

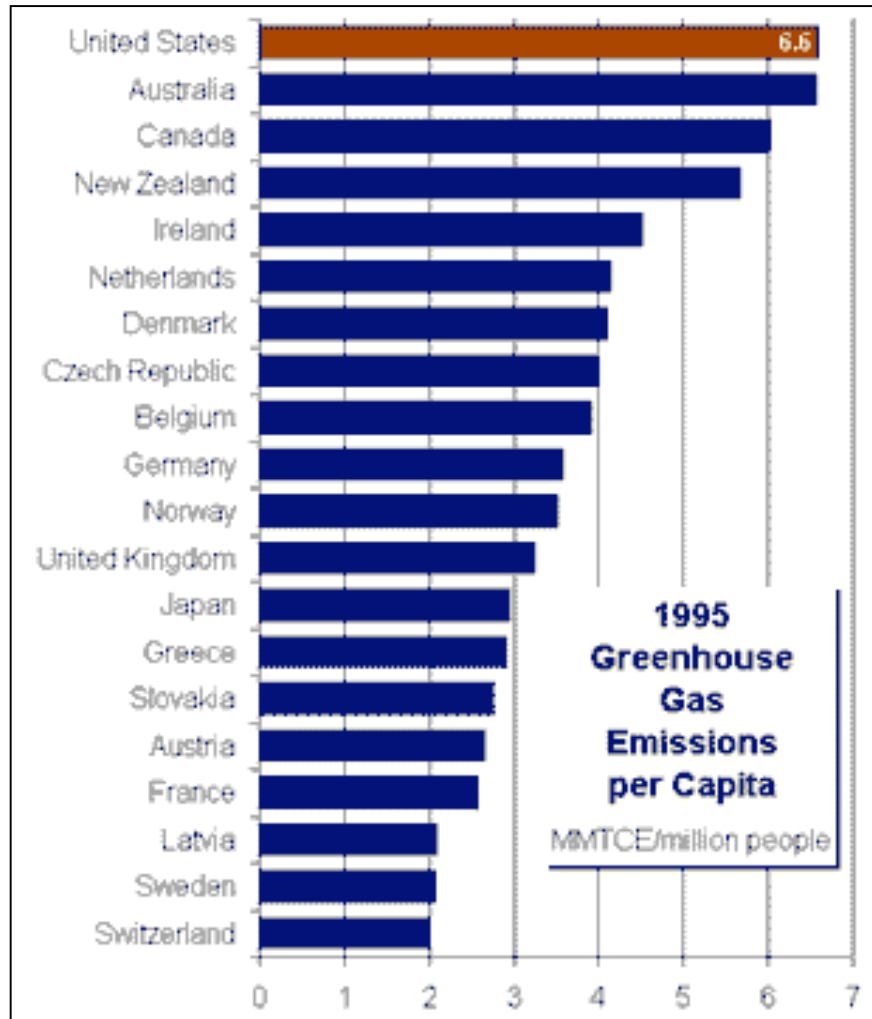
Christian Ege, chairman

Green tax reforms in an EU member state

**Synergy between legal and
economic instruments to reduce
emission of green house gasses**

Århus 6 March 2009

Major greenhouse gas emitters



- Most greenhouse emissions come from developed countries
- US and Australia are leaders
- The US, with 6% of the world's population, contributes 25% of the total emissions

Green taxes

An effective instrument

**Denmark: 9% of total tax revenue
from green taxes – one of the highest**

**But green taxes on trades and
industries are not among the highest**

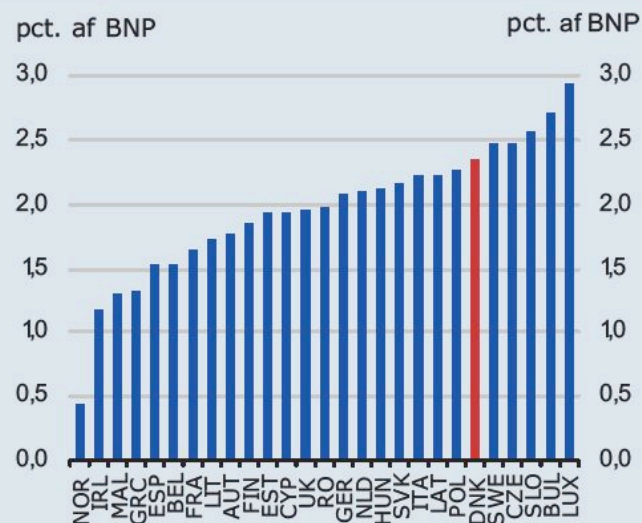
**→ Motivation for energy conservation
is relatively low.**

