

ENVIRONMENTAL TAXATION

TRANSV Focus 1

For several decades, taxation has integrated a range of environmental policy instruments. By impacting prices, it helps to influence the pressures exerted by certain activities. In this sense, it helps enforce the "polluter pays" principle and internalise certain external costs¹.

This fact sheet is based on a study carried out in 2017² which was designed to estimate the environmental tax revenues collected in Wallonia, i.e. both from Walloon tax policy (amounts actually collected) and federal (estimated Walloon share). The study drew heavily on the work carried out in the framework of mandatory reporting on the European environmental economic accounts³. It also includes certain tax revenues with a specific counterpart⁴ which are not included in the European reporting. The results of this methodology, applied to 2013 data, are presented in this fact sheet.

What is an environmental tax?

Environmental taxes are targeted at elements which have a specific and proven negative impact on the environment. In addition to taxes relating to pollution and resources (e.g. on packaging or water abstractions), taxes on energy (mainly excise duties) and transport (e.g. traffic taxes) are taken into account, even if they have not been introduced for an explicit environmental purpose. Environmental taxation accounted for 4.5% of compulsory levies in Belgium in 2013, compared to an average of 6.3% at European level. This result, among others, explains why various international institutions⁵ have recommended that Belgium make greater use of environmental taxation.

More than half of all taxes fall under federal competence

The environmental tax revenues collected in Wallonia were estimated at €2,842 million in 2013. They consisted mainly of taxes on energy (52.6%) and transport (26.4%). While

environmental competences have been largely regionalised⁶, the distribution of fiscal competences between the federal state and Wallonia is such that more than 60% of the environmental revenues collected in Wallonia in 2013 fell within federal competence. This figure is largely due to the high level of excise duties on mineral oils (primarily road fuel), for which the federal government is responsible. Conversely, Wallonia is responsible for a large part of the taxes on transport (nearly 80%) and for all taxes on the use of resources.

Households are the main contributors

Nearly two thirds of the environmental tax revenues collected in 2013 came from Walloon households, representing an average contribution of just under €1,200 per household. Companies accounted for one-third of the revenues collected, and the transport sector was the largest contributor (17% of the total for companies). Once again, excise duties, which alone accounted for 44% of the total amount drawn in Wallonia (€1,255 million) in 2013, explain these different results to a large extent.

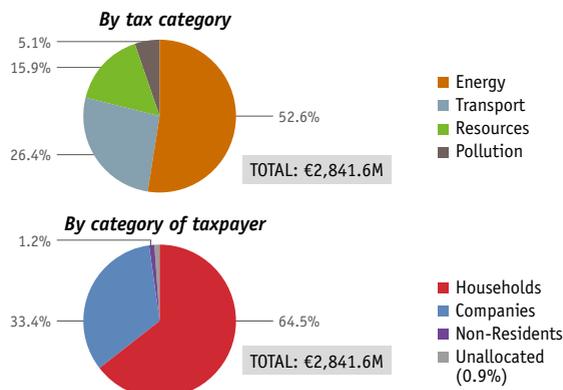
[1] → TRANS 7 | [2] COMASE, 2017 | [3] Regulation (EU) No 691/2011; reporting is an obligation incumbent on Member States and is organised in Belgium by the Federal Planning Bureau. | [4] Tax on household waste, the "true-cost of treatment" of the cost of water, tax on disused sites of economic activity | [5] COM (2015) 252; OECD, 2011 | [6] → INSTIT 1

Tab. TRANSV Focus 1-1 Distribution of environmental tax revenues collected in Wallonia (2013)

TAX CATEGORY	FEDERAL COMPETENCE	REGIONAL COMPETENCE	TOTAL
Energy	52.6%	0.0%	52.6%
Transport	5.7%	20.6%	26.4%
Pollution	4.0%	1.1%	5.1%
Resource	0.0%	15.9%	15.9%
TOTAL	62.4%	37.6%	100%

SOERW 2017 – Source: SPW - DG03 - DEMNA

Fig. TRANSV Focus 1-1 Environmental tax revenues collected in Wallonia (2013)



SOERW 2017 – Source: SPW - DG03 - DEMNA