts

- Environmentally related taxes by economic activity (**ETEA**)
- Environmental Subsidies and Similar Transfers (**ESST**)
- References: SEEA CF section 4.4; Eurostat manuals environmental taxes ([ETE A](#)) and environmental transfers ([ESST](#))
 - Both environmental taxes and transfers: measurement tool and monetary instrument for governments to influence the behaviour of producers and consumers with respect to the environment

Environmentally related taxes by economic activity (**ETEA**)

- Definition: 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 **national accounts** as a tax.
- Tax bases grouped by four main categories (energy, transport, pollution and resources + carbon taxes and government revenues (taxes) from Emission Trading Systems auctions)
- National accounts taxes definitions: D.2 (taxes on production and imports), a few D.59 (other current taxes) and very few D.91 (capital taxes)

Environmental taxes (ETEAs)

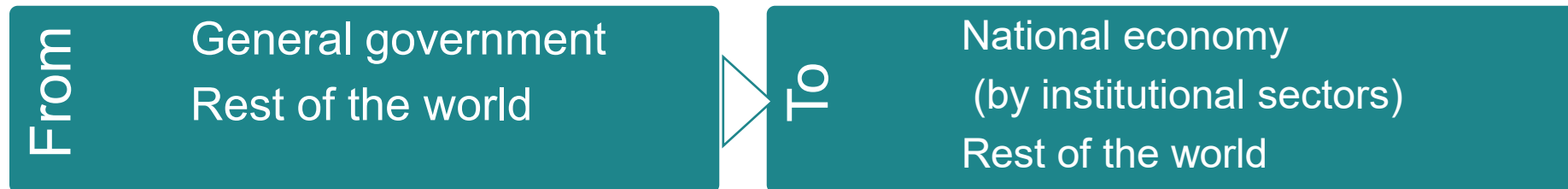
- Four categories of tax bases:
 - ✓ Energy taxes (including fuel for transport) of which: CO₂ taxes - emissions trading system
 - ✓ Transport taxes (excluding fuel for transport)
 - ✓ Pollution taxes
 - ✓ Resource taxes
- Tax payer = unit using the tax base
- Economic activities paying the taxes – 64 activities
- Environmental areas (CEPA, CReMA) (ex: Protection of ambient air and climate, waste management etc.)

Environmental taxes - Framework

- Identify environmental revenue taxes; make a list
- Classify into categories
- Collect using data sources (tax statistics, government finance statistics and the national accounts)
- Allocate revenue tax to environmental tax categories, to activities (supply and use tables, allocation using tax bases data, micro data)
- Dissemination

Environmental Subsidies and Similar Transfers (**ESST**)

- Current and capital transfers intended to support activities that protect the environment or reduce the use and extraction of natural resources (D3, D6, D7, D9)



- Unit of observation: the institutional units and groupings of units as defined in national accounts
- Classified by type of transfers / environmental areas / activities

