EUROSTAT QUALITY PROFILE

Indicator (definition)	**Implicit tax rate on energy:** Energy tax revenues in relation to final energy consumption (Euro per ton oil equivalent, deflated with the final demand deflator)
Eurostat Unit	C5, Validation of public accounts G4, Energy statistics E3, Environment statistics
Other Commission DGs	DG Taxation and Customs Union DG Environment
European Statistical System Working Group (WG)	WG on Environmental Expenditure Statistics WG on Energy Statistics WG on Structures of the taxation systems Financial Accounts WG
Date	July 2008

1. Overall assessment of accuracy and comparability (Description of quality grades under the following link: http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general_information/quality_profiles/annex_enpdf/_EN_1.0_&a=d

☒ A ☐ B ☐ C ☐ Indicator to be developed

Data is collected from reliable sources applying high standards with regard to the methodology and ensuring a high degree of comparability. No data is currently available for Candidate and EFTA countries.

2. Objective and relevance of the indicator:

Implicit tax rate on energy measures the development of the average burden of taxes on energy consumption, and contributes to the monitoring of Integrated guidelines 2 ('To safeguard economic and fiscal sustainability') and 11 ('To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth').

Consequently many countries have set up energy taxes as an economic instrument aimed at implementing environmental liability and achieving the Kyoto Protocol objectives. The energy taxation Directive[1] defines the minimum levels of taxation to be imposed on energy products and electricity. These levels of taxation should reflect the competitive position of the different energy products. The renewed sustainable development strategy recommends that 'Member States should shift taxation from labour to energy consumption and/or pollution, to contribute to the EU goals of increasing employment and reducing negative environmental impacts in a cost-effective way'. Implicit tax rate on energy gives an indication on taxes levied on the use of energy, which contribute to foster energy efficiency.

Restriction of the indicator's relevance and other characteristics which may lead to restrictions in using it in monitoring and reporting

Implicit tax rate on energy treats equally all kinds of energy consumption, regardless of their environmental impact; this means an energy unit of oil equivalent produced with hydroelectric power has the same weight as the same unit produced by burning brown coal. If tax rates are differentiated according to the environmental impact of different energy uses a country with an environmental friendly structure of energy consumption would have a low implicit tax rate on energy.

Comparing across the countries, there are difficulties to explain whether low indicator is due to promoting environmentally friendly energy production by low tax rates on e.g. hydroelectric power and therefore the desired changes in the consumption patterns, or low energy tax rates on all energy products.

[1] Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity', replacing, with effect from 1 January 2004, 'Council Directive 92/81/EEC (on the harmonisation of the structures of excise duties on mineral oils)' and 'Council Directive 92/82/EEC (on the approximation of the rates of excise duties on mineral oils').

3. Data availability: details

(t_1: earliest reference year available; t_2: latest reference year available in July 2008)

	EU Member States	ACC/CC	USA and Japan	EFTA
t_1	1995: BE, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, FI, SE, UK 1997: SK 2000: SI	-	-	-
t_2	2006: BE, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, SL, SK, FI, SE, UK	-	-	-

4. Overall accuracy

High ☒
Restricted ☐

Energy taxes are defined as a sub-group of environmental taxes and include taxes on energy products used for both transport and non-transport purposes. The list of individual environmental taxes was agreed with the Member States[2].

Data are provided by national authorities compiled as the supplementary table for Table 9 of the ESA95 Transmission Programme, so called 'national tax lists', which are transmitted under a gentlemen's agreement. The arithmetic consistency between Table 9 and national tax lists are checked by Eurostat and then lists are forwarded to DG TAXUD that undertakes the classification of taxes and appropriate computations.

Data on energy is submitted on the basis of five Annual Joint Questionnaires employing an internationally agreed methodology. Eurostat receives disaggregated data which are used to countercheck the results and to ensure consistency with the total amount of energy consumption. The accuracy of the basic data depends on the quality of the national statistical systems and may vary from country to country. In several countries and for most energy commodities data provision by the companies is required by law. However, emerging liberalisation process in some countries may to some extent negatively affect accuracy in some cases.

The data include energy consumed in the transport, industrial, commercial, agricultural, public and households sectors but exclude deliveries to the energy transformation sector and to the energy industries themselves. The different energy products are aggregated on the basis of their net calorific value, and expressed in tons of oil equivalent.

5. Comparability across countries

High ☒
Restricted ☐

The procedure to identify energy taxes was the same for all the countries and was conducted by DG TAXUD jointly with the Member States as part of the process of identification of environmental taxes. A harmonised statistical framework for environmental taxes was developed in 1997[3]. Classification of taxes is undertaken by DG TAXUD each year for national tax list sent by countries.

[2] See publication: 'Taxation trends in the European Union'.

[3] Environmental taxes – A statistical guide.

6. Comparability over time

High	☒	The data on energy tax in national tax lists are compiled by countries for the period 1995 – onwards.
Restricted	☐	The methodology for energy statistics follows a well defined standard that has not been changed significantly in the past. The data is subject to annual revisions. From time to time specific actions targeted to selected items to improve the methodology – including the time series are carried out. Backwards calculations are made in case of any changes in the methodology.

7. Development perspective for improving the quality of this indicator (including as far as possible an indication of the burden on Member States and respondents.)

Switching to the base year 2000 from the 2009 edition of the report 'Taxation trends in the European Union' onwards, will allow calculation of an EU 27 average as Bulgaria and Romania will then be included.

8. Contribution to quality of the set/potential to qualify for an integrated policy analysis

The Indicator allows quantifying the role of fiscal policy in shaping demand for energy.

Relevant European legislation:

For tax revenues collected in the framework of ESA95 Transmission Programme:

- Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community (ESA 95).
- (Data for environmental tax revenue is collected in the system of tax national lists delivered to Eurostat by Member States under a gentlemen's agreement. These lists are sent with corresponding ESA95 codes and amounts alongside the transmission of table 0900).
- Council Directive 2003/96/EC of 27 October 2003 on restructuring the Community framework for taxation of energy products and electricity.

For Final Energy Consumption

- *A new legal instrument (Council Regulation) is currently under discussion, and will be in force in 2007 or in 2008.*

Top of the page