



ETR in Estonia- Communication

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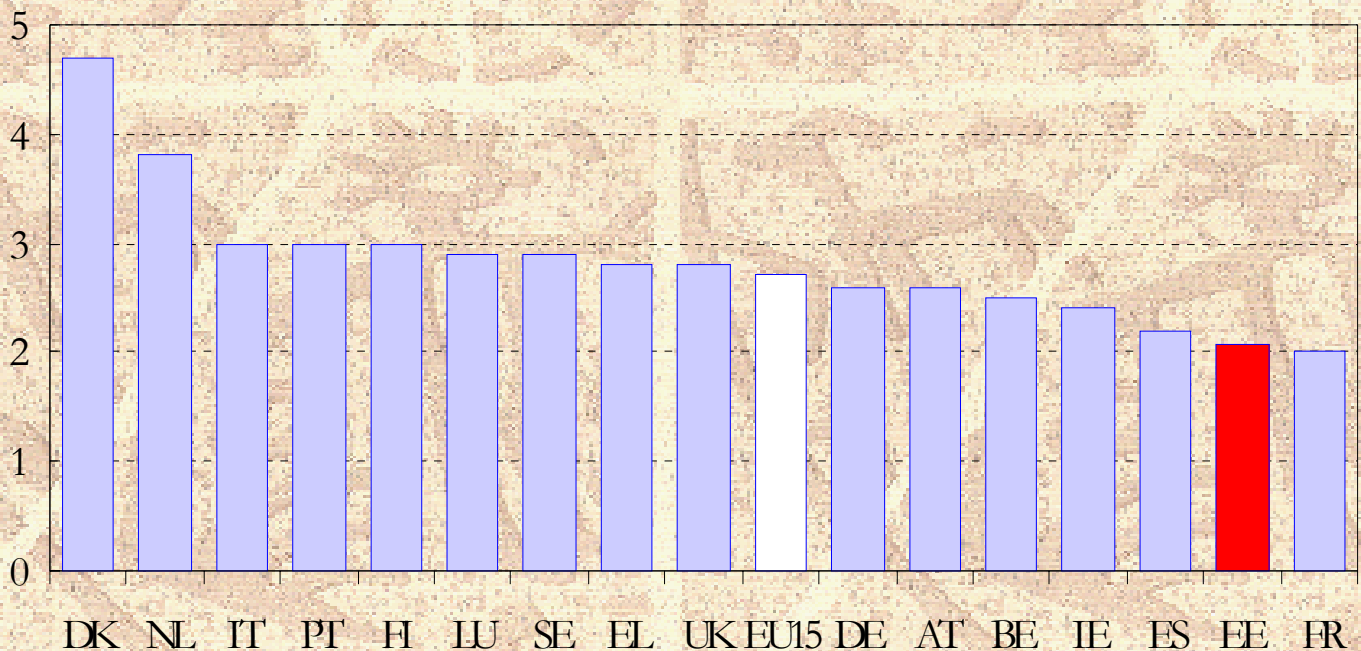
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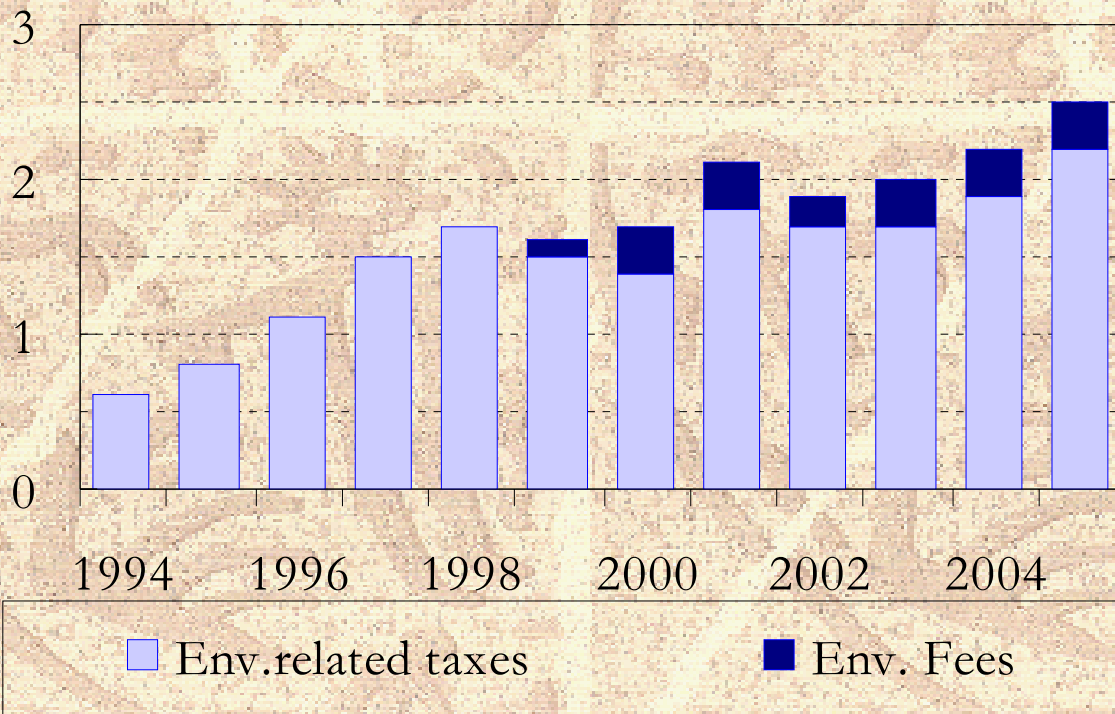
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Share of Env. Taxes in GDP of EU Member Countries

