Green Party Policy

Economic Measures to Protect the Environment

Policy

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Contents

1.0 Key Points and Summary

- The level of taxes or levies will be determined by "The Polluter Pays Principle" and commensurate with the environmental damage
- The most harmful pollutants, as identified by the Social and Environment Reporting Policy[1], will be included in the tax base as soon as possible
- The EU wide introduction of a Carbon Border Adjustment Mechanism is supported, and its introduction and full implementation should be accelerated
- The EU scheme should be extended to cover other pollutants
- A National Pollutant Credits Scheme will be developed to limit the emission of pollutants and simultaneously promote best environmental practice by the participating corporations
- The effectiveness of environmental protection and enforcement will be enhanced
- Fiscal and other incentives will be created that encourage "good" behaviours
- A review of law and practice will be undertaken to eliminate any tax related elements that foster "poor" behaviours
- A Universal Basic Income scheme will be initiated to ensure a just transition to the Green Economy and, where necessary, extra social welfare added to assist low income households

Unlike regulatory or administrative approaches which are secondary mechanisms, environmental taxes and subsidies influence consumer behaviour immediately and when targeted carefully can create real changes in how our behaviour impacts on the environment.

Appropriately pricing the environmental damage associated with consumption, through taxation, allows consumers and businesses a choice of what to buy, but, at the same time, ensures that the true economic cost of those choices is reflected in the price of the goods or services offered.

[1] Green Party Social & Environmental Reporting Policy, June 2021

The existing Green Party policy of mandatory reporting of social and environmental performance by corporations will provide the empirical basis to develop a comprehensive framework of taxes on goods and services whose creation and consumption damage the environment.

The initial proposals for an EU Carbon Border Adjustment Mechanism[2] were published in mid-2021. Presently the scheme will be implemented on only a limited number of "high carbon leakage" products by 2026. However, a swifter and wider implementation will be sought. The objective is to ensure fair competition by ensuring the environmental compatibility of all goods traded within the EU and thereby to prevent environmentally damaging practices being outsourced to corporations located outside the EU.

Moreover, a broadening of the scope of the equalisation principle to all environmentally damaging goods is a critical component of the effort needed to manage climate change. It will ensure that Irish agriculture is not disadvantaged compared to that of third party countries in trade deals with the EU, such as Mercosur. It should ensure that, all things being equal, agricultural products suited to local conditions will retain their advantage over imports. This will optimise farm output, maximise incomes and provide food security in those crop groups most suited to local conditions.

It is recognised that certain polluting activities will continue in the short term because of the time required to make the necessary changes, or potentially for longer in the case of a necessary good that is without an alternative. In these circumstances, the policy is to minimise the environmental damage of continued consumption by ensuring that only the most efficient suppliers provide the product or service. This will be achieved by developing a National Pollutant Credit Scheme that would be like the existing EU Emissions Trading System[3]. The maximum level of the relevant polluting emission will be set by the State and its total value distributed between those corporates who produce it. Those corporates that use less than their allocated allowance will be allowed to sell the excess to any other corporate that has exceeded its allowance. Corporates must remain within their allotted limits and must purchase the necessary offsetting credits from either their peers or from approved carbon capture schemes, e.g. forestry plantations or kelp farms. This favours those corporates who improve their environmental impact while increasing the costs of those that continue to pollute at the same level. In addition, over time, the State should reduce the total amount of pollutant emissions allowed thereby improving the overall environmental situation.

[2] Carbon Border Adjustment Mechanism, July 2021, https://ec.europa.eu/taxation_customs/green-taxation-0/carbon-border-adjustment-mechanism_en
[3] EU Emissions Trading System (EU ETS) (europa.eu)

Taxation is not a substitute for the effective regulation of activity that is harmful to the environment. Consequently, it remains critical that, in parallel with fiscal measures, there is a significant increase in the enforcement of environmental protection regulations. This would be achieved by endowing the Environmental Protection Agency with the statutory powers to enforce environmental protection law in place of its current role of coordinating the thirty plus agencies presently accountable for enforcement. In addition, the level of fines should be increased to provide a stronger deterrent to non-compliance.

The personal tax system will be used to encourage “good” behaviour by individual citizens, for example by providing tax credits for electric vehicles or sustainable energy upgrades. Further potential incentives available using the personal tax system are shown in Section 7.

Furthermore, a review of current taxation law and practices will be undertaken to identify and eliminate instances which incentivise corporates or individuals to make decisions about consumption that damage the environment.

