

Taxes and Levies on Electricity in 2012

A EURELECTRIC paper

January 2014

EURELECTRIC is the voice of the electricity industry in Europe.

We speak for more than 3,500 companies in power generation, distribution, and supply.

We Stand For:

Carbon-neutral electricity by 2050

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

Competitive electricity for our customers

We support well-functioning, distortion-free **energy and carbon markets as** the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

Continent-wide electricity through a coherent European approach

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment to** ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

EURELECTRIC. Electricity for Europe.

Taxes and Levies on Electricity in 2012

A EURELECTRIC paper

January 2014

KEY MESSAGES

- Since 1995 EURELECTRIC has published yearly reports which draw up a list of the current differences between tax systems in the electricity sector in the European Union. The initial aim of those reports was to determine to what extent the national tax systems create distortions of competition.
- Until 2010, those reports contained a comprehensive and up-to-date list of the taxes imposed in the electricity sector, a short description of the national tax systems and a quantitative analysis of the impact of the various taxes on the electricity sector, expressed not only as a percentage of the turnover, but also as a percentage of the cost of kWh generated.
- In 2010, EURELECTRIC's Management Committee proposed to restructure the content of the report and focus on the specific taxes and levies on the production, transport and sale of electricity.
- This report was elaborated by national experts from the Task Force Fiscal issues and contains information on the specific taxes and levies on the production, transport and sale of electricity in 11 EU Member States, plus Norway and Turkey. All national tax updates are presented in the same way.

TABLE OF CONTENTS

<u>TAXES AND LEVIES ON ELECTRICITY IN 2012</u>	5
<u>TAXES AND LEVIES ON ELECTRICITY IN AUSTRIA in 2012</u>	5
<u>TAXES AND LEVIES ON ELECTRICITY IN BELGIUM IN 2012</u>	11
<u>TAXES AND LEVIES ON ELECTRICITY IN FINLAND IN 2012</u>	22
<u>TAXES AND LEVIES ON ELECTRICITY IN FRANCE IN 2012</u>	27
<u>TAXES AND LEVIES ON ELECTRICITY IN GERMANY in 2012/2013</u>	37
<u>TAXES AND LEVIES ON ELECTRICITY IN HUNGARY IN 2012</u>	42
<u>TAXES AND LEVIES ON ELECTRICITY IN ITALY in 2012</u>	56
<u>TAXES AND LEVIES ON ELECTRICITY IN NORWAY in 2012</u>	61
<u>TAXES & LEVIES ON ELECTRICITY IN PORTUGAL IN 2012</u>	66
<u>TAXES AND LEVIES ON ELECTRICITY IN SPAIN IN 2012</u>	69
<u>TAXES & LEVIES ON ELECTRICITY IN SWEDEN IN 2012</u>	90
<u>TAXES AND LEVIES ON ELECTRICITY IN TURKEY IN 2012</u>	96
<u>TAXES AND LEVIES ON ELECTRICITY IN THE UNITED KINGDOM IN 2012</u>	100

TAXES AND LEVIES ON ELECTRICITY IN 2012

In 1995 EURELECTRIC has requested UNIPEDE to perform a study that will draw up a list of the current differences between tax systems in the electricity sector in the EU. The aim was to determine to what extent the national tax systems create distortions of competition. The study contained a comprehensive and up-to-date list of the taxes imposed in the electricity sector, a short description of the national tax systems and a quantitative analysis of the impact of the various taxes on the electricity sector, expressed not only as a percentage of the turnover, but also as a percentage of the cost of kWh generated.

In 2010, the EURELECTRIC Management Committee proposed to restructure the content of the report and focus on the specific taxes and levies on the production, transport and sale of electricity.

The national reports for 2012 of 11 EU Member States, plus Norway and Turkey, which form the basis for this study, are all presented in the same way.