a) Energy taxes, % of GDP, b) division on households and industry

Figur 10

Energiafgifter i pct. af BNP, 2005

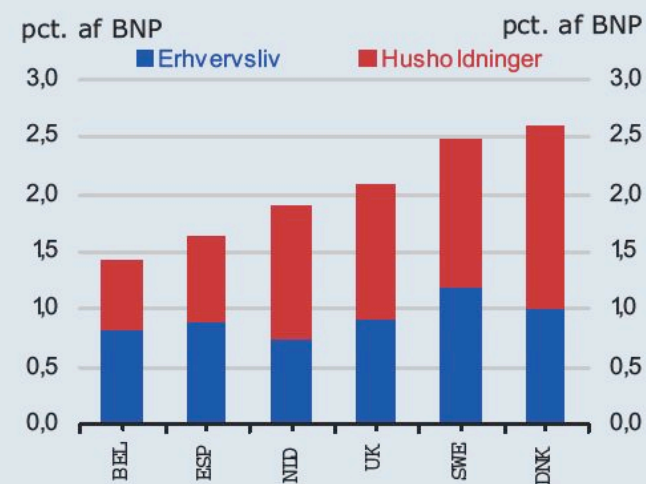
Danmark er blandt de EU-lande, hvor energiafgiftstrykket er størst.



Figur 11

Energiafgifter fordelt på husholdninger og erhverv, 2003

Energiafgifterne pålagt erhvervslivet ligger på samme niveau i flere EU-lande.



Anm.: Oplysninger for Belgien om fordelingen på husholdninger og erhverv vedrører 2002.
Kilde: Eurostat og egne beregninger.

New Danish green tax reform

Since 2001 tax stop - no adjustment to inflation

The real amount of green taxes has decreased by 1.3 billion Euro – 12% of the revenue

The government has changed its mind

**A further tax shift towards higher green taxes and lower income taxes –
1 March 2009**

New green tax reform

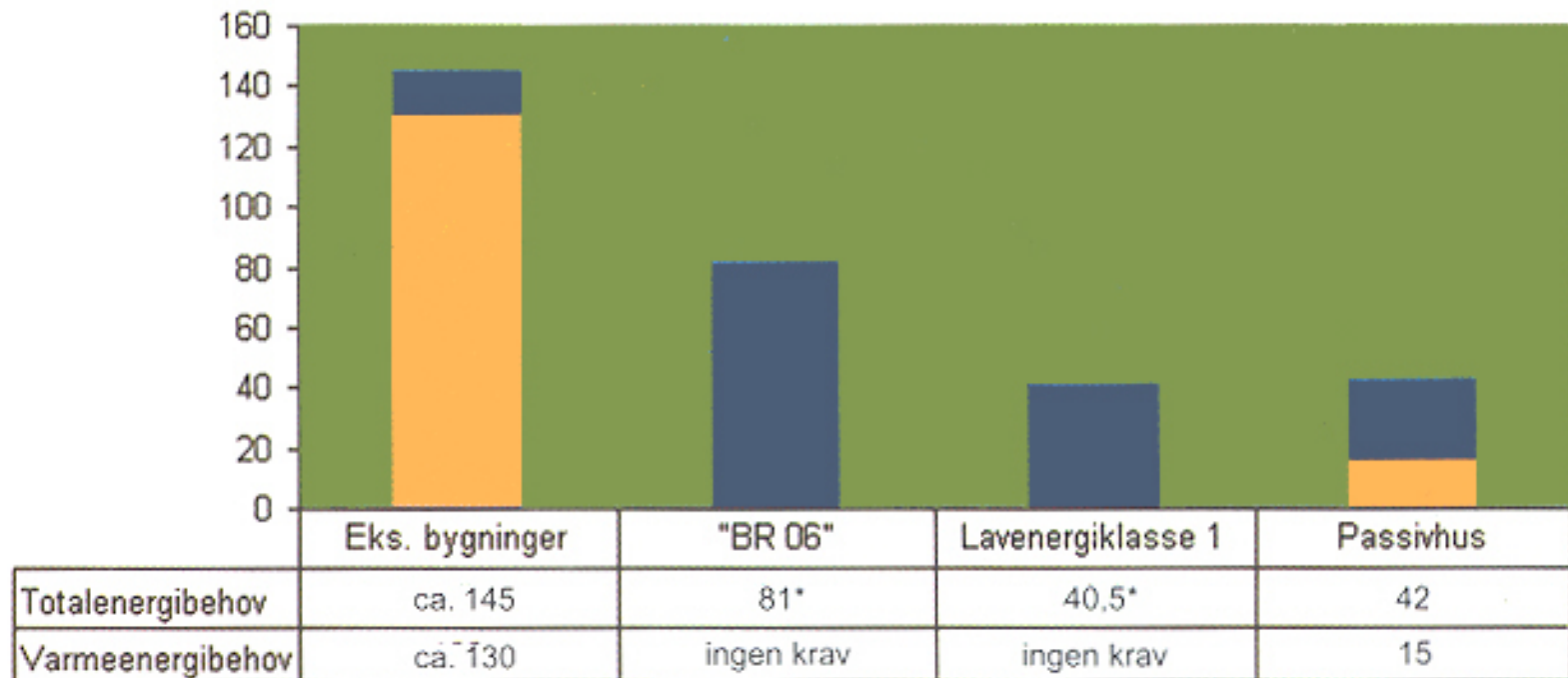
**Extra green taxes: 800 million Euros
(excl. auctioning of CO2-permits/ EU-
ETS),
8% of total revenue of present green
taxes.
Agriculture postponed!**