A Universal Basic Income scheme, in accordance with existing Green Party policy[4], should be implemented with the twin objectives of mitigating the impact of environment tax on disadvantaged people whilst also helping to socialise the lifestyle changes that impact the whole of the population.

In addition, it will be necessary to provide further support to certain sections of the population on whose level of income the changes will inherently have a disproportional impact, eg basic necessities comprise a higher proportion of total expenditure as the level of income reduces. The State will provide welfare supports to ensure that a Just Transition is achieved.

The potential for unintended consequences will be monitored by reviewing the effectiveness of implemented measures. Competitiveness concerns will be carefully assessed.

[4] Universal Basic Income Policy – October 2019 https://www.greenparty.ie/wp-content/uploads/2018/07/Green-Party-Universal-Basic-Income-Policy.pdf

2.0 Rationale & Details

2.1 Context & Comparisons

Without government intervention, there is no market incentive for firms and households to consider environmental damage, since its impact is spread across many individuals, and it has little or no direct cost to the polluter. Therefore, protection of the environment generally requires collective action, usually led by government. Governments have a range of tools at their disposal to reduce environmental harm, including regulations and their related Environmental Permitting or Authorisations, information programmes, innovation policies, environmental subsidies, and environmental taxes[5]. Taxes and subsidies in particular, are a key part of this toolkit and this policy utilises them whilst also ensuring that any disproportionate effects on sections of our society are mitigated.

Environmental policy aims to enable the achievement of national and international environmental and sustainable development goals[6]. Ensuring coherence between social and environmental policies regarding societal welfare, physical environment and climate change will also help tackle inequalities in environmental risks and impacts on health and well-being[7].

In this context the 7th European Action Programme (EAP) to 2020 called for applying the Polluter Pays Principle more systematically, through phasing out environmentally harmful subsidies and shifting taxation away from labour and towards production. Here environment taxes can serve to discourage behaviour that is potentially harmful to the environment and can provide incentives to lessen the burden on the environment and preserve it by ‘getting the price right’.

The 7th EAP promotes increases of environmental taxation across the EU so that in each Member State environmental taxes make up at least 10% of the total tax and social charges (TSC). In 2017 Ireland was a middle ranking country in this regard, with a figure of 7.6%.

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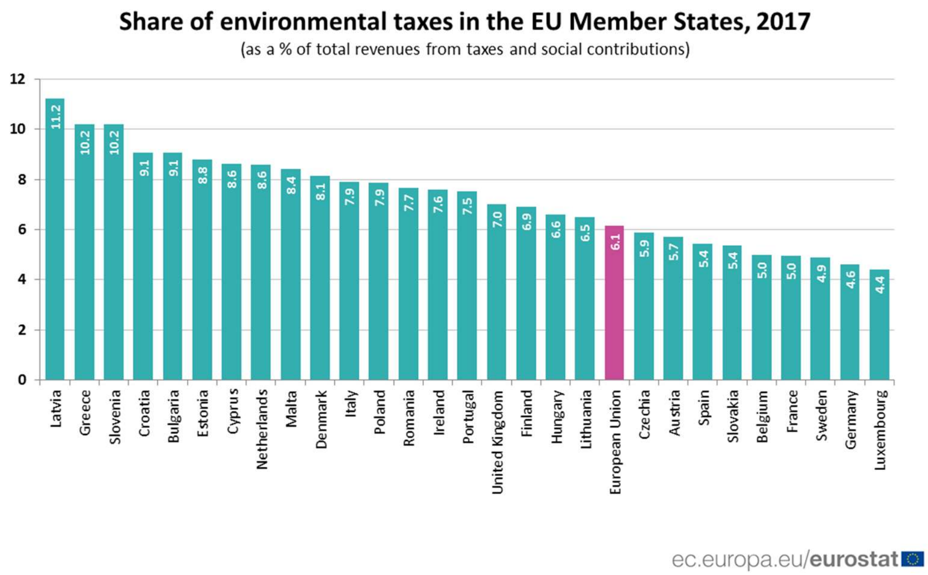
[5] Environmental Taxation A Guide for Policy Makers. 2011, https://www.oecd.org/env/tools-evaluation/48164926.pdf
[6] Standard Report on Methods and Quality For Environment Taxes, 2019 https://www.cso.ie/en/media/csoie/methods/environmentaltaxes/Environment_Taxes_Internal_Quality_Report_2019.pdf
[7] SOER 2020/Summary assessment https://www.eea.europa.eu/publications/soer-2020/chapter-14_soer2020-summary-assessment/view

The aim of the 8th EAP[8] to *accelerate the transition to a* ***climate-neutral, resource efficient, clean and circular economy*** *in a* ***just*** *and* ***inclusive*** *way* that helps achieve the SDGs (Article 1) will reinforce and broaden these objectives. The 8th EAP also emphasises the need for phasing out environmentally harmful subsidies, in particular fossil fuel subsidies.