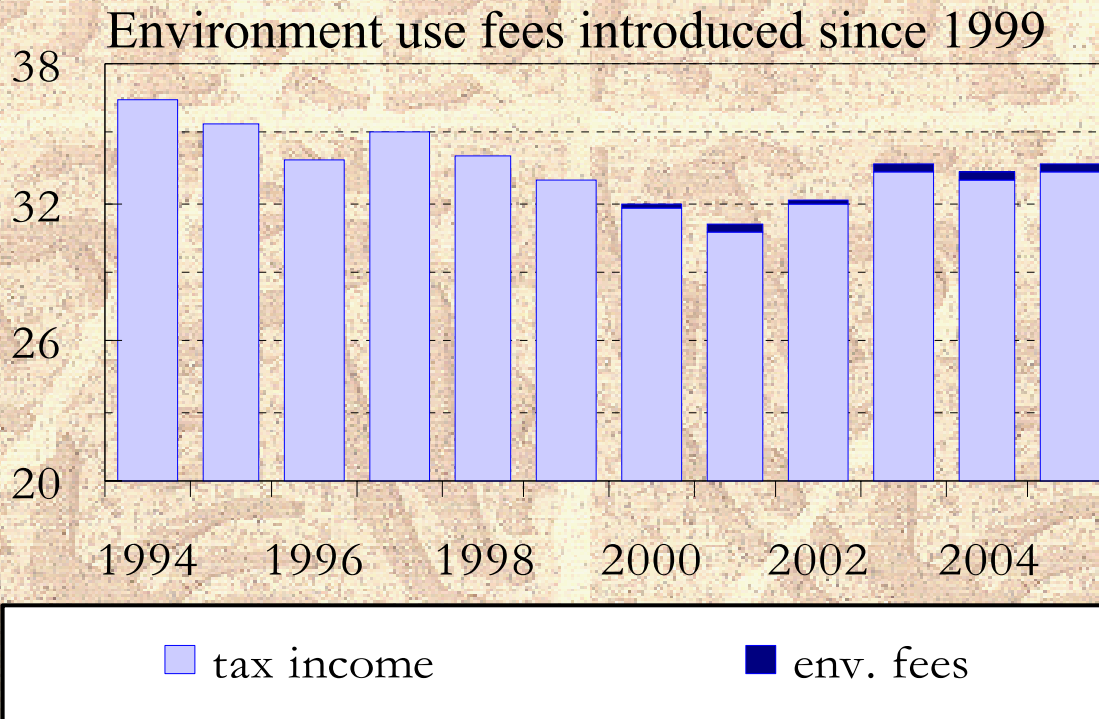


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Env. Taxes and Fees in Estonia, % from GDP



Tax Burden and Env. Fees



Strategy for ETR

- Overall tax level will remain unchanged (approximately same as year 2003). Reduction of labour taxes (Personal Income Tax reduction by 6% from 26 to 20 %) will be replaced with increase of environmental fees and excise duties.
- Aim of the ETR is to impact consumption and production patterns to become more sustainable one (more efficient energy and natural resources use).
- Strategy was adopted by Government on 07.07.2005
- Implementation of ETR Strategy started with introduction of new Act of Environmental Fees
- Re-committed by new Government in April 2007 with further reduction of Personal Income Tax to 18 % by 2011 and quicker pace of environmental use tariffs raise