Buildings

Large potential for energy saving in buildings

Can be promoted through higher energy prices and differentiated house owners tax

Energy consumption in buildings - existing, new and low energy (kWh/m²/år)



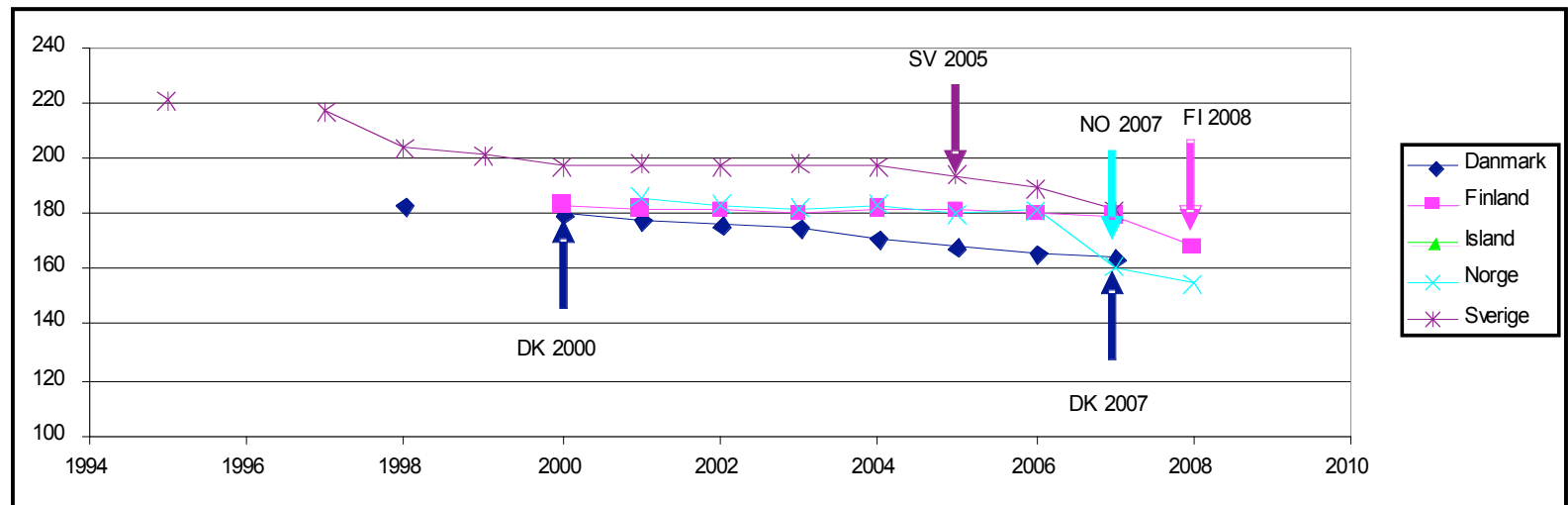
Transport<

Registration tax reduces the number of cars

A differentiated registration tax can promote sales of energy efficient cars

Project from the Nordic Council of Ministers, 2008

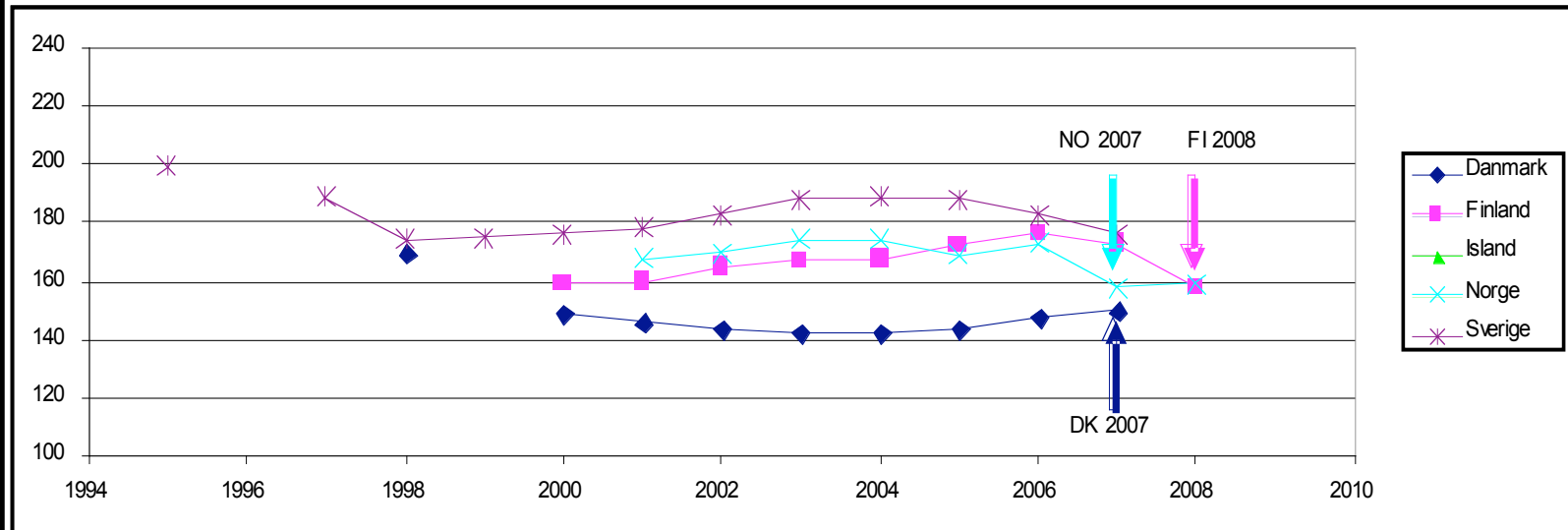
CO₂-emission of new cars, average



Gasoline cars, g CO₂/km

**Introduction of differentiated registration tax
and car owners tax in Nordic countries**

CO₂-emission of new cars, average



Diesel cars, g CO₂/km

Proposal from Ecological Council

2,500 million Euros is shifted from income tax to increase of green taxes, a 25% increase of total revenue from green taxes:

- a simple driving tax (kilometre tax) - could be implemented soon, while roadpricing system not until 2015**
- higher taxes on company cars and taxies**
- tax on the fuel for aeroplanes and ferries**
- higher tax on pesticides**
- tax on manure that is not utilised for biogas**
- higher taxes on electricity and heating based on fossil fuels – especially on trade and industry**