In the past, environmental policy was typically dominated by "command-and-control" regulations. These approaches were generally prescriptive and highly targeted – e.g., banning or limiting specific substances or requiring certain industries to use specific technologies. Over recent decades, interest has grown in using market-based instruments such as taxes and tradable emission permits, for example Carbon Credits. There are several reasons for the increasing use of environmental taxes.

Taxes can directly address the failure of markets to take environmental impacts into account by incorporating these impacts into prices.

Environmental pricing through taxation leaves consumers and businesses the flexibility to determine how best to reduce their environmental "footprint". - This enables lowest-cost solutions, provides an incentive for innovation and minimises the need for government to attempt to "pick winners".

Moreover, an environment tax approach provides a wider range of abatement options and allows more flexibility in their application than legal instruments, such as

[8] https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32022D0591

a regulation requiring a minimum fuel efficiency level for vehicles or a subsidy that privileges electric vehicles, which target only some solutions. Of course, these fiscal measures do not replace regulations which, if properly drafted and strictly enforced, can have significant effects. However, this achievement may be bought at the expense of unnecessarily high costs.

The Green Party endorses these principles and advocates the use of environmental taxes. These must be combined with measures that ensure a just transition is achieved for all sections of our society comprising both individual citizens[9] and corporate enterprises.

Consequently, the framework of taxation will be referenced to:

The pollutant or the polluting behaviour, with few (if any) exceptions

the scope of the environmental damage

the environmental damage actually incurred

Moreover, to be credible and to motivate environmental improvements, the tax base and the relevant rates applied will be predictable.

The existing Green Party policy of mandatory reporting of social and environmental performance by corporations [10] will provide the empirical basis on which to develop a comprehensive framework of taxes on goods and services whose creation and consumption damage the environment. The components of the reporting will be determined by the Corporate Sustainability Reporting Directive[11] and the on-going work of the EU Taxonomy Group. In turn, the bases for environmental taxes are expected to align with those identified in "Environment taxes - a statistical guide"[12], published by Eurostat, and set out in Section 4.

The level of taxation will be determined by the extent to which the pollutants harm the environment. Examples of possible taxes are included in Section 6.

The Policy recognises that the EU has trade deals with countries outside its regulatory area and consequently, it is imperative that a pan-EU tax regime is

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[9] "Leaving no-one behind" is the cross-cutting theme of the UN SDGs
[10] Ibid. 1
[11] https://home.kpmg/ie/en/home/insights/2021/04/corporate-sustainability-reporting-directive-csrd.html
[12]Environment taxes - a statistical guide 2013 https://ec.europa.eu/eurostat/documents/3859598/5936129/KS-GQ-13-005-EN.PDF/706eda9f-93a8-44ab-900c-ba8c2557ddb0?version=1.0

established promptly to levy environment taxes on products imported into the Union, to account for any environmental damage that is not reflected already in their base cost price. The objective is to ensure fair competition by mandating environmentally sustainable manufacturing practices for all goods traded within the EU and to prevent environmental damage being outsourced to corporations located outside the fiscal reach of EU countries. Such taxes would be in addition to those imposed on the finished product at point of sale.

The initial proposals for an EU Carbon Border Adjustment Mechanism[13] were published in mid-2021. Presently the scheme will be implemented on only a limited number of "high carbon leakage" products by 2026. However, a swifter and wider implementation will be sought.

Moreover, this principle of equalisation must be extended to encompass other pollutants that damage the environment, a requirement that is incorporated into the current policy.

A broadening of the scope of the equalisation principle is a critical component of the effort both to manage climate change and ensure that Irish agriculture is not disadvantaged compared to that of other countries with trade deals with the EU block. This will have major implications for the proposed Mercosur trade agreement and should ensure that Irish farmers can compete on equal terms with those from South America. In summary it should ensure that, all things being equal, agricultural products suited to local conditions will retain their advantage over imports. This will optimise farm output, maximise incomes and provide food security in those crop groups most suited to local conditions.

