

Foundations and Evolution of Environmental Taxation in Tunisia

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Abstract:

Tunisia is currently facing numerous environmental challenges, exacerbated by demographic and economic pressures, as well as the effects of climate change. The main environmental challenges in Tunisia primarily concern water stress, soil degradation, pollution, particularly around major industrial hubs, and energy-related issues.

To address environmental problems, Tunisia has mobilized various public policy instruments. Legislative texts protecting the environment have been enacted in most environmental areas, such as the Water Code in 1975 and the Forest Code in 1988. The National Agency for Environmental Protection (ANPE) was created by a 1988 law.

Conscious of the importance of fiscal tools, public policy makers have implemented several levies and incentives aimed at supporting environmental protection. Among these instruments are excise duties on petroleum products, introduced by Law No. 88-61 of June 2, 1988, which promulgated the Value Added Tax Code, as well as taxes on the first registration of vehicles, provided for in Article 2 of Law No. 2005-82 of August 15, 2005, related to the creation of an energy control system. In addition, there is the Environmental Protection Tax (TPE), levied on certain imported goods made from plastic pellets (numbers 39-01 to 39-14 of the customs tariff), established by the 2003 Finance Law (Articles 58 to 60), to finance the Pollution Control Fund (FODEP).

Since 1988, Tunisian law has recognized the principle of granting tax advantages to organizations or companies investing in pollution control and/or environmental protection (Articles 6 and 7 of Law No. 88-91 of August 2, 1988, creating the ANPE). These advantages are outlined in the Investment Incentives Code.

In the context of developing an environmental taxation account in Tunisia, while adhering to the recommendations of the SEEA Central Framework and Eurostat's statistical guide on environmental taxes, this article will first analyze the foundations of environmental taxation in Tunisia (the legal and ethical foundations of environmental taxation), and in the second part, examine the evolution of this instrument over time, ensuring its sustainability and long-term effectiveness.

I- The Legal and Economic Foundations of Environmental Taxation

Here, we do not claim to be exhaustive, but rather to cite the main legal texts and economic orientations that aim to protect, preserve, and safeguard the environment and which maintain a direct link with environmental taxation.

I-1 The Normative System and Regulation as Classical Instruments

I-1-1 Environmental Legislation:

The adoption of environmental protection texts in Tunisia dates back to the mid-1970s. Parallel to the emergence of environmental themes on a global scale, the Tunisian legislator became aware of the necessity to protect certain precious resources, notably water, which led to the promulgation of the Water Code in 1975.

Agricultural land was first protected by Law No. 83-87 of 1983, followed by the 1995 law on soil and water conservation. In the 1980s, a comprehensive environmental legal framework emerged, highlighted by the creation of the National Agency for Environmental Protection (Law No. 88-91 of 1988), often described as a framework law. The 1988 Forest Code modernized forest management with stricter protection measures. The Land Use Planning and Urban Development Code (CATU) introduced principles of rational land management. In the 1990s–2000s, legislation expanded with the Waste Management Law (1996), the Heritage Law (1994), and the Air Quality Law (2007). Tunisia also ratified numerous international conventions, reinforcing its commitment to environmental protection.

I-1-2 Regulatory Mechanisms

In Tunisia, environmental law relies on legal and institutional mechanisms designed to regulate human activities and protect natural resources. These mechanisms act both upstream, in a preventive manner, and downstream, in a corrective and punitive manner.

I-1-2-1 A Priori Mechanisms: Prevention and Precaution

Tunisian environmental law gives priority to prevention through two main tools: the Environmental Impact Assessment (EIA), introduced by the 1988 law creating the ANPE, which requires prior studies of potential environmental impacts, and the system of environmental permits, which makes prior authorization mandatory in several sectors to ensure compliance with environmental standards. These mechanisms embody the precautionary principle and aim to prevent irreversible damage.

I-1-2-2 A Posteriori Mechanisms: Control and Remediation

A posteriori mechanisms ensure monitoring and correction after activities take place. Administrative control is exercised by the ANPE and other authorities through inspections, sanctions, and corrective measures. Access to justice allows civil, criminal, or administrative litigation, with courts empowered to penalize violations and order remediation. Civil society organizations also contribute to environmental protection. This dual system illustrates a balance between precaution and accountability, despite challenges in enforcement and coordination.