ETR measures targeting major environmental problems

Increase of energy and resource use efficiency and minimisation of hazardous emissions (valid 01.01.2006-01.01.2009, annual rise 5% and 20%)

Increase of CO2 fee 11,3>15,65>31,5 EEK/t and expansion of the tax base to all energy suppliers;

Doubling the air emission fees (excl.merkaptan > 10%/y)

Increase of water emission fees 2x (excl. sulfates and solids)

Increase of municipal waste fees 30,0>>>156,5 EEK/t

Increase of oil-shale wastes fees 7,5>15,65 EEK/t

Increase of resource fees as average 2X (peat 3X)

Levelling of water use fees for energy sector

New Government's Commitment:

Introduction of excise tax to electricity (replaces CO2 emission fee forelectricity producers), valid since 01.01.2008

Quicker rise of fuel excise duty levels

New round of environment use fee levels tariffs valid from 01.01.2008

ETR measures targeting major environmental problems

Improvement of urban air quality and reducing car use

1. Introduction of car registry fee (at level 500-1200 EEK/y) **NOT IMPLEMENTED!**
2. Accelerated increase of fuel excise to EU minimum level
3. Increase of road use fees for trucks and expansion to trucks below 12 tons (*Eurovignette*)
4. Excises recycling to increase the public transport subsidies
5. Expansion of local govts tax base with car use targeted taxes

ETR measures targeting major environmental problems

Reduction of waste generation and promotion of recycling

1. Gradual increase of packaging excise and recycling presentag as well expanding the list of packages – expectedly does not increase budget income
2. Expansion of pant-system to products in order to include them and/or increase *end-of-life* (beacause of hazardousness) removal from use and safe management.

Introduction of compensation measures

1. Recycling of income from fuel exises into increase of the subsidies for public transport (for compensation of the fares increase)
2. Recycling of the income from resource (and energy) use fees for the compensation of the increase of the costs for communal services of lower income and vulnerable consumer groups
3. Diffrenciation and flexible application of car taxes

Timetable of ETR

- Approval of ETR Strategy by the Government 7.July 2005
- June 2005 - December 2006 : proposals for implementation measures of the ETR Strategy with necessary studies of impacts of planned measures (MoF/MOE/MoEcon);
- 2005 - 2006: preparation of the relevant amendments to the legislation and submission to the Government for approval (MoF/MOE/MoEcon);
- 2006 – 2008: Implementation of the I phase of ETR;
- 2007-2008: Evaluation of I phase of ETR and preparation of proposals for II phase;
- 2009-2013: Implementation of the II phase of ETR.

Communication of ETR

Communication was two-tier: targeting decisionmakers/takers as well targeting stakeholders and general public

Communication events were initiated by SEIT but carried out in interaction with authorities MoEnv, MoFin and major business sector stakeholders like Chamber of Commerce, Association of Environment Managers, Taxpayers Association and State Forest Farm with support of international NGO-s – FÖS, EEB, Friedrich Ebert Foundation

Training of authorities

- Preparation of desktop study on experience of EU countries on ETR, publication
- Training seminars (2 national+2 abroad)for authorities and politicians
- Debate in Interministerial Working Group appointed by Minister of Finances, at first meeting SEIT presented comprehensive proposal for ETR Strategy
- Prep work in expert group appointed by Minister of Environment

Debate with and awareness rising of Stakeholders

Seminars and roundtables, press events, media

2 national press-conferences and 5 high-level seminars were arranged to address ETR issues to stakeholders: Businessforum “Save or Pollute”, National Taxpayers Forum, Sustainable Development Forum, ETR seminar of MoFin Stakeholders,

Major negative articles in paper media by business lobby were responded with contra article

Public awareness

- Articles in papers and interviews in talking/showing media
- Wide online commenting on ETR
- Debate during election campaign

Do You Support Eco-Tax?

Position of Äripäev/Daily Business:

Äripäev does not support new ecological tax on cars
- there is enough revenues from fuel exise for repaying for environmental damage and for repairing of roads

I agree with editors



I support new tax – more money is needed for Environment protection



Public awareness

- Google search “ökomaks” 592 articles
- Search for “keskkonnamaksud” 710 articles
- Search for “Ökoloogiline maksureform” 15 700 articles

Election results

- Estonian Greens 7,2 % of total votes
- Estonian Greens 6 seats in Parliament (from 101)
- Participation in Government Coalition talks and contribution to Government Program 2007-2011