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THE STATUS OF ENVIRONMENTAL TAXES IN THE TAX SYSTEM OF THE SLOVAK REPUBLIC IN THE CONTEXT OF THE EUROPEAN UNION'S ENVIRONMENTAL POLICY

In this paper I focus on the status of environmental taxes in the tax system of the Slovak Republic. I point to the contexts and relationships that environmental taxes affect, and also to the nature of environmental taxes, which is not sufficiently used in the Slovak Republic to change the behaviour of economic subjects and households. I point to the necessity of introducing an environmental tax reform within the legal framework of the Slovak Republic in order to fulfill all conventions and programmes which the Slovak Republic has committed to and which have also been implemented in governmental strategic decisions.

Keywords: *environmental taxes, environmental policy, tax reform.*

Introduction. The environmental policy of Slovakia has several dimensions that have an economic, political and ethical dimension. It is based directly on the articles of the Treaty on the Functioning of the European Union and on the measures and legislation that follow. In 2013, the EU adopted the 7th Environmental Action Program (EAP) governing the EU's environment policy by 2020. The EAP sets out a long-term vision and objectives, and a key feature of the programme is the protection and improvement of natural capital, the promotion of better use of today's resources and the accelerated transition to a low-carbon economy. Its aim is to enter into the productive and consumer decisions of the business entities and consumers in order to achieve changes in the behaviour of these entities to avoid harming of environment. From an economic point of view, the environment has become a rare commodity. This is also underlined by the Global Paris Convention on Climate Change adopted in December 2015, which was also ratified by the Slovak Republic. As a result of these commitments in the field of environmental policy, it is necessary and important to implement and make decisions that would also introduce the undertaken commitments to economic practice.

Literature review. Author Hvizdová [2] points to the sustainable development of the regions in the context of taking social and environmental impacts into account. At macroeconomic level, attention is paid to the analyzes of the compromise between economic growth and environmental quality, while at the microeconomic level, it is important to analyze the effects of government regulation on

company decision-making, pollution control spending, pollution control decisions, employment and investment spending. Authors Amrozy and Blažej point to the term Bio-economics. Bio-economics is based on scientific biology science, renewable raw material resources, ecologically acceptable resources, sustainable technologies [2].

Ecological taxes, as an indirect instrument of environmental regulation, are not sufficiently addressed in the Slovak Republic and their share in total tax revenues is negligible. Ecological intentions did not penetrate the so-called environmental tax reform, such as in the Czech Republic. Taxes with a built-in eco-regulator are by their nature the most appropriate in the conditions of the Slovak Republic for consumption taxes. They limit production and consumption, which is associated with a negative impact on the environment. In terms of economic substance, they accept and reflect the scarcity of environmental resources and their substitution.

As environmental taxes are mainly concerned with reducing the competitiveness of businesses and the national economy sectors, many authors have chosen to pay attention to the potential impact of energy taxation on individual sectors of the national economy and to compare the change in price indices calculated using the Leontief Price Model (IO) by changing the price indices of the energy-intensive sectors of the national economy after the introduction of environmental taxes [7]. There is a number of studies in the literature that deal with the impact of environmental taxes or environmental tax reforms on businesses, households, individual components of the environment, or macroeconomic indicators of the national economy. Looking closer to foreign studies, ex ante and ex post analyzes are generally available, especially in countries that have a long tradition of using environmental taxes such as the Nordic countries of the European Union or

Germany [5,8]. In this context, author Sedláková points out to the risk of losing competitiveness by claiming that „Source of risk for loss of competitiveness is isolation from new streams in the area of the company core business and no activity of the management in the area of innovations“[3].

Article purpose. In this paper, however, I will deal with the status of environmental taxes in the tax system of the Slovak Republic. However, when analyzing and selecting them, it is necessary to point to the methodology of statistical reporting of environmental taxes in the countries of the European Union.

