

ENVIRONMENTAL TAXES: POLLUTION/RESOURCES. ROMANIA'S SITUATION AS COMPARED WITH EU MEMBER STATES

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Abstract

The environmental taxes are a relevant area in the future fiscality taxes in the European Union. These are aimed, not only the protection of the environment around us, a sustainable economy, but also the meant to bring funds to the EU budget. At present, the current system has the advantage of ensure the stable and sufficient resources.

The study aims the evolution of the revenues from environmental taxes: pollution/resources and these are collected to finance projects which are destinated to limit the effects of the human activities upon the environment.

Keywords: environmental taxes, pollution/resources taxes, evolutions.

JEL classification: Q 50, Q56.

1. Introduction

As the aspects of protecting the environment have become compulsory reasons, a transition has been made from the approach based on coercion and sanction to the approach based on incentives, which is more flexible, with the purpose of promoting the accountability towards the environment.

The environmental taxes are a relevant field in the future fiscality from the European Union and they have as a purpose not only the protection. However, we should not elide the rigidity or better said the abstention that we have to face when they consider that the environmental objectives coerce the industrial competition and the economic growth.

Nowadays, the present system has the advantage of ensuring enough stable resources, having an equivalent impact on the payers from all the European Union, respecting thus the horizontal equity, but it also has a lot of disadvantages – lack of transparency and limited connections with the politics of the European Union. If we should consider this system a viable solution for us, we should also consider it an issue of political option. There is no simple solution, the environmental taxes represent a very complex problem.

There appeared the stringent need of a common approach at an European level.

As the environmental problems are linked to externalities, their existence determines the economic agents to make decisions which are optional from a social point of view. The state, having as an objective the optimal allocation of resources, has the possibility of imposing taxes (the presence of negative externalities) or it can give appropriate subventions in order in internalize the externalities.

According to the Eurostat methodology, the environmental taxes are separated into four groups:

- ✓ energy taxes;
- ✓ transport taxes(excl. fuel);
- ✓ pollution/resources taxes;
- ✓ transport fuel taxes.

a. The energy taxes – the taxes on energetic products used for transport (petrol, diesel), as well as for supplying the stationary machines (natural gases, coal and electric power); according to Eurostat, the taxes on the emission of CO₂ are rather included in the energy taxes than in the pollution/resources taxes – this situation is determined by the fact that it is not possible to identify the separate application of taxes on emissions of CO₂, because these are a part of the energy taxes; also, the incomes obtained from energy taxes are much higher compared to the ones from pollution/resources taxes.

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b. The transport taxes are, mainly, the taxes related to the ownership and using of vehicles; the taxes specific to other equipments of transport, the related services of transport are included in this category when they are in accordance with the general definition of the environmental taxes.

The transport taxes may be taxes referring to imports or sales of equipments or recurrent taxes (the annual road tax); the name of this tax category may mislead us, as the most important part – the taxes on petrol, diesel are included in the energy taxes, according to Eurostat.

c. The pollution/resources taxes apply to the emissions from mobile and immobile sources, when marketing some goods(plastic and carton wrappers, plastic bags, dangerous chemical substances, batteries and so on), as well as when exploiting some natural resources (wood, aggregations), others than those used as energy sources.

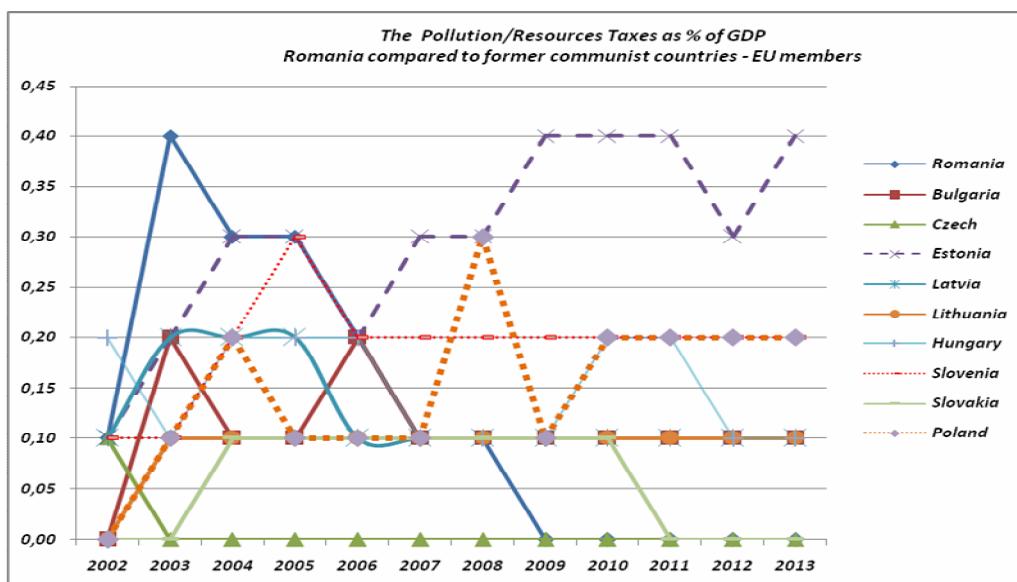
d. The transport fuel taxes– are the latest introduced in the Eurostat methodology, they are not included in the transport taxes.