Environmental transfers Framework

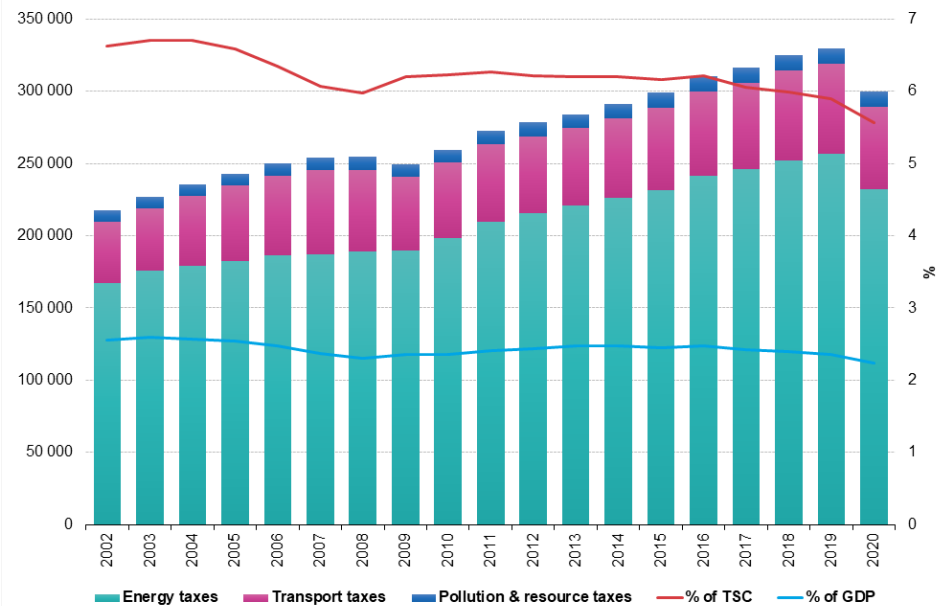
- Transfers paid by general government for environmental protection purpose
 - Government statistics using COFOG
 - Identify environmental subsidies and similar transfers in COFOG division 05 ('Environmental protection) mainly – possible others
 - Budget lines (many...)
 - Environmental protection expenditure accounts (EPEA)
 - Multi-purpose subsidies to different environmental areas – Rio marker approach
 - At least subsidies (D3) broken down by industries receiving

EU practice

- Annual data transmission according to EU regulation
 - Environmental taxes
 - 35 countries reporting; 1995 to 2020; deadline T + 16 months
 - Energy, transport, pollution, resource taxes + Carbon taxes and government revenues (taxes) from ETS auctions
 - Breakdown 64 activities
 - Online dissemination ([env_ac_taxind2](#))
 - Environmental subsidies (not yet mandatory requirement to EU countries)
 - 14 countries reporting; (mostly) 2014 – 2020; deadline official to come T + 24 months
 - Breakdown
 - transfers;
 - institutional sectors;
 - environmental objectives – CEPA, CReMA;
 - Activities (10)
 - Online dissemination ([env_esst_gg](#), [env_esst_ggcp](#), [env_esst_rw](#))

Environmental tax revenue by type and total environmental taxes as share of TSC and GDP, EU, 2002-2020

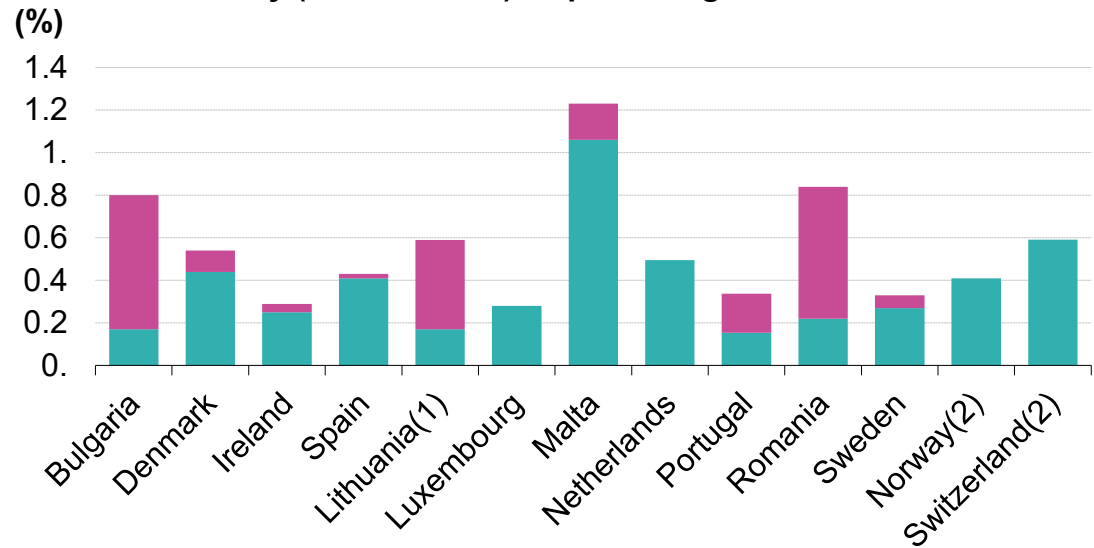
(€ million and % TSC and % GDP)