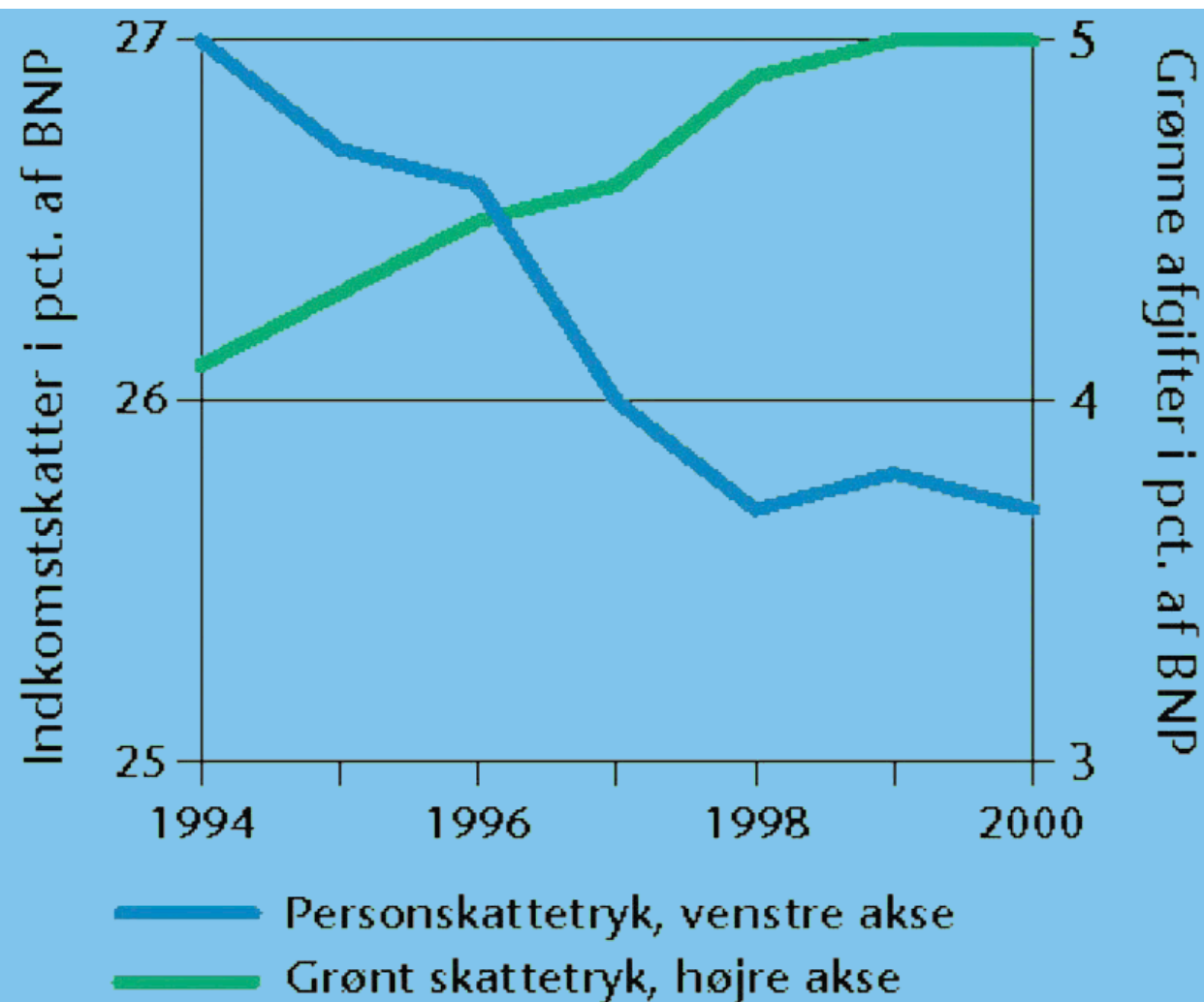
Tax shift or tax increase?

Danish tax shift in the 1990'ies

The general public did not notice the reduced income taxes – but they noticed the increased green taxes!

British Columbia: Green voucher 2008.

Same in Denmark 2009



Note: Opgørelsen er lavet på personlige skatter inkl. arbejdsmarkedsbidrag. Ved sammenligning af personskattetryk skal der tages hensyn til indførelsen af arbejdsmarkedsbidraget i 1994.

High and low income groups

The largest part of the corresponding reduction of income taxes must be on the lower incomes

– because some of the green taxes put the biggest burden on lower income groups