2.The pollution/resources taxes. Romania compared with EU member states

We will extend the analysis on the evolution of collections from pollution taxes and those of using the resources. The figures of the income budgets (2005-2013) show a low collecting capacity compared to the potential basis of taxing, despite recording some progress in what regards the overall volume of encashment (the cause – tax evasion).

This situation is even more serious as the pollution/resources taxes are those taxes collected in order to finance projects intended for limiting the effects of human activities on the environment, which proves a serious unconcern; immediate solutions are required in order to increase the degree of collecting these revenues. In addition, according to the way of collecting the statistical data, the main source of pollution, that is the emissions of CO₂, is quantified at the category of energy taxes.

The pollution/resources taxes represent one of the groups of environmental taxes, those that become revenues for the Environmental Fund Administration. The establishment (2005) wanted to create that economic-financial tool with the role to support and to allow the accomplishment of projects for protecting the environment, in accordance with the legal effectual disposals in the field of environmental protection. However, Romania did not have the possibility to respect the duty of insurance for the projects financed from the Structural Funds of a co-financing of over one billion Euro per year with the help of this tool, because the creation of the Environmental Fund Administration required an important institutional effort, the financing of the fund was specified to made only from the country's own incomes; our country assumed its contribution with a co-financing of 15 billion Euro – for the period 2007-2018, and the Environmental Fund Administration has annual revenues that are less than 37% from the necessary sum per year. In addition, the same situation is presented by the Eurostat data (in the period 2002-2013), recording a decrease of the total encashments related to this group. (Figure 1, Figure 2, Table 1).



**Figure 1. The evolution of pollution/resources taxes.
Romania compared to former communist countries, EU members. (as % of GDP).**

Source: data processed by the author

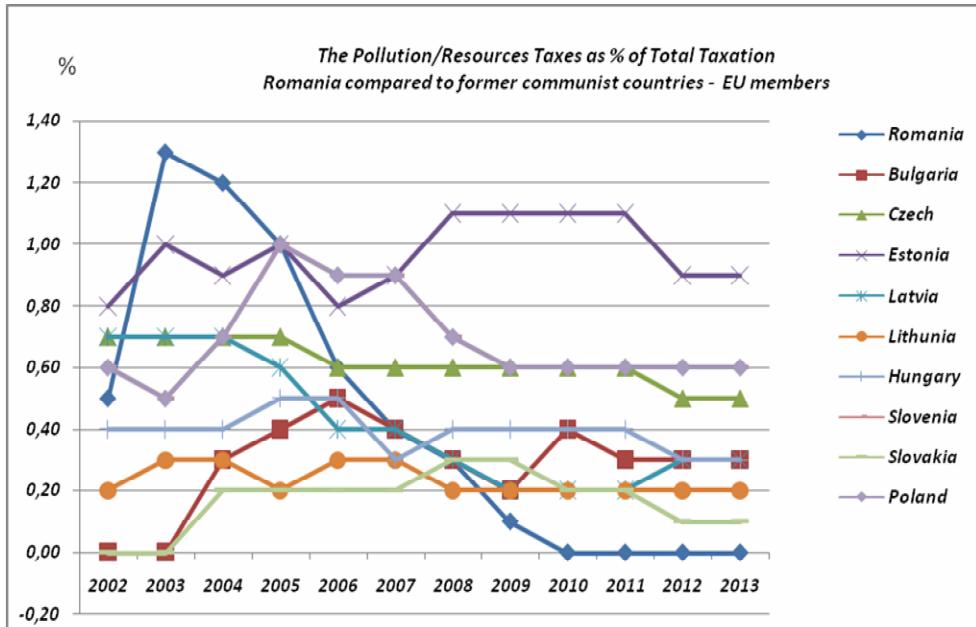


Figure 2. The evolution of pollution/resources taxes.

Romania compared to former communist countries, EU members. (as % of Total Taxation).