The information is divided in three parts and includes the following types of taxes:

A. Specific taxes and levies on production of electricity

- Property taxes (e.g. land and real estate tax, business activity tax, inland waterways tax)
- Environmental taxes (e.g. eco-tax, waste water tax, tax on motor vehicles, waste storage tax, environmental pollution tax)
- Other taxes (e.g. excise duties, nuclear production taxes, tax on pollutant activity)
- Parafiscal levies (e.g. fees for radiation, contribution for the gas/power authority functioning)

B. Specific taxes and levies on transport of electricity

- Parafiscal levies (e.g. fees for radiation, compensation for nuclear)
- Other consumption taxes (e.g. levy for the use of public domain (land))

C. Specific taxes and levies on sales of electricity

- Consumption taxes (e.g. tax on electricity consumption, mineral oil tax)
- Environmental taxes (e.g. levy for RES, cogeneration levy)
- Other consumption taxes (e.g. energy contribution tax, levy, VAT)
- Parafiscal levies (e.g. aid for providing discount rate electricity)

TAXES AND LEVIES ON ELECTRICITY IN AUSTRIA in 2012

This report focuses on taxes and levies specific to the production, distribution and sale of electricity in Austria.

Taxes are classified into the following categories: property taxes, operation taxes, consumption taxes, other taxes according to their purpose.

A. Specific taxes and levies on electricity production

A.3 Other taxes

- Tax on motor vehicles

- Purpose: The scheme's main purpose is to increase the government's receipts.
- Taxpayer: Registered owner of the vehicle
- Tax scope and base: The tax depends on the type of the motor vehicle and the motor power
- Rate:

	<i>rate</i>
For vehicles with a permissible maximum weight below 3.5 tons	depends on the type of the motor vehicle and the motor power
For vehicles with a permissible maximum weight above 3.5 tons	
- Maximum total weight 3.5 - 12 tons	€ 2.54 / ton; at least € 21.8
- Maximum total weight 12 - 18 tons	€ 2.72 / ton
- Maximum total weight above 18 tons	€ 3.08 / ton; not more than € 123.4

- Beneficiary: State government

- Road tax on lorries

- Purpose: To finance the maintenance and extension of motorways
- Taxpayer: Registered owner of the vehicle
- Tax scope and base: The road tax on lorries for the use of defined motorways is mileage dependent. The amount per driven kilometre varies with the number of axles.
- Rate:

	<i>rate</i>
Lorries with two axles	€ 0.158 / km
Lorries with three axles	€ 0.2212 / km
Lorries with more than three axles	€ 0.3318 / km

- Beneficiary: State company responsible for maintenance and extension of motorways

- Waste Storage Tax

- Purpose: To finance the clean-up of former waste deposits
- Taxpayer: The one who led the contributory activity
- Tax scope and base: The amount of this contribution depends on the type of wastage and the technical equipment of the landfill.

	<i>rate</i>
hazardous waste	€ 87.00 / ton
Other waste	€ 8.00 / ton

- Beneficiary: State government

B. Specific taxes and levies on distribution/transport of electricity

B.2 Parafiscal levies on distribution of electricity

- Duty for usage of public land

In most Provinces a duty for the usage of public land is charged by the respective municipalities to local electric utilities. In economic terms this levy is similar and comparable to a concession fee.

- Taxpayer: Grid operator
- Tax base and rate:

	<i>Rate / base</i>
City of Vienna, Salzburg, Tyrol	6% on electricity revenues in the municipal territory
Carinthia, Upper Austria, Styria	3% on electricity revenues in the municipal territory
Lower Austria	€ 25.40 per 100 meters of grid on public land per year

- Beneficiary: Municipalities

Not considering the obligatory payments to the social-security-system, which have to be paid both by the employees and the employer, there are no other levies of a parafiscal nature.

C. Specific taxes and levies on the sale/consumption of electricity

C.1 Excise taxes

- Taxes on electricity consumption

- Purpose: The scheme's main purpose is to increase the government's receipts
- Taxpayer: End consumer; the energy tax is designed as an ultimate consumer tax (output-tax-system).