A key feature of the Policy is the emphasis on changing behaviours. This applies to both individual consumers and those corporate enterprises that supply the product. Consequently, a National Pollutant Credit Scheme will be developed to limit specified pollutants and enable both the sale and purchase of offsetting credits from within the relevant industries and approved carbon capture sources, for example Plant for the Planet[14]. This approach will steer outcomes and promote efficiency. Moreover, the policy will give power to the State to control the level of supply of the specific goods while favouring the most efficient suppliers at the expense of those whose higher pollution rate directly reduces their profit.

The effectiveness of environmental protection regulations available to combat industrial scale pollution must be enhanced amongst other things through targeted use of the revenue from Polluter Pays taxes and levies. This will be achieved by streamlining the current enforcement process. The Environmental Protection Agency

[13] Carbon Border Adjustment Mechanism (europa.eu)
[14] https://www1.plant-for-the-planet.org/

(EPA), through legislation and appropriate funding, will be empowered to investigate and prosecute potential offenders and the severity and frequency of the punishment for non-compliance will be increased. In addition, to increase public awareness of environmentally damaging corporate behaviours, open-source data on pollution, environmental damage and incidences of non-compliance with environmental protection law will be published by the EPA.

A further element of the Policy is a review of taxation law and practices using the CSO study Fossil Fuel Subsidies 2000-2019 in Ireland [15] issued in 2021.

A subsidy is classified as a potentially environmentally damaging subsidy if it is likely to incentivise behaviour that could be damaging to the environment irrespective of its importance for other policy purposes. The CSO study estimated that potentially environmentally damaging subsidies were €2.4 billion in 2019. This comprised direct subsidies and revenue foregone due to preferential tax treatment of €0.3 billion for fossil fuel activities and a further €2.1 billion for other activities, mainly in Road, Aviation and Marine Transport and Agriculture. Moreover, supports to fossil fuel activities increased on a year-by-year basis from €1.8 billion in 2013 to €2.4 billion in 2019 (See Section 5). Consequently, a review of the current taxation law and practices will be undertaken to identify and eliminate instances which incentivise corporates or individuals to make decisions about consumption that damage the environment. Some subsidies have already been identified by other Policies, for example, as detailed in the Transport Policy - Sections 7 & 8,[16] the exemption of inputs from taxation that are used in Aviation and Marine operations.

Finally, detailed environment tax data is needed to enable policy makers assess the environmental impact of a certain tax, such as the reduction in pollution resulting from the introduction of a new tax, and more importantly assess the proportion of overall tax burden that is environmental. This data will be collated and examined for unintended consequences and to drive improved effectiveness.

2.2 Effective Implementation

A Universal Basic Income scheme, in accordance with existing Green Party policy[17], should be implemented with the twin objectives of mitigating the impact of environment tax on disadvantaged people whilst also helping to socialise the lifestyle changes that impact the whole of the population.

[15] Fossil Fuel Subsidies 2019 - CSO - Central Statistics Office
[16] Policy Structure Recommendations (greenparty.ie)
[17] Ibid 4

It is clear from international surveys[18], conducted immediately prior to COP26, that both Irish and international peer populations expect their respective Governments to "lead" the changes and thereby to effectively distance themselves from the effect of the changes. Direct personal actions are ranked lower than those which are generally applicable to society in abstract.

This argues for the swift introduction of Universal Basic Income, in parallel with transitory Income Tax reliefs during the pilot stage, to socialise the changes by softening the financial impact on the general population as well as providing support for those disproportionately affected by the changes.

The experience of the Basic Income for the Arts pilot scheme[19], initiated by Catherine Martin in June 2021, will provide valuable insight into the design of such a scheme. In addition, it positions the Green Party as the "first mover" on this radical approach to managing the transition to a post-industrial society that is dominated by technological and climatic changes which will fundamentally alter the relationship of humans with their physical and work environments.

However, it is recognised that environment taxes will more disproportionately impact certain sections of the population because of their level of income, eg basic necessities comprise a higher proportion of total expenditure as the level of income reduces, or that there may be no alternative to the consumption of certain products. Outsized distributional impacts can, and generally should, be addressed through non-taxation policy instruments, such as directed social welfare support or targeted income tax. In such cases, the State will provide further supports to mitigate the financial impact on affected households and thereby ensure that a Just Transition is achieved.

Income Tax incentives will be used to encourage individual consumers to favour environmentally friendly choices. The personal tax system will be the primary method of providing the financial benefit because it enables flexible targeting and ensures fiscal efficiency. For example, the tax credits for electric vehicles or sustainable energy upgrades could be tapered or capped by reference to total income or be available against earned income only.

