

8th Global Conference.
THE SPANISH ENVIRONMENTAL
FISCAL REFORM.

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1.- FOREWORD

- Definition of Green Taxes in Spain and a summary of the environmental tax elements such as legal base, beneficiary, tax payable, basis of assessment, exemptions, deductions, collection, rate of Personal Income Tax, Corporation Tax, Wealth Tax, Value-Added-Tax, Tax on Economic Activities, Excise Duties on Hydrocarbons, Tax on Electricity, Local Taxes and other taxes.
- 3 researches at The Institute for Fiscal Studies, Ministry of Economy and Finance, Spain, University CEU San Pablo, Madrid, Spain, and at University of Leeds, United Kingdom, 2003-2007.

2.- DEFINITION OF ENVIRONMENTAL TAX:

TAX BASE IS PHYSICAL UNIT OF SOMETHING THAT HAS A PROVEN, A SPECIFIC NEGATIVE IMPACT ON THE ENVIRONMENT

3.- STRUCTURE OF SPANISH ENVIRONMENTAL TAXATION SYSTEMS.

- **1.- PERSONAL INCOME TAX**
- **2.-CORPORATION TAX**
- **3.-VALUE ADDED TAX**
- **4.-EXCISE DUTIES ON CERTAIN HIDROCARBONS RETAILS**
- **5.- TAX ON ELECTRICITY**
- **6.- WEALTH TAX**
- **7.-EXCISE DUTIES ON CERTAIN MEANS OF TRANSPORT**
- **8.- REAL ESTATE TAX**
- **9.- TAX ON ECONOMIC ACTIVITIES.**
- **10.- TAX ON MECAHANICALLY POWERED VEHICLES**

3.1.- PERSONAL INCOME TAX

- **The Net Incomes are calculated very difficult for Forest Development.**
- **Negative Taxable Base and Operating cost are produced in more years than the law permits as deductible.**
- **Fiscal incentives for Expenses for use own or Public Service Vehicle.**
- **Deduction for investments in tangible assets intended for environmental improvement and pollution control and deduction for investments made by SME in new tangible assets addressed to the use of renewable energy sources.**

3.2.- CORPORATION TAX

- Expenses for environmental improvement may be deducted. Free recoup for environmental investments and special periods for compensating Tax.
- The Net Incomes are calculated very difficult for Forest Development.
- Negative Taxable Base and Operating cost are produced in more years than the law permits as deductible.
- Fiscal incentives for Expenses for use own or Public Service Vehicle.
- Deduction for investments in tangible assets intended for environmental improvement and pollution control SME in new tangible assets addressed to the use of renewable energy sources.

3.3- VALUE ADDED TAX

- **Has environmental provisions.**
- **The value of recyclable packaging is included in the taxable base in order to stimulate the purchaser to give the packaging back.**
- **Exemptions about delivery of, scrap iron, cardboard and glass.**
- **Reduced rate of 7 %, applicable to certain goods, collecting of waste, cleaning of sewer system.**
- **Special processing for returnable container and packing to calculate the taxable base.**

3.4- EXCISE DUTIES ON CERTAIN HYDROCARBONS RETAILS

- **Reduced rates for leadfree petrol and also for liquefied oil gas used for public transportation.**
- **Tax incentives for controlled incineration of waste oil, returns of polluted products to their factory, and production of bio fuels in projects for development of less polluting products**
- **Exemptions about oils used and reduced rates applicable to petrol, gas oil kerosene and fuel oils.**

3.5.- TAX ON ELECTRICITY

- 6th Environmental Action Programme, the European Community argues for a broadening of the range of policy instruments beyond environmental legislation, increasing importance of environmental tax revenues.

Directive (2003/96/EC) for restructuring the Community framework for the taxation of energy products and electricity was adopted by the Council.

Directive extends the Community system of minimum rates to coal, natural gas and electricity, and increases the rates from their 1992 level to some extent.

Combats unemployment through encouraging green tax reforms in Member States.

3.6.- WEALTH TAX

- Exemptions about Forest Development Property and Spanish Forest Heritage Property.
- Has no special rules to evaluate real estate in protected natural spaces

3.7.- EXCISE DUTY ON CERTAIN MEANS OF TRANSPORT

Rate

- Mainland Spain and the Balearic Islands:

- private vehicles with an engine capacity of less than 1,600 cc, if powered by a petrol engine, or less than 2,000 cc, if powered by a diesel engine: 7 %.**
- other means of transport: 12 %.**

-Canary Islands:

- vehicles with an engine capacity of less than 1,600 cc, if powered by a petrol engine, or less than 2,000 cc, if powered by a diesel engine: 6 %.**
- other means of transport: 11 %.**
- Ceuta and Melilla: 0 %.**

- **3.8.-REAL ESTATE TAX**

- Exemptions about Forest Development Property and Spanish Forest Heritage Property.
- Has no special rules to evaluate real estate in protected natural spaces

**3.9.-TAX ON ECONOMIC
ACTIVITIES**

Gross amount due to protect natural spaces

3.10. -TAX ON MECHANICALLY POWERED VEHICLES

- **A relief of 50% of the full tax if the vehicle consumes petrol which produces less pollution and if it uses a different categories of mechanically powered vehicles.**

4.- THE SPANISH ENVIRONMENTAL LOCAL TAXES AND CHARGES.

4.1.- Local Taxes.

4.2.- Water Taxes.

4.3.- Air Taxes.

4.4.- Solid Waste Taxes.

4.5.- Polluting Industrial Assets.

5. -CONCLUSIONS