- Tax base and rate: The tax is calculated on the consumed quantity of electricity and amounts to € 0.015 / kWh.
- Collector: Electricity tax is levied and administrated by the electricity industry (grid companies) and is shown as a separated item on the electricity bill.
- Beneficiary: State government

A similar tax is levied on natural gas (€ 0.066 / m³), coal (€ 0.05 / kg) and mineral oil (see below) consumption as well.

Due to the general output-taxation system there is an input tax exemption for natural gas, coal and HFO (=Heavy Fuel Oil) as far as electricity production is concerned in order to avoid double taxation. For the input of gas oil there is a partial tax-refund in case of electricity production and co-generation of electricity and heat.

For combined heating and power generation the input tax exemption only applies for the portion of energy input attributable to electricity production. For the portion attributable to heat production no input tax exemption applies. The correct allocation respectively the calculation method how to split the energy input which was in discussion for years, was decided by the administrative court in September 2012. The administrative court decided that the so called "CENELEC-method" is the proper method how to split the energy input. In this method only the part of energy input which is needed additionally because of heat production is taxable. Consequently if no additional energy input for the heat production is needed the input tax exemption applies for the entire energy input.

C.2 Turnover taxes

- VAT

- Purpose: The scheme's main purpose is to increase the government's receipts.
- Taxpayer: End consumer
- Tax scope and base: Sale of electricity is generally subject to VAT at a 20% rate.
- Beneficiary: State government

- Tax on enterprises benefiting from tourism

The Austrian municipalities are authorized to levy a special tax on all enterprises benefiting from tourism. As the scope of application is defined extensively, thus also electricity-companies benefit from tourism as they sell electricity to restaurants, hotels etc.

- Taxpayer: Every enterprise within the scope of the law with turnover in the respective municipality (e.g. grid operator, sales company etc.)
- Tax base (e.g. in Lower Austria): annual turnover in the respective municipality; tax exempt amount € 150,000.00; maximum taxable turnover in 2012 € 750,000.00
- Tax rate (e.g. in Lower Austria): From 0.7 ‰ to 2.3 ‰
- Beneficiary: Municipalities

C.3 Other consumptions taxes

- Mineral Oil Tax

In 2005 the same mineral oil taxes for the consumption of HFO, Gasoil and LPG (=Liquefied Petroleum Gas) were levied. The energy tax is designed as an ultimate consumer tax (output-tax-system).

- Purpose: The scheme's main purpose was to increase the government's receipts
- Taxpayer: Consumer
- Tax base and rate:

In particular, they are € 14.50 / ton for a combined power/heating process and € 43.00 / ton for a normal heating process by consumption of HFO. The tax for Gasoil amounts to € 98.00 / ton and € 43.00 / ton for LPG.

In case of usage of one of these types of mineral oil to produce electricity there is no tax levied in order to avoid a double taxation.

Effective from July 1, 2008 a tax difference between fuels high in sulphur and fuels poor in sulphur was implemented. The tax rate for fuels poor in sulphur remained unchanged at

€ 98 / 1000l, whereas the tax rate for fuels high in sulphur was increased by 3 cent per litre to € 128 / 1000l.

Effective from January 1, 2011 the mineral oil tax for consumption of Gasoil was increased

by € 40 / 1000l from € 442 / 1000 to € 482 / 1000l and for the consumption of Diesel by € 50 / 1000l from € 347 / 1000l to € 397 / 1000l.

- Beneficiary: state government

- Tax refund system

For companies there is a general tax refund system in place, which was adopted in 2004 in order to comply with the guidelines contained in the Electricity Directive.

Effective with February 1, 2011 the tax refund system is limited to companies producing tangible goods. Service companies are therefore not entitled to receive reimbursements for periods from February 2011 onwards.

The tax cap on electricity, gas and mineral oil is the lower amount of 0.5% of the net production value (so called "Nettoproduktionswert", defined by turnover minus input costs) and the defined minimum taxes.

