Green taxation: environmental taxes and charges in the single market

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OBJECTIVE: The Commission has on numerous occasions advocated greater use of fiscal instruments to render environmental policy more effective, especially in cost terms. Most of these instruments have been instituted at Member State level. This communication is intended to support these activities and to ensure that environmental taxes and levies are utilized in accordance with Community law. SUBSTANCE: This communication is the first initiative to come from the Commission on the matter of the utilization of environmental taxes. It sets out the existing legal framework for the utilization of environmental taxes and levies by the Member States in the context of the single market, and specifies Member States' rights and duties in the field. It does not consider the advantages and disadvantages as regards the economic viability and environmental effectiveness of the utilization of environmental taxes at Member State level, it does, however, furnish Member States with a general view of the obligations which should be taken account of when envisaging such taxes or levies. The communication shows that Member States have a wide margin of manoeuvre when introducing these fiscal instruments, even allowing for the need to respect their obligations under the Treaty (the annex to the communication contains a description of the ways in which Member States currently utilize the taxes concerned). The Commission says that it will continue to examine the matter of environmental taxation, in cooperation with all interested parties. This will include: - the systematic gathering of Member States' experiences in the utilization of existing environmental taxes; - the systematic analysis of the environmental effect of such taxation in the Member States; - the systematic analysis of the effects of such taxation on the internal market and the competitiveness of EU industry.. The results of these studies will be used to establish conclusions regarding future policy on the utilization of instruments of this nature at both Community and national level.