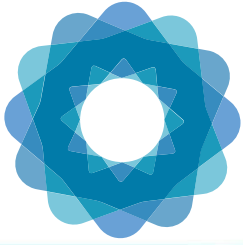


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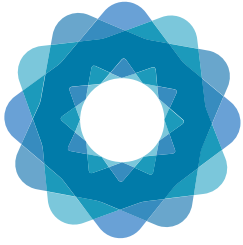


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Taxes, Transfers, Tax Abatements, ETS

Sven C. Kaumanns, *Federal Statistical Office of Germany*

30th September to 3rd October 2024 | Washington D.C

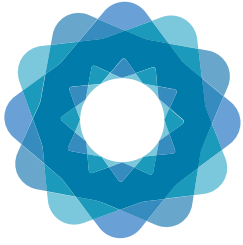


Contributers and Communication

🌸 Videocalls and Email-Exchanges in 2nd and 3rd Quarter 2024

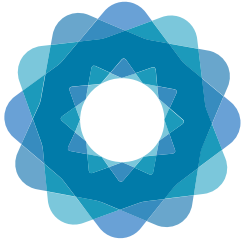
🌸 Major input:

- 🌸 Matthew Chambers (U.S. Bureau of Economic Analysis)
- 🌸 Nina Hiltunen (Statistics Finland)
- 🌸 Mark de Haan (Statistics Netherlands)
- 🌸 Simon Schürz, Johanns Knecht (Federal Office of Germany)



What is or should be consensus

- ✿ The guiding principle should be that the accounts are coherent, consistent and harmonised. Their main task is not direct communication, but rather they should form the basis from which easily interpretable and communicable results—such as indicators—can be derived through appropriate summarisation.
- ✿ The aim of the SEEA CF is to create significant added value in reporting environmental and economic interrelationships beyond what can be achieved in the SNA. Therefore, where necessary, the SEEA CF should establish different provisions than those in the SNA.
- ✿ Monetary flows generally are to be harmonized with physical flows



Status and main findings

⚙️ Some things very clear,

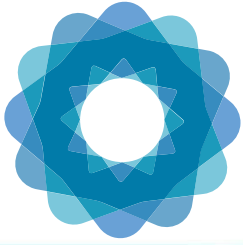
⚙️ others need further elaboration



Not everything ready yet but on a good way.....

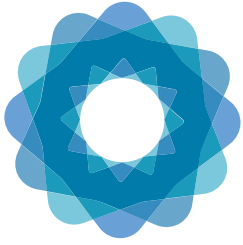
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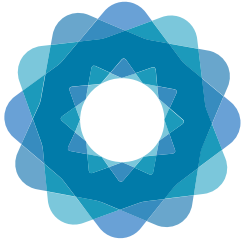
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Taxes




Env. Taxes (ETEA)

- ❁ Definition: based on a physical unit having impact on environment should be kept
- ❁ Currently concrete allocation rules to sectors/industries are missing in SEEA CF
- ❁ Recording of monetary flows is accounted for when the environmental impact happens, but
 - ❁ what is the impact, especially when related to different physical flows (e.g. material vs. energy vs. emissions)
 - ❁ currently especially tax accounts are energy centric -> but shouldn't we have the emissions in focus?
 - ❁ matching with more than on physical flow accounts often desirable



Env. Taxes (ETEA)

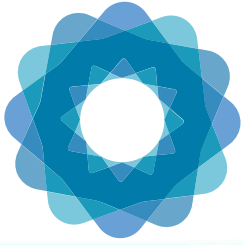
Solution

-  more detailed classification of e.g. environmental areas for taxes
-  accounting tables that map the “virtual” monetary flows across multiple sectors/industries matching different physical flow accounts

 needs to be worked out in detail

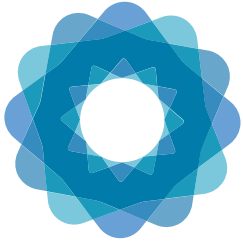
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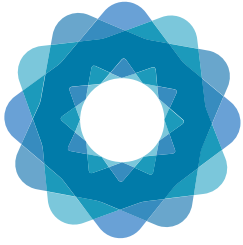
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Transfers



Transfers (ESST)

- ❁ Definition: Transfers made by the government as defined in 4.138 of the SEEA CF 2012 based on purpose should be kept
- ❁ Currently concrete allocation rules to sectors/industries are missing in SEEA CF
- ❁ Suggestion:
 - ❁ Environmentally friendly subsidies and similar current or capital transfers should be recorded in the sector/industry whose environmentally harmful (beneficial) behaviour is expected to be reduced (increased) and in the period in which they are granted.
 - ❁ Environmentally friendly transfers for investments (and likewise for the acquisition of durable consumer goods) should be recorded in the sector/industry whose environmentally harmful (beneficial) behaviour is expected to be reduced (increased) in the future due to the subsidised investment in the period in which they are paid/received.