Finally, the potential for unintended consequences will be monitored. Competitiveness concerns will be carefully assessed and a major public education program, occurring over several years and running at multiple levels, will be

[18] https://www.theguardian.com/environment/2021/nov/07/few-willing-to-change-lifestyle-climate-survey and full survey https://kantar.turtl.co/story/public-journal-04/page/1
[19] https://www.gov.ie/en/campaigns/09cf6-basic-income-for-the-arts-pilot-scheme/

developed. Clear communication is critical to public acceptance of environmental taxation and this crucial aspect must not be overlooked.

3.0 Definitions:

An environment tax is defined by Regulation (EU) 691/2011 as:

"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 the European System of Accounts as a tax."[20]

A **Harmful Subsidy** is one that is likely to incentivise behaviour that could damage the environment irrespective of its importance for other policy or social support objectives.

Polluter Pays Principle

The Polluter Pays Principle, laid down in Article 191 TFEU, stipulates that the cost of preventing, reducing or repairing environmental impairment should be borne by the polluter and not by the taxpayer[21].

EU Taxonomy

EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

[20] https://ec.europa.eu/eurostat/databrowser/view/t2020_rt320/default/table?lang=en

[21] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN#page86

4.0 Environment Tax Bases

The manual, "Environment taxes - a statistical guide"[22], published by Eurostat is the relevant source for defining what tax bases are to be considered within the remit of environment taxes. All taxes levied on these bases are thereafter considered to be environment type taxes regardless of the reason why the tax was originally introduced. The 2013 update of the manual lists the following environment tax bases:

4.1 Energy taxes (including fuel for transport)

— Energy products for transport purposes

Unleaded and Leaded Petrol, Diesel and other energy products for transport purposes (e.g. LPG, natural gas, kerosene or fuel oil)

— Energy products for stationary purposes

Light fuel oil, Heavy fuel oil, Natural gas, Coal, Coke, Biofuels, Electricity consumption and production, District heat consumption and production and other energy products for stationary use

— Greenhouse gases

Carbon content of fuels and emissions of greenhouse gases (including proceeds from emission permits recorded as taxes in the National Accounts)

4.2 Transport (excluding fuel for transport)

— Motor vehicles import or sale (one off taxes)

— Registration or use of motor vehicles, recurrent (e.g. yearly taxes)

— Road use (e.g. motorway taxes)

— Congestion charges and city tolls (if taxes in national accounts)

— Other means of transport (ships, airplanes, railways, etc.)

— Flights and flight tickets
— Vehicle insurance (excludes general insurance taxes)

[22] Environment taxes - a statistical guide 2013 https://ec.europa.eu/eurostat/documents/3859598/5936129/KS-GQ-13-005-EN.PDF/706eda9f-93a8-44ab-900c-ba8c2557ddb0?version=1.0

4.3 *Pollution*

— Measured or estimated emissions to air

Measured or estimated NOx emissions, measured or estimated SOx emissions and other measured or estimated emissions to air (excluding CO_2)

— Ozone depleting substances (e.g. CFCs or halons)

— Measured or estimated effluents to water

Measured or estimated effluents of oxydisable matter (BOD, COD) and other measured or estimated effluents to water

— Waste management

Collection, treatment or disposal, and individual products (e.g. packaging, beverage containers, batteries, tyres, lubricants)

— Noise (e.g. aircraft take-off and landings)

4.4 *Resources*

— Water abstraction

— Harvesting of biological resources (e.g. timber, hunted and fished species)

— Extraction of raw materials (e.g. minerals, oil and gas)

— Landscape changes and cutting of trees

— Energy products for transport purposes

5.0 Harmful Subsidies

Table 1 Total Direct Potentially Environmentally Damaging Subsidies[23]