Those minimum taxes are:

	<i>Minimum tax rate</i>
electricity	0.0005 € / kWh
natural gas	0.00598 € / m ³
coal	0.15 € / Gigajoule
HFO	15 € / 1000 kg
Gasoil	21 € / 1000 litre
LPG	7.5 € / 1000 kg

Effective from January 1, 2006 a tax exemption for electricity in case of non energy recovery (dual use) was implemented to fulfil the regulations of the council directive for the taxation of energy products and electricity. Non energy recovery means the use of electricity for purposes other than as motor fuel and heating fuel. According to ministry of Finance the use of electricity for chemical reduction and in electronic and metallurgical processes shall be regarded as non energy recovery.

Effective from January 1, 2013 a tax refund system for farmers to refund them the difference between the higher mineral oil tax for Diesel (397 € / 1000l) compared to fuel oil (98 € / 1000l) for the Diesel they used for their agricultural vehicles was abolished.

Furthermore an exemption from mineral oil tax for vehicles and rail vehicles used in the local traffic, which affected bus and train operators and was eliminated from January 1, 2013 onwards.

TAXES AND LEVIES ON ELECTRICITY IN BELGIUM IN 2012

This report focuses on specific taxes and levies on the production, transmission, distribution and sale of electricity in Belgium.

Due to the structure of the Belgium State, levies on electricity are implemented at Federal, Regional and/or at municipal levels.

We have classified those levies among the following categories: property taxes, operation taxes, consumption taxes and other taxes according to their purpose.

A. Specific taxes and levies on production of electricity

A.1. Property taxes

a) Property withholding tax

Property tax is a tax in favour of the State, province, municipality and conurbation and is calculated on the basis of the land register value of the property (land, building, plant and equipment). The rate of this tax varies in accordance with the additional tax applied by the local authorities on the basic rate which represents the portion due to the Regions (Flemish Region: 2,5%, Walloon : 1,25%, Brussels : 1,25%).

Private power producers and the TSO are liable to this tax, which is levied on their production and transmission installations.

b) Compensatory industrial tax

This tax to the benefit of certain provinces and municipalities is calculated on basis of the market value for industrial properties and on basis of the use value for plants and equipment. The rate of this tax varies according to the provisions laid down by the corresponding provinces and municipalities.

The private power producers and the TSO are liable to this tax whilst the inter-municipal associations and the local public entities (DSOs) are exempt.

A.2. Operation taxes

a) Waste water tax (levied by Flemish and Walloon Regions)

- Environmental tax: discharges of industrial waste water are subject to taxation.
- Taxpayer: electricity producers.
- Tax base: the fee is based on the number of “units of pollution load”, whose calculation takes into account the following criteria:
 - Suspended solids;
 - Organic loading;
 - Heavy metals;
 - The nitrogen and phosphorus;
 - Heat input into the receiving stream.
- Tax rate:
 - Walloon Region: 8,9242 EUR per unit pollution load;
 - Flemish Region: 32,89 EUR per unit pollution load.
- Beneficiaries: Walloon and Flemish Regions.

b) Water abstraction tax (levied by Flemish and Walloon Regions)

- Environmental tax: the abstraction of groundwater for the exclusive use by companies (not intended for direct human consumption) is subject to a levy.
- Taxpayer: electricity producers.
- Basis of the levy: amount of cubic meters (c.m.) abstracted.

- Amount of the levy:

- Walloon Region:

<u>Brackets c.m.</u>	<u>EUR /c.m.</u>
Up to 20.000	0,0248
20.001 – 100.000	0,0496
Over 100.000	0,0744

Abstractions of less than 3.000 c.m. are exempted.

- Flemish Region: the rates are very similar across the Region.
Example of rate structure: electricity production site of Ruien:

<u>Brackets c.m.</u>	<u>EUR /c.m.</u>
Up to 999.999	0,043381
999.999-9.999.999	0,025161
9.999.999 – 99.999.999	0,013283
Over 99.999.999	0,002624

- Payment: payment occurs through quarterly instalments based on the definitive calculation of the preceding year and a final calculation on the basis of the return filed before the end of the month March of the following year.
- This contribution is paid to the Regions and is used to finance the clean-up operations and catchment protection.

c) Environmental taxes (levied by Flemish Region)

- Tax paid on co-combustion of coal, biomass, pellets,... only in the Flemish Region.