(*) left hand scale.
 (**) right hand scale.
 The shares of GDP and TSC are calculated using the national tax lists from Oct 2021.
 Source: Eurostat (online data codes: env_ac_tax, gov_10a_taxag)

eurostat

Total current and capital transfers received by the national economy (GG and RoW) as percentage of GDP



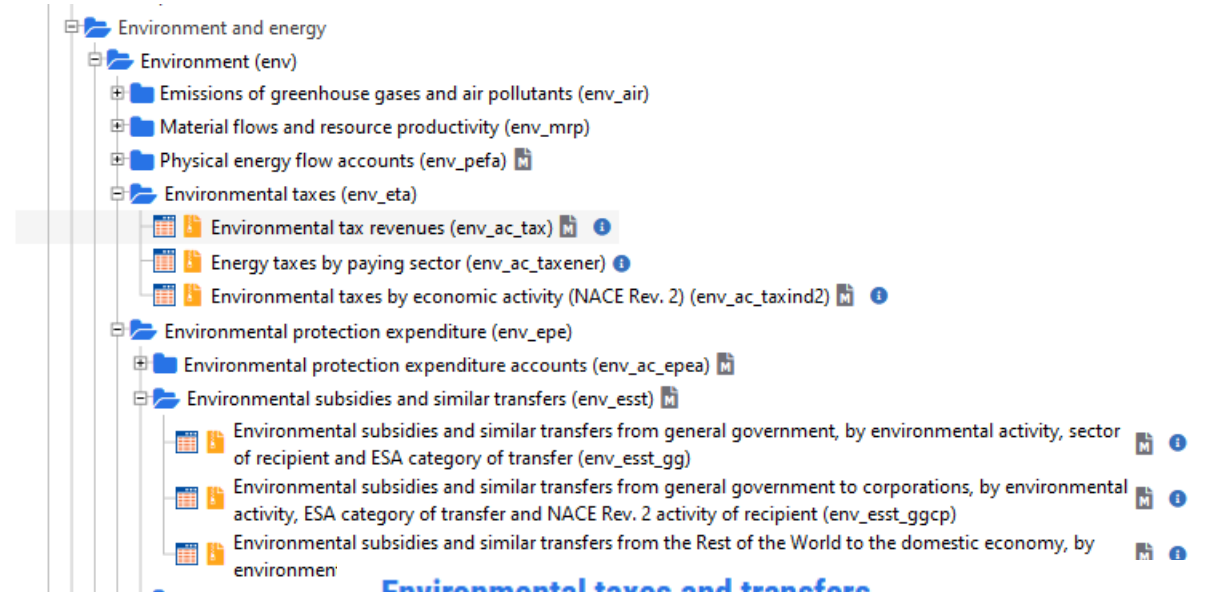
■ From Rest of the World - 2020

Source: Eurostat (env_esst_gg), (env_esst_rw)

(1): Data on some environmental domains for Lithuania are not available

To know more

- Eurostat dissemination database
 - <https://ec.europa.eu/eurostat/databrowser/view>
 - <https://ec.europa.eu/eurostat/databrowser/view>
- Statistics Explained articles
 - https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Environmental_tax
 - https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Environmental_tax
- Methodology and questionnaires
 - <https://ec.europa.eu/eurostat/web/environment/methodology>



–Environmental taxes and transfers

Environmental taxes

- [Environmental taxes by economic activities questionnaire 2023](#)
- [Environmental taxes - A statistical guide, 2013 edition](#)

Environmental subsidies and other transfers

- [Environmental subsidies and similar transfers questionnaire 2022](#)
- [Environmental subsidies and similar transfers - Guidelines, 2015 edition](#)

Potential environmentally damaging subsidies

- [Potential environmentally damaging subsidies \(PEDS\) questionnaire 2022](#)
- [Guidance material for PEDS compilation – draft December 2022](#)

Thank you