





# *Environmental Taxes*

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- The purpose of imposing taxes is to achieve several main objectives such as fiscal, economic and defense objectives.
  - The fiscal objective consists in collecting revenues from public services and goods, etc.
  - The economic objective aims at the sustainable development of the country's economy.
  - The protective objective has already come to the fore due to national and international strategies for the protection of the environment and health.


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- Economic activities during production processes or during the use of products such as fuel can cause external effects such as environmental pollution.
  - Externalities can be positive or negative. We talk about externalities if transactions between two parties affect a third party.
  - If one party, the producer produces a harmful good, that party will continue to produce as long as it provides profits.
  - As a result, there is a need for government intervention through various instruments.


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- The global economy has been increasing in innovation and production volume, causing externalities.
  - Thus, an increase in harmful emissions in the air has been caused. The need to have cars has increased, both for business and personal use.
  - Environmental pollution affects the health of people, especially children, making it a very sensitive externality and the focus of policies in recent decades.

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- The development of industries has caused the use of wood to cause the reduction of forests, which further affects the increase in pollution, creating the need for political intervention through taxes.
  - Tax instruments are used to curb harmful activities.
  - Incentives or laws and regulations that encourage the non-use of harmful products or encourage the creation of green are also part of a package of measures to reduce environmental pollution.
  - Fiscal instruments in this direction in the form of excise have been used by governments for years.





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- Environmental taxes used to reduce externalities are also a source of revenue for governments.
  - Tax revenues are used by governments in the form of subsidies for businesses that pay these taxes, or for other businesses that are part of sectors that need to be developed, or even towards various government programs for poverty reduction, etc.
  - In developing countries, environmental taxes are an important source of revenue.


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- Governments can use environmental taxes to fill the gap that can be created by lowering personal income tax rates or other tax rates.
  - Environmental taxes are used to control pollution and manage natural resources.
  - Environmental taxes are the economic instrument that is expected to influence the behavior of businesses in general and the behavior of producers that have a direct relationship with products that cause pollution and consumers in general.


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- Transport is the biggest source of pollution in the European Union, surpassing industrial pollution.
  - Although regulations have been drawn up in this direction, the increase in the number of cars, especially in big cities, has led to an increase in pollution.
  - The main sources of environmental taxes are vehicle purchase and ownership taxes, where the lowest rate is set for low-emission vehicles.




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- Low-income taxpayers cannot afford vehicles with low fuel consumption. low-income taxpayers keep the cars they buy for a longer period through service.
  - In this way, they also bear the brunt of the fuel tax.


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- Tax revenues from environmental taxes can be used to recover environmental damage due to deforestation.
  - Deforestation also contributes to the depletion of environmental resource reserves, due to which revenues from environmental taxes can be used for other economic policies aimed not only at improving the environment but also at reducing poverty.


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- Environmental taxes are increasingly used to influence behavior, and their revenue can be used to promote environmental protection.
  - Environmental taxes in EU countries have been used in various forms but have generated very little revenue.
  - The impact of environmental taxes can be even wider than the impact on a country or region. They can affect international trade in extractive materials subject to taxes, leading to price, supply and demand distortions.


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- Environmental taxes in Albania are energy taxes, transport taxes, pollution taxes and natural resource taxes (royalty tax).
  - Pollution taxes include taxation of elements and products that damage the environment and consequently affect the health of individuals.
  - These taxes are imposed on solid waste management, air pollution through air emissions and water discharge, noise, etc. The plastic and glass packaging tax is also for this purpose.


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- A carbon tax is a tax levied on carbon dioxide emissions. The aim is to reduce gas emissions and this tax is also used to correct externalities caused by other gases emitted into the atmosphere.
  - The objective of waste management is achieved through methods and processes that should not harm an individual or his environment.
  - Other taxes are the fishing activity tax, the tax on the right to use state land in use, etc.



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- Waste management has received increased attention for the preservation of the environment and the health of the individual.
  - The objective of waste management is not to endanger human health, and this is done through methods and processes that should not harm an individual or his environment. One method of waste management is recycling.
  - Recycling essentially contributes to the reduction of waste that occurs through a chain of processes that lead to the reduction of a significant amount of waste that is deposited in landfills.

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- Waste management first aims to prevent waste and when the product turns into waste it goes through other processes that enable reuse, recycling and finally disposal.
  - The strategic policy document and the national plan for integrated waste management, 2020–2035, state that the waste generated by the beneficiation and smelting of minerals is out of control and there are no rehabilitation plans.
  - Waste is of many types: solid or liquid.

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- The proposal of the European Commission (EU Commission, 2021) is to promote clean technologies by removing reductions or exemptions that favored the use of fuels and to increase member states' revenues from green taxes, which are less harmful to development.
  - Fuels that cause more damage will be taxed more, setting a higher minimum charge.

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- Intervention in the tax system should be done in such a way as to stimulate growth (OECD, 2019).
  - The increase in energy taxes can be combined with the reduction of income tax, with the reduction of the level of public debt, or with the increase of investments in various fields of education, health, etc.