- Taxpayer: electricity producers.
- Tax base: the number of tons consumed.
- Tax rate: 5,55 EUR per ton.

A.3. Other taxes

a) Excise duties (Federal State)

- Only coal used for the production of electricity is subject to excise duty.
- Taxpayer: electricity producers.
- Rates:
 - special excise duty: 8,6526 EUR per ton;
 - “normal” excise duty : 3 EUR per ton.

b) Federal “gas” contribution

- Purpose: financing of some public services obligations and the costs linked to the regulation of and control over the gas market + levy for “protected consumers”
- Taxpayer: end consumer (including electricity producers).
- Collector: suppliers.
- Rate: 0,1309 EUR /MWh from 01/01/2012 to 31.03.2012 and 0,1155 EUR/MWh from 01/04/2012 to 31/12/2012 (2013: 0,1355 EUR/MWh) + Levy for “protected consumers: 0,6090 EUR/MWh from 01/01/2012 to 31.03.2012 and 0,5329 EUR/MWh from 01/04/2012 to 31/12/2012 (2013: 0,3419 EUR/MWh).

c) Tax on unused electricity production sites (levied by Federal State)

- Purpose: “incentive tax” either to build energy power plant or to sell suitable sites to other producers.
- Taxpayer: owner of the sites which are suitable for building a coal fired power plant with minimum capacity of 250 MW or a gas fired power plant of minimum 400 MW.
- Rate (as from 2009): 125,00 EUR per s.m.constructible land.

d) Nuclear production tax (levied by Federal State)

- Purpose: equilibrating Federal State budget.
- Taxpayer: nuclear electricity producers.
- Amount: 550 MEUR (2013: 475 MEUR) to be split among the nuclear producers on the basis of their respective production during the last calendar year (*i.e.* mainly among Electrabel, EDF and EDF Luminus).
- Tax may not be passed through to end users.

e) Fees for ionizing radiation (levied by Federal State)

This is a charge intended to cover the administrative, operating, research and investment costs relating to protection of the population against the dangers resulting from nuclear risks.

Those fees are calculated as follows:

- fees payable to the Federal Agency for nuclear control: 2.048,00 EUR/MW/year;
- a fee payable to the Federal department of internal affairs: 637,2818 EUR/MW/year.

f) Compensation for nuclear exploitation nuisance (levied by some municipalities)

A compensation is paid to some municipalities near to nuclear power station.

- To the municipality of Huy near to Tihange nuclear power plant:
 - basis amount/year of 2.960.000 EUR;
 - to be increased proportionally to supplementary available MW.
- To other municipalities near to Tihange nuclear power plant:
 - Total amount/year of 851.834,87 EUR.
- Municipality Fire service: 740.000 EUR.

B. Specific taxes and levies on transmission and distribution of electricity

B.1. Property taxes

See description in A.1. above.

B.2. Consumption taxes

(a) Levy for the use of public domain (Walloon and Brussels Regions)

- Purpose: compensation for the Walloon and Brussels Regions for the loss of “immaterial dividends” as a result of the liberalisation of the market.
- Taxpayer: end consumer.
- Rate:
 - Walloon Region:
 - Users ≤ 70/36/30 kV: 0,2275 EUR/MWh (2013: 0,2986 EUR/MWh);
 - Users ≤ 15 kV: 2,18 EUR/MWh (2013: 2,52 EUR/MWh).
 - Brussels Region:
 - TSO grid : 3,1146 EUR/MWh (2013: 3,1899 EUR/MWh) ;
 - DSO grid High voltage: 3,115 EUR/MWh (2013: 3,184 EUR/MWh);
 - DSO grid Low voltage: 6,229 EUR/MWh (2013: 6,368 EUR/MWh).
- Collector: grid operator.
- Beneficiary: Walloon and Brussels Regions

(b) Contribution Public Services Obligations (Brussels Region)