I-2 Economic Choices in Favor of Environmental Taxation

I-2-1 Sustainable Development:

Of all the concepts developed by the international community over the last thirty years, that of sustainable development appears to be the one that has most captured minds, focused the attention of experts, and—one might add—raised the hopes of international public opinion with the prospect of a reconciliation between the protection of the global environment, potentially through a new form of planetary resource management, and the promotion of economic development.

Tunisia institutionalized sustainable development in a gradual manner: in 1993, a National Commission for Sustainable Development was created and placed under the authority of the Prime Minister. In 2005, a ministerial department was entrusted with Environment and Sustainable Development, and in 2014, sustainable development was constitutionalized, with a constitutional body for sustainable development and the rights of future generations being the subject of constitutional provisions. Finally, the law pertaining to this body was adopted in 2019. The Tunisian Constitution of 2022 (which replaces that of 2014) reduces the prominence of sustainable development compared to the 2014 version. The principle is mentioned indirectly (Article 45), but without a specialized body or explicit mention of the term.

I-2-2 Planning and Strategies in Favor of the Environment:

Planning constitutes an important pillar of economic action... the economic and social development plan is a document outlining the economic and social policy chosen by the public authorities."

Environmental concerns were enshrined in Tunisia as one of the objectives of economic and social development starting from the Eighth Development Plan (1992-1996). The commitment to sustainability was subsequently consolidated with the Tenth Development Plan (2002-2006), which integrated the environment into an overall framework, that of sustainable development.

In 2023, Tunisia adopted an ambitious National Strategy for Ecological Transition (NSET), aiming to mitigate the growing pressures on its natural resources—soil, water, forests, coastline, and mineral resources—which are particularly limited and fragile in the face of climate change effects.

II- Environmental Taxation in Tunisia: Current State

Drawing on Eurostat's methodology for defining and classifying environmental taxes, we will analyze the situation and evolution of the various types of taxes considered environmental.

II-1 Environmental Levies for the Benefit of the State Budget

Environmental levies in Tunisia contribute to both the general state budget and special treasury accounts.

II-1-1 Levies for the Benefit of Title I

-Excise Duties and Environmental Dimension: Since 1988, consumption taxes apply to a limited set of products. Environmentally relevant taxes include duties on gasoline, oils, and cars, which fall under the Energy and Transport categories. In 2024, revenues exceeded 1.36 billion dinars.

Single Compensation Tax for Road Transport: Created by the 1983 Finance Law, this tax is classified as environmental under Eurostat criteria. Revenues reached 237 million dinars in 2024, entirely under the Transport category.

II-1-2 Other Taxes and Levies for Special Treasury Accounts

Three major funds exist:

Environmental Protection and Aesthetics Fund (FPEE) (2003), financing city cleanliness and aesthetics.

Pollution Control Fund (FODEP) (1993), supporting pollution control projects.

Energy Transition Fund (FTE) (2013), encouraging investment in energy efficiency and conservation.

II-2 Analysis of the Environmental Taxation Situation

	Thousands of Dinars	2022	2023	2024	TOTAL
1	Energy	822899	864398	939489	2647387
2	Transport	765709	786225	809817	2361752
3	Pollution	395200	338883	354794	1079366
4	Resource	-	-	-	-
5=1+2+3+4	Taxes environnementales: totales	1974922	1925207	2075223	5979938
6	Tax revenues	3548400	3884720	4278400	13251500
7	Non-tax revenues	5794400	5441000	5117200	16752500
8	Borrowing resources	1830400	1907000	2683200	6480500
9=6+7+8	Total budgetary resources	9554700	6258200	7994700	19607000
10	GDP	13551200	13993700	15202100	42746900
11=10/6	% Tax revenues	5.38%	5.08%	4.97%	5.29%
12=10/7	% Budgetary resources	3.32%	3.08%	2.81%	3.25%
13=10/9	% Du GDP	1.46%	1.38%	1.37%	1.40%

On average over the last three years, environmental taxes represent only 1.4% of GDP.

Revenue from environmental taxes accounts for only about 3% of State budget resources.

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