Table 3A Direct Fossil Fuel Subsidies, 2010-2019

€m

Direct Fossil Fuel Subsidies	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Total	**356.8**	**340.7**	**389.1**	**390.7**	**455.7**	**390.3**	**351.9**	**354.3**	**305.0**	**261.2**
Fossil Fuel Production										
Petroleum Exploration & Production Promotion & Support	1.3	1.3	1.3	0.5	1.6	2.0	2.4	2.1	1.2	1.4
Science Foundation Ireland Fossil Fuel R&D Funding	–	–	–	–	–	0.3	0.9	1.3	1.3	0.8
Government Fossil Fuel R&D Funding	0.1	–	–	–	–	–	–	–	–	–
Fossil Fuel Consumption										
PSO Levy: Electricity Generation from Peat	78.2	41.6	94.2	94.8	119.0	121.9	115.4	117.8	65.5	25.5
PSO Levy: Security of Supply	14.0	20.7	42.2	61.0	104.7	47.3	0.0	0.0	0.0	0.0
Electricity Allowance	144.7	146.5	141.7	126.8	118.2	111.4	110.3	110.2	108.6	105.4
Gas Allowance	20.0	20.7	20.6	16.3	21.8	18.8	19.2	20.6	19.3	21.2
Fuel Allowance	88.8	104.6	84.6	91.3	87.1	85.7	92.4	90.5	96.1	94.0
Other Supplements (including Heating)	5.4	5.1	4.5	–	3.2	3.0	2.7	2.3	3.1	2.6
Smokeless Coal Allowance	4.2	–	–	–	–	–	–	–	–	–
Fuel Grant for Disabled Drivers/Passengers	–	–	–	–	–	–	8.6	9.5	10.0	10.3

– Scheme not in operation or no payments made

[23] Ibid 15

Table 2 Total Indirect Potentially Environmentally Damaging Subsidies[24]

Table 4A Indirect Fossil Fuel Subsidies (Tax Expenditures), 2010-2019

€m

Indirect Fossil Fuel Subsidies	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total	**1,678.8**	**1,600.8**	**1,512.7**	**1,448.7**	**1,542.8**	**1,638.3**	**1,645.5**	**1,788.2**	**2,033.2**	**2,094.9**
Fossil Fuel Production										
Revenue Foregone: Royalties on Gas and Oil Production	..	..	..	..	..	0.0	50.2	71.0	90.6	43.7
Road Transport Fuels										
Revenue Foregone: Excise Duty on Autodiesel	240.6	283.3	276.9	290.9	309.4	337.5	362.0	388.2	390.1	399.9
Autodiesel VAT Refund	273.9	259.8	296.8	312.7	307.0	299.3	241.7	236.7	284.6	281.3
Diesel Rebate Scheme	–	–	–	0.7	21.1	13.1	1.3	0.8	3.4	10.3
Fuel Excise Repayment for Disabled Drivers/Passengers	5.1	7.4	7.8	7.7	7.6	5.3	–	–	–	–
Revenue Foregone: Excise Duty on Auto LPG	0.2	0.2	0.4	1.0	1.8	2.1	2.1	1.9	1.5	1.5
Other Transport Fuels & Fuels used in Industry										
Jet Kerosene Excise Exemption	419.6	386.5	332.9	383.8	425.2	481.2	493.6	580.5	626.5	634.2
Aviation Gasoline Excise Repayment	..	..	..	..	..	..	..	..	0.1	0.0
Free ETS Emission Permits: Aircraft Operators	–	–	50.6	23.7	31.9	40.9	28.4	31.0	85.2	132.3
Fuel Excise Repayment for Commercial Sea Navigation	5.0	5.7	6.6	6.8	8.5	8.4	10.1	8.9	13.0	13.3
Marine Diesel Scheme (VAT)	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.1
Revenue Foregone: Excise Duty on Marked Gas Oil	235.2	229.1	239.0	255.7	262.9	263.3	274.2	270.8	281.5	284.0
Free ETS Emission Permits: Stationary Installations	302.1	271.6	160.0	23.5	28.4	40.9	27.7	29.9	78.7	120.8
Fuel Oil Excise Exemption for Manufacture of Alumina	3.3	2.2	1.3	1.3	0.6	0.0	0.0	0.0	0.0	–
Fuel Excise Repayment for Horticulture	0.1	0.7	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Revenue Foregone: Excise Duty on Fuel Oil	61.6	42.7	38.4	34.8	29.6	27.7	27.3	28.6	24.8	22.8
Carbon Tax Repayments	–	..	..	..	..	..	..	0.9	5.7	5.5

[24] Ibid 15

Fuels used for Heating										
Revenue Foregone: Excise Duty on Kerosene	90.6	72.8	55.9	52.2	49.0	57.6	59.0	61.7	64.9	60.5
Revenue Foregone: Excise Duty on Non-auto LPG	29.0	26.7	34.3	42.4	48.4	49.5	56.5	66.4	71.7	74.3
Electricity Consumption										
Electricity Excise Exemption: Domestic Use	7.2	6.8	6.5	6.3	5.9	5.9	5.8	5.6	5.5	5.2
Revenue Foregone: Excise Duty on Business Electricity Use	5.2	5.1	5.0	5.0	5.2	5.3	5.4	5.2	5.3	5.2

.. Not available

– Scheme not in operation or no payments made

6.0 Proposed Economic Measures

- **Landfill Levy**

To continue the drive towards a circular economy, this levy needs to increase to €100/tonne, making the economic argument for moving up the waste hierarchy even more persuasive. This increase would initially generate revenue of approximately €3m/annum.