- Purpose: Brussels Region has charged the electricity DSO (Sibelga) to ensure some public services missions. This contribution covers the costs supported by Sibelga for ensuring those missions.
- Taxpayer: end consumer.
- Tax base: total electricity volume supplied via the DSO grid to end users during the year.
- Rate: varies according to the voltage:
 - High voltage: 0,83 EUR/kVA/month (2013: 0,85 EUR/kVA/month);
 - Low voltage: varies from 0,00 EUR/kVA/month (from 0 to 1,44 kVA) to 9,95 EUR/kVA/month (voltage between 56,01 and 100,00 kVA).
- Collector: supplier.
- Beneficiary: Sibelga.

(c) Rational use of energy levy (“RUE” levy) – (Flemish Region)

- Purpose: DSOs are obliged to offer energy efficiency services to end users connected to their grid in order to realize energy savings. The costs resulting from those obligations are recovered through the RUE levy.
- Taxpayer: end consumers.
- Rate: 0,0245 EUR/MWh (2013: 0,0245 EUR/MWh).
- Collector: suppliers.
- Beneficiary: DSOs.

(d) Regional tax on inconvenient occurrences (Flemish Region)

- Purpose: indemnify the local council for inconvenience caused by DSOs.
- Taxpayer: grid users of Flemish DSOs.
- Rate: varying in function of the DSO from 0,159 EUR/MWh to 0,312 EUR/MWh.
- Collector: suppliers.
- Beneficiary: localities serviced by the DSOs.

C. Specific taxes and levies on sale of electricity

C.1. Excise tax

(a) Federal energy contribution (energy excise tax)

- Purpose: financing the budget of the Belgian State.
- Taxpayer: end consumer.
- Rate: amount varies according to the type of end user :
 - Large industrial customers connected to high voltage grid (over 1kV): 0 EUR/MWh;
 - Energy intensive companies with an environmental permit or agreement: 0 EUR/MWh;
 - Other companies with an environmental permit or agreement: 0,9544 EUR/MWh;
 - Other companies (without an environmental permit or agreement) and non professional consumers (e.g. households) : 1,9088 EUR/MWh.
- Exemptions apply for some specific customers and uses.
- Collector: electricity supplier.
- Beneficiary: Federal State.

C.2. Turnover tax : VAT

A 21% VAT rate is charged on electricity sales.

C.3. Other consumption taxes or charges

(a) Levy for renewable energy (Flemish, Walloon and Brussels Regions) (environmental levy)

- Purpose: the suppliers of electricity must remit a certain amount of green certificates to the regional regulator, otherwise they have to pay a fine.
- The levy covers the cost of the suppliers' quota obligations. The proceeds from possible fines are allocated to the regional "energy funds".
- Taxpayer: end consumers.
- Rate:
 - Flemish Region: approx. 10,00 EUR/MWh;

- Walloon Region: approx. 15,75 EUR/MWh;
- Brussels Region: approx. 3,25 EUR/MWh.
- Collector: suppliers.
- Beneficiary: suppliers or regional fund (fines).

(b) Surcharge for the funding of supporting measures for renewable energy (Flemish Region) (environmental levy)

- Purpose: In force since 01/10/2010, in order to finance part of the costs related the distribution of renewable energy.
- Taxpayer: end consumers.
- Rate:
 - Flemish Region: approx. 0,5171 EUR/MWh (2013 : 0,5171 EUR/MWh);
 - Walloon Region: 1,1889 EUR/MWh from 01/01/2012 to 30/09/2012 and 5,9445 from 01/10/2012 to 31/12/2012 (2013 : 13,8159 EUR/MWh);
- Collector: suppliers (this surcharge is included in the distribution costs).

(c) Cogeneration levy (Flemish Region) (environmental levy)

- Purpose: electricity suppliers must remit to the Flemish authorities a certain amount of cogeneration certificates. If they don't comply, a fine is due. The cogeneration levy is aimed at covering the cost of this quota obligation. The amount of possible fines is used to finance the Flemish "Energy Fund".
- Taxpayer: end consumers.
- Rate: approx. 2,35 EUR/MWh (2013: 2,35 EUR/MWh).
- Collector: suppliers.
- Beneficiary: suppliers or regional fund (fines).