Source: data processed by the author

Table 1

**Revenues-Pollution/Resources Taxes in the member countries of the EU– 27
(including Norway and Iceland)**

- mil.euro -

Nr. crt	Member Countries EU-27	Revenues - 2011
1.	Belgium	516
2.	Bulgaria	35
3.	Czech Republic	46
4.	Denmark	554
5.	Germany	1430
6.	Estonia	49
7.	Ireland	364
8.	Greece	-
9.	Spain	235
10.	France	2278
11.	Italy	486
12.	Cyprus	-
13.	Latvia	16
14.	Lithuania	16
15.	Luxembourg	4
16.	Hungary	95
17.	Malta	9
18.	Netherlands	4328
19.	Austria	63
20.	Poland	775
21.	Portugal	7
22.	Romania	12
23.	Slovenia	83
24.	Slovakia	24
25.	Finland	131
26.	Sweden	144
27.	United Kingdom	1615
EU-27		
	Norway	-
	Iceland	42
	Total	13316

Source: Eurostat, 2013

In 2007, Romania collected a total record of 16 billions Euro from these taxes, being the beneficiary of the 21st rank among the states members of the EU, while after that the encashments dropped to 12 billions Euro, which caused the occupancy of the 23rd rank by our country.

Extending the analysis over the other three groups of taxes, the situation remains within similar parameters. (Table 2)

Table 2

The environmental taxes* as % of GDP in România.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Environmental taxes:	2.4	2.1	2.4	2.4	2.0	1.9	2.1	1.8	1.9	2.0	1.9
Energy	1.9	1.7	2.0	2.1	1.8	1.7	1.7	1.4	1.6	1.8	1.7
Transport fuel	-	-	-	-	-	-	1.3	1.3	1.6	1.6	1.4
Transport (excl.fuel)	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.4	0.3	0.2	0.2

Source: Eurostat, Commision Services, Report 2013; *the environmental taxes: according to the Eurostat methodology, both pollution/resources taxes – Figure 1, Figure 2

According to the mentioned data, in the year 2011, Romania was situated in the lower part of the list of the EU – 27 as % of GDP from the energy taxes, which put it on the 19th rank; as % of GDP from the transport taxes – 23th rank, as % of GDP from the transport fuel taxes – 17th rank; on the whole, the environmental taxes as percentage from GDP, put our country of the 23rd position.

Romania disposes of limited capacities of collecting the revenues stipulated by law; however, the revenues projected to be collected from the environment fund have constantly increased. Nevertheless, reported to Romania's GDP, the sums stipulated to be obtained at the Environmental Fund represent just 0,36% from the GDP, in the best year from its history.

The economic crisis left its print too; in practice, the encashments from pollution taxes were really small, so the real available revenues for programmes of protecting the surrounding environment place us among the last ranks in Europe.

3. Conclusions

The situation proves that without a major change in the fiscal strategy of this field, our country will still remain on an inferior position related to the efforts of protecting the surrounding environment. It is imposed the support of the gradual growth of the environmental taxes, as well as the introduction of some new tools used in different countries of the European Union.

The capacity of Romania to accomplish its obligations in the field of environmental protection – the Environmental Fund Administration represent a real progress in the field of supporting the financing of the programmes of preventing the impact of human activities on the surrounding environment; the effete collection of the revenues intended for the Environmental Fund influence this aspect in a negative way. There appears the stringent necessity of some discussions regarding the way in which the institutions of the state that have to collect the taxes for the EFA (AFM) can be determined to accomplish their legal obligations with a higher degree of efficiency.

As a consequence, both of the existence of the powerful budgetary crisis developed in the last years, and the recommendations of the EU to modify the importance given to taxing work (Romania records a high fiscality) to a more highlighted taxing of consumption and pollution, the ensurance of increasing the collections from environmental taxes should represent a priority for Romania.

We notice that the number of environmental taxes is very high in the majority of the states members of the EU and there is also a strong opposition towards the tendency of increasing these taxes.

The environmental taxes have had an important role in the context of the crisis, still considering that their increase would create the possibility of reducing the taxes on working force, this way stimulating employment and improving the quality of the environment. In the period 2000 – 2013 there are modifications in the composition of the environmental taxes at the level of the EU.

There is no ideal tax, all the potential taxes have both pros and cons, a fact which does not involve giving up to their application and use. Major difficulties may appear in the way in which a tax can be

defined and the fact that it will need the unanimous approval from the states that are members and interstate harmonization.

In the future, the financing system of the European Union will definitely be a political decision.

A wrong approach could determine unfavourable and unexpected consequences in what regards the efficiency of the fiscal politics and strategies of the environment from the European Union.

Most of the countries have to face with the lack of an appropriate coordination at a horizontal level between different institutions, so as to be conceived in a strategical manner different policies, according to the European Environment Agency.

The EU is working on a more integrated approach of the processes of elaborating policies, which would base on the principle of assessing the impact and of a better regulation; including recommendations for improving the participation in managing the interactions between science, technology and society.

After the analyses that we made, we reached the awareness of the fact human activities may generate irreversible changes on the environment, the exhaustion of non-renewable resources and the deterioration of some essential bio-systems. At the same time, mankind has become more and more aware of the fact that there are necessary some supported efforts in order to generate some radical changes in the way in which economic activities and thought and put into practice, so that the welfare of the contemporary society should not be achieved with the price of losing the possibilities of a better living in the future.

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