Presentation of the main research data. In this report, environmental taxes are distinguished from taxes on energy (including CO₂), transport (road tax, motorway tolls, air tax, etc.), direct pollution (nitrogen or sulphur emissions, solid waste, water discharged, fertilizers, noise), and sources (water collection fees, mining of raw materials or wood). The category of energy includes fuels used in transport (petrol, diesel, LPG, CNG, etc.), raw materials used for the production of energy (heating oil, natural gas, coal, coke, bio-fuels), production

and consumption of electricity and heat and also greenhouse gases (carbon content of fuel, emission allowances). In line with the polluter-pays principle, the European Commission is trying to convince Member States to increase the choice of these charges as a tool for better control and management of natural resources, which could lead to a reduction in energy consumption and promote eco-innovation. At the same time, it would allow the burden of taxation on income from labour or capital to be reduced. More than 76 percent of the so-called environmental taxes to be levied in the EU countries are related to energy raw materials, electricity and heat production or consumption. Slovakia is below the EU average. The implied energy tax rate in the SR is the second lowest. However, environmental tax rates account for less than 7 percent of the total tax revenue and social contributions in the EU. The highest are in Slovenia, Croatia, and Greece, for which they have exceeded the 10% share of total tax revenue.

The lowest are collected in France and Belgium, where they account for only 4.5% of total income.

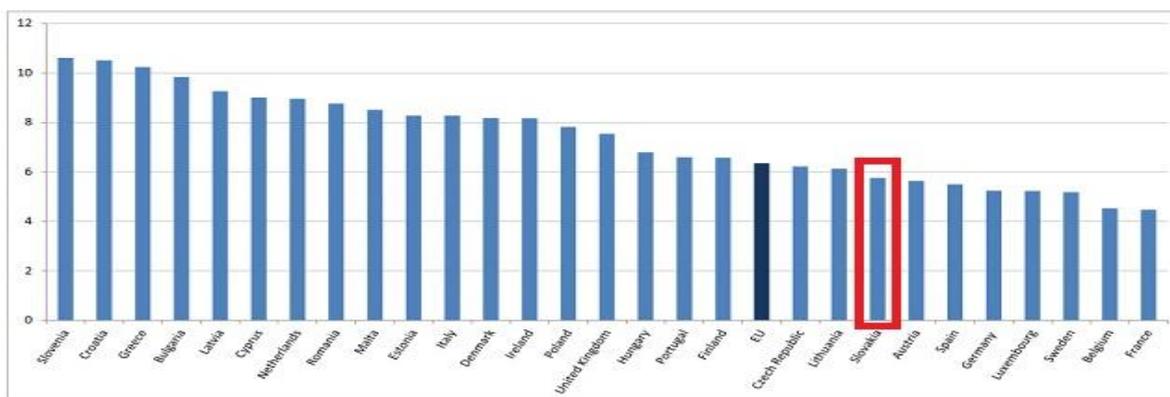


Figure 1. Share of environmental taxes in the EU Member States, 2014 (in % total taxes and social contributions) [9]

As for the implicit tax rate on energy, which is the ratio between energy tax revenues and end-use energyconsumption in the given calendar year, the

burden on the Slovak households and businesses is minimal compared to other European countries.

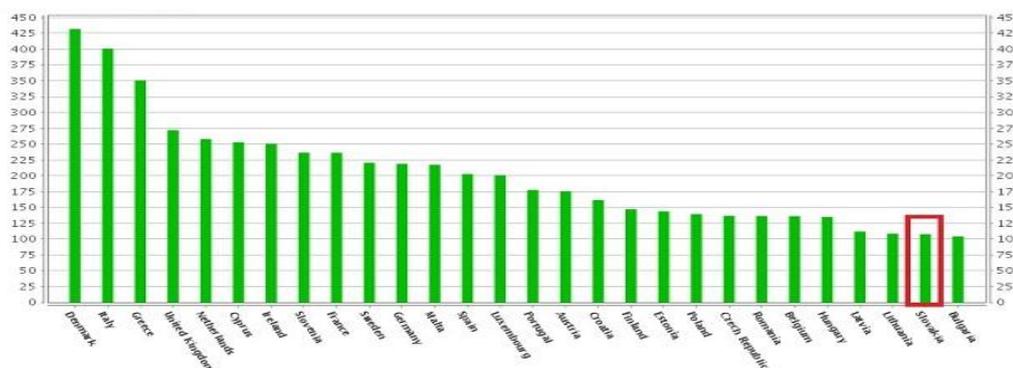


Figure 2. Implicit tax rate on energy (EUR per tonne of oil equivalent) [9]

Table 1
The evolution of the share of taxes with environmental aspect on GDP and on total tax revenues [5]

	Share of total tax revenue	Share on GDP [%]
2007	7.09	2.07
2008	6.89	2
2009	6.65	1.91
2010	6.5	1.82
2011	6.34	1.81
2012	6.11	1.72
2013	5.71	1.72
2014	5.72	1.77
2015	5.51	1.76
2016	5.61	1.81

The EU average is almost €234 per tonne of oil equivalent.