Transfers (ESST) – special case climate

🌸 Suggestion:

🌸 Climate change **mitigation** subsidies

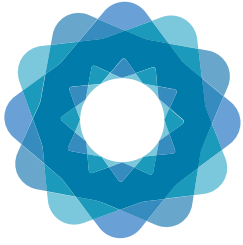
- 🌸 should be treated as part of ESST and should follow the same rules
- 🌸 are part of the climate change mitigation expenditures of the government

🌸 Climate change **adaptation** subsidies

- 🌸 are not part of ESST
- 🌸 as far as applicable they should follow similar rules
- 🌸 are part of the climate change adaptation expenditures of the government

🌸 Classification as climate change related not easy and often not unambiguous.

🌸 Question: Better more detailed classification by purpose of transfer (e-mobility, land protection etc.)?



Transfers (PEDS)

✿ Currently only vague in SEEA CF

✿ Suggestion

✿ definition analogous to environment-related taxes as “subsidies and comparable transfers of production, use, consumption, or operation of a physical unit (or a proxy for it) of something that has a proven, specific, negative impact on the environment”

✿ Outstanding obstacles

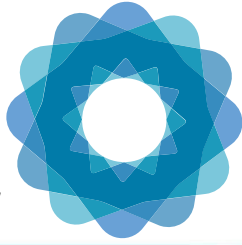
✿ sectorial allocation

✿ PEDS might prevent an even greater impact on the environment in other countries or (e.g. in case of GHG-emissions) worldwide.

✿ Overlap with ESST possible (attribution to both?)

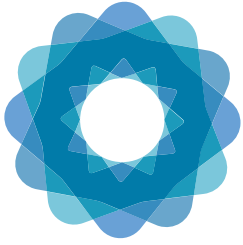
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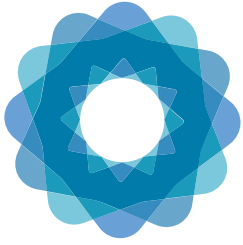
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Tax abatements



Tax abatements

- ❁ Tax abatements are neither subsidies nor transfers. This should continue to be the case with an update of the SEEA CF.
- ❁ when reporting on (financial) support with an environmental impact, it can be interesting to present certain tax reliefs together with subsidies and other transfers (PEDS but also ESST!)
- ❁ for consistency reasons they have to be recorded and presented separately and overlaps with existing accounts have to be clearly communicated
- ❁ for calculation of indicators such as the effective carbon rates, tax relief that does not relate to environmental taxes might be particularly relevant (e.g. on a GST)



Tax abatements

⚙️ Need to distinguish by

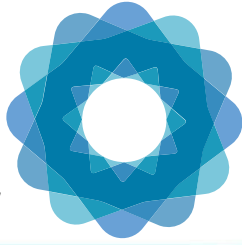
- ⚙️ Whether or not granted to an environmental tax
- ⚙️ impact (for “PEDS like” abatements)
 - ⚙️ Could follow a similar definition as suggested for PEDS (if they are based on a physical unit...).
- ⚙️ purpose (for “ESST like” abatements)

⚙️ Outstanding obstacles

- ⚙️ Baseline (if not stated in the law)
- ⚙️ Tax concessions that are intended to protect the environment but at the same time are based on a physical unit having a negative impact (attribution to both?)

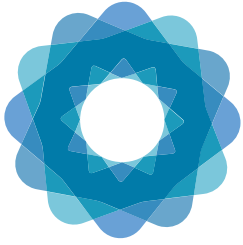
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Emissions Trading Schemes



Emissions Trading Schemes (ETS)

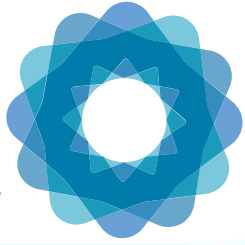
🌸 Suggestion: Accounted for in physical terms as assets and monetarised afterwards



Individual presentation

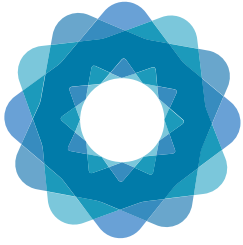
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My personal conclusion



My personal conclusion

- ⚙️ ETEA: accounting tables need to be worked out in detail – work but feasible
- ⚙️ ESST: suggestion available
- ⚙️ Climate: main problem is boundary, better detailed reporting by topic?
- ⚙️ PEDS:
 - ⚙️ definition suggested
 - ⚙️ sectoral allocation needs to be worked out
 - ⚙️ issue of remote effect unsolvable
- ⚙️ Tax abatements:
 - ⚙️ Baseline problem
 - ⚙️ Focus on non-environmental taxes?
- ⚙️ ETS: suggestion available



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THANK YOU

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