- **Waste Incineration Levy.**

A total of 1.2 million tonnes (43%) of municipal waste went for incineration with energy recovery in 2018, up significantly from 32% in 2017 and just 7% in 2012. These trends reflect increased incineration capacity nationally, and a shift away from disposing of residual waste to landfill. [25]

In order for a waste incineration levy to be effective, it needs to make it cost-effective to recycle as much of the waste at present being incinerated as is possible. To this end a levy of €5/tonne on waste to incineration should be introduced immediately, increasing to €10/tonne in 2022. This would create an initial income stream of €6m/annum.

[25] https://www.epa.ie/nationalwastestatistics/municipal/

- **Waste Export Levies**

Ireland remains heavily reliant on export markets; altogether 35% of Ireland's municipal waste was exported for recycling or recovery in 2018 (over 654,000 tonnes for recycling, 287,000 tonnes for energy recovery and almost 75,000 tonnes for composting). A further 6,000 tonnes was exported for disposal.[26]

The following levies should apply to waste exports.

Waste exported for recycling €5/tonne in 2022 increasing to €10/tonne 2023 and €15/tonne in 2014, to stimulate the domestic recycling industry, initially yielding €3m/annum

Waste exported for incineration - €5/tonne immediately rising to €10/tonne in 2022 and €15/tonne[27] in 2023, yielding €1m/annum initially.

Waste exported for composting - €5/tonne immediately rising to €10/tonne in 2022 and €15/tonne in 2023, yielding €0.5m/annum initially

- **Packaging Levies**

EU Definition: 'Packaging` shall mean all products made of any materials of any nature to be used for the containment, protection, handling, delivery and presentation of goods, from raw materials to processed goods, from the producer to the user or the consumer. 'Non-returnable` items used for the same purposes shall also be considered to constitute packaging.

'Packaging` consists only of:

(a) sales packaging or primary packaging, i. e. packaging conceived so as to constitute a sales unit to the final user or consumer at the point of purchase;

(b) grouped packaging or secondary packaging, i. e. packaging conceived so as to constitute at the point of purchase a grouping of a certain number of sales units whether the latter is sold as such to the final user or consumer or whether it serves only as a means to replenish the shelves at the point of sale; it can be removed from the product without affecting its characteristics;

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26 https://www.epa.ie/nationalwastestatistics/municipal/

27 European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A31994L0062

(c) transport packaging or tertiary packaging, i. e. packaging conceived so as to facilitate handling and transport of a number of sales units or grouped packagings in order to prevent physical handling and transport damage. Transport packaging does not include road, rail, ship and air containers;

As the new Waste Action Plan for a Circular Economy commits to banning all single use plastic packaging use items from July 2021, previously proposed levies on these can no longer be applied. [28]

Under this plan it is intended to significantly reduce single use plastics coming on to the market by 2026 and to make all packaging either reusable or recyclable by 2030. There is a possible role here for levies to drive this changeover.

- **Aggregates Levy**

In order to drive the recycling of Construction and Demolition (C&D) Waste, the UK Government introduced an aggregates levy of £2/tonne. This is a tax on sand, gravel and rock that's either been:

- Dug from the ground
- Dredged from the sea in UK waters, or Imported

This has resulted in the UK having recycled and secondary aggregate total of around 29 percent of the total aggregate market – well ahead of the European average and higher than any European country.[29]

In Ireland creation of C&D waste has risen year on year from c. 90m tonnes in 2014 to 160m tonnes in 2019. The construction sector handles large volumes of natural resources, such as soil and stone, which make up c.85% of C&D waste. Successful activation of the circular economy in this sector could see millions of tonnes of resources being beneficially reused every year.

An Aggregates Levy of €2.50/tonne in Ireland would drive recycling of C&D waste and the use of secondary aggregates resulting from mining waste or other industrial processes. This would yield c. €80m/annum based on mining of 32m tonnes/annum.