The highest implicit tax rate on energy is in Denmark (431.65€ / t), the lowest in Bulgaria and Slovakia (107.65 € / t).

The share of taxes with the environmental aspect on GDP in the Slovak Republic has a decreasing trend over the period under review, and their share in total tax revenues in the Slovak Republic has a decreasing trend in the period under review. In 2016, compared to the previous year, the share of taxes on the environmental aspect grew to GDP and total tax revenues.

Table 1
Taxation with environmental aspects [5]

Year	Taxes from sources [mil.eur]	Taxes on transport [mil.eur]	Taxes for pollution [mil.eur]	Taxes on energy [mil.eur]
2007	0	110.44	46.96	1004.23
2008	0	136.03	29.46	1200.39
2009	0	124.56	28.02	1072.9
2010	0	127.5	25.52	1077.03
2011	0	140.18	24.3	1114.03
2012	0	138.31	30.95	1082.75
2013	0	152.81	29.1	1092.43
2014	0	157.09	20.55	1171.8
2015	0	142.34	20.58	1229.53
2016	0	145.5	21.6	1300.29

The energy tax in 2016 reached €1,300.29 million and was increased by 29.5% compared to 2007. The energy tax increased by 5.8% compared to the previous year. The tax on transport in 2016 reached €145.50 ml and was increased by 31.7% compared to 2007. Transport tax was increased by

2.2% compared to the previous year. The tax on pollution in 2016 reached €21.6 ml and dropped by 54.2% compared to 2007. The pollution tax was increased by 5% compared to the previous year. Total environmental taxes in 2016 reached €1,467.39 ml and were increased by 26.3% compared to 2007. Taxes with an environmental aspect were increased by 5.4% compared to the previous year. The share of energy tax in GDP reached 1.6% of GDP in 2016 and was declined by 0.19% compared to 2007. Compared to the previous year, it grew by 0.04%. The share of transport tax to GDP in 2016 reached 0.18% of GDP and fell by 0.02% compared to 2007. Compared to the previous year, there was no change. The share of the pollution tax in the year 2016 reached 0.03% of GDP and was decreased by 0.06% compared to the previous year. The overall share of taxes on environmental aspects in GDP reached 1.81% of GDP in 2016 and was decreased by 0.26% compared to 2007. Compared to the previous year, it grew by 0.05%. The largest share of taxes with the environmental aspect on GDP has got the energy tax. The share of energy tax in total tax revenues in 2016 reached 5.61%; that was down by 1.16% compared to 2007. Compared to the previous year, it grew by 0.11%. The share of transport tax in total tax revenues in the year 2016 reached 0.56% and fell by 0.11% compared to 2007. Compared to the previous year, there was no change. The overall share of environmental taxes in total tax revenues in 2016 reached 5.61% and fell by 1.48% compared to 2007. Compared to the previous year, it grew by 0.10%. The largest share of taxes with environmental aspects in total tax is shared by the energy tax.

Conclusions and prospects. Integration of environmental protection has only partially been reflected in the tax system of the SR. The subject of partial greening is the tax on motor vehicles and the tax on mineral oils. Unused space for greening is in the case of income tax, real estate tax and value added tax. In this paper, I pointed out the position of environmental taxes in the tax system of the Slovak Republic with reference to their share on gross domestic product and total tax revenues for the years 2007-2016. The methodology used for their monitoring according to Eurostat set criteria, which all Member States had to adopt and implement in their national legal framework. The energy taxes have got most prominent position and they represent the most significant volume within the environmental tax collection in the Slovak Republic. It should be noted that the Slovak Republic did not adhere to the concept of environmental tax reform as a coherent framework. With the economic boom, there is also a greater burden on natural resources. Despite the fact that Slovakia is a developed

economy, there have been used the tools to sanction interventions in natural resources to a lesser degree. In Slovakia, the yield from environmental taxes belongs among the lowest from the OECD countries, and the implicit taxation on energy is the second lowest in the EU. In addition, in today's conditions, the fines charged for environmental pollution present low incentives for the polluter to switch to less harmful technologies.

The total fine may represent only a small fraction of the profit that can be obtained at the expense of

exceeding the set limits. Therefore, a fiscal neutral environmental tax reform also needs to be introduced in the Slovak Republic with a view to transferring the tax burden on labour taxation to the taxation of products and services whose production or consumption has a negative impact on the environment.

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