Although an argument could be made that this will add to building costs at a time when there is a need for more houses, the fact is that there seem to be huge profits being made out of house building in Ireland, when compared to other western

[28] https://www.gov.ie/en/publication/4221c-waste-action-plan-for-a-circular-economy/
[29] Contribution_of_Recycled_and_Secondary_Materials_to_Total_Aggs_Supply_in_GB

European countries. Irish residential construction costs for an apartment average at €1,844 per square metre including VAT: whereas in Munich this would be €1,300, and in Amsterdam €1,440. This makes the cost in Ireland 42% higher than in Munich and 28% higher in Amsterdam.[30] [31]

- **Vehicle Registration Tax**

VRT for fossil-fuel vehicles should be based on vehicle weight and engine size. The heavier the vehicle the greater the energy consumption.

- **Data Centre Levy**

Create a levy on consumption of electricity purchased by Data Centres. The funds to be ring fenced to support the development of Renewable Energy.

- **End of Fossil Fuel subsidies**

Abolish all subsidies and financial supports from Irish tax payers' to the fossil fuel industry and ring fence this previous spend into the Environment Fund.

- **Zero Vat on Renewable Packaging**

Remove VAT on packaging materials that are sourced from renewable sources.

- **Plastic Packaging Levy**

Impose a levy on plastic packaging used in Ireland, paid for by companies directly from profits and not to be passed on to the price of the goods to the consumer in Ireland. This levy is to be ring fenced into an investment in supporting alternatives to plastic packaging in Ireland to business and plastics recycling.

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[30] International construction market survey 2015 - Global rebalancing: a changing landscape http://www.turnerandtownsend.com/ICMS-2015.html

[31] Bruce Shaw – Ireland Handbook 2015 http://www.bruceshaw.com/uploads/BruceShawIrelandHandbook_2015.pdf

- **Environmental Business Tax**

Impose an environmental business tax on businesses in Ireland paid for from profits and not to result in an increase in prices for goods and services, to be ring fenced into the Environment Fund used towards supporting green electricity energy generation. This is so there is a more equitable distribution of the tax revenue between PAYE and Business with a 50/50 distribution of tax revenue being generated from business and PAYE. The increase in this environmental business tax should cause this redistribution to balance this.

- **Remote Working Incentives**

Develop economic mechanisms to promote working from home and reduce unnecessary commuting and the consequent adverse impact on the environment.

- **Tidy Towns**

Review of government funding for the 'tidy towns' competition' to take more account of sustainability criteria to incentivise the adoption of environmental leadership best practices by local councillors.

- **National Car Test**

Change basis of frequency of NCT test from time to mileage with a maximum time period.

- **Annual car tax**

Annual car tax to be mileage based with the bands based on vehicle weight and emissions

- **Public service mileage rates.**

Reverse present public service mileage rates which incentivizes emissions. (Currently 83.53 per mile over 1500 cc engine. Bicycle 8 cent per mile)

7.0 Personal tax allowances linked to individual environmental behaviours

New Personal tax allowances to become tools of government environmental policy.

Air miles.

Personal Air mile bands/limits to be set for individual business, family and leisure flights and linked to tax allowances. (passport triggered and recorded air miles data to feed automatically to tax system)

Car miles.

Personal Car miles to be set for business, family and leisure and linked to tax allowances. (NCT car mileage and annual car tax mileage linked automatically to tax system)

Environmental actions.

Each sample action to quality for a corresponding tax benefit/allowance.

Work from Home options scale allowance

Mileage (for all PAYE workers not just public servants) for every km travelled to work via walking, cycling or public transport (Belgium is an example of where this has been introduced)[32]

Environmental annual leave, 3-5days paid leave for environmental activities with registered bodies such as Native Woodland Trust, Irish wildlife Trust, An Taisce etc.

Volunteer with an environmental community group and access an extra tax credit

Increase Household energy/heating systems grants

[32] https://www.ecf.com/news-and-events/news/belgium-adopts-its-first-federal-action-plan-cycling-promotion

Revise BER requirement for Grants

Eliminate the need to get to a B2 rating to avail of the grants to retrofit your house and give these grants for any project completed that improves BER Rating going forward.

Reform Solar Panel Planning Requirements

Remove the need for planning permission for PV Solar Panels for residential properties

1 8. Environmental Tax Policy – Further Areas of Interest

- Tax treatment of Gas in the Transition to Net Zero
- The Environmental Fund is to be re-vamped under the new Circular Economy Legislation, Waste Management (Amendment) and Minerals Development (Amendment) Bill 2022[33]. This makes provisions for a Circular Economy Fund which will replace the Environment Fund and will provide supports for a wide range of actions and activities under the wide label of a Circular Economy. As well as financial support from the exchequer, the Minister will be empowered to impose levies across a wide range of products.
- European tax integration

[33] https://www.oireachtas.ie/en/bills/bill/2022/35/?tab=bill-text