(d) Federal contribution

- Purpose: financing some public services obligations and the costs linked to the regulation of and control over the electricity market + levy for "protected consumers".
- Taxpayer: end consumer.
- Rate: 5,0854 EUR/MWh from 01.01.2012 to 20.01.2012, 4,9761 EUR/MWh from 21.01.2012 to 31/03/2012 and 3,8597 EUR/MWh from 01/04/2012 to 31/12/2012 (2013: 2,9781 EUR/MWh).
- Collector: supplier on behalf of the TSO and DSOs.

- Beneficiary: Federal State.

(e) Federal green certificate levy

- Purpose: the TSO is obliged to buy green certificates (e.g. offshore wind) offered by producers at a minimum price
The levy is aimed at compensating this cost.
- Taxpayer: end consumer.
- Rate: 1,0808 EUR/MWh (2013: 2,2133 EUR/MWh).
- Collector: grid operator Elia.

(f) Federal surcharge not capitalized pension

- Purpose: compensate the pension charges of previous and current employees of the TSO and DSOs .
- Taxpayer: end consumer.
- Rate: varying in function of the DSO and voltage level.
- Collector: supplier on behalf of grid operator.

(g) Electricity connection fee (Walloon Region)

- Purpose: financing the Walloon energy fund.
- Taxpayer: end consumer.
- Rate:
 - Between 0 and 100 kWh/an: 0,075 EUR;
 - Low voltage: 0,75 EUR /MWh;
 - High voltage < 10 GWh/year: 0,6 EUR/MWh;
 - High voltage ≥ 10 GWh/year: 0,3 EUR/MWh.
- Collector: suppliers.
- Beneficiary: Walloon energy fund.

(h) Federal surcharge to finance the connection of offshore wind farms

- Purpose: covering costs of connecting wind farms in the North Sea.
- Taxpayer: end consumer.
- Rate: 0,1395 EUR/MWh (2013: 0,1395 EUR/MWh).
- Collector: supplier on behalf of the TSO (this surcharge is included in the transmission costs).

TAXES AND LEVIES ON ELECTRICITY IN FINLAND IN 2012

This chapter focuses on specific taxes and levies on the production and sale of electricity in Finland. In addition, there is a short description of excise duties on heating fuels. Changes from 2012 to 2013 are described at the end of each chapter with italics.

A. Specific taxes and levies on production of electricity

1. Property taxes

Property taxes are levied by local municipalities. A common property tax rate can vary between 0.60-1.35 % by the decision of a municipality. The property tax is levied based on the value of the property. A municipality can levy a higher rate for power plants and buildings used for nuclear waste management, in which case the maximum rate is 2.85 %. However, the maximum rate for hydropower plants and wind turbines with a nominal output of 10 MVA or under, has to be between 0.60 to 1.35 %.

2. Excise duty on heating fuels

Excise duties were increased for coal, natural gas, heavy fuel oil and light fuel oil from the beginning of 2011. Fuel taxes were separated into two parts: energy content tax and CO₂ tax. All fuels excluding peat got an energy content tax of 7,7 €/MWh and CO₂ tax based on 30 €/ton CO₂. The energy content tax for natural gas will rise in three steps and the final 7,7€/MWh level will come into force at the beginning of 2015. Fuels used for heat production in CHP plants got a 50% discount on CO₂ tax (15€/t).

Until 2011 peat had not been taxed, but at the beginning of 2011 it was levied a fiscal tax of 1,9 €/MWh. The fiscal tax for peat will increase to the level of 5,9 €/MWh at the beginning of 2015.

From the beginning of 2013 the government decided to move focus of taxation from energy based taxation to CO₂ based taxation. Since 1st of January 2013, energy content tax of heating fuels has been 6,65 €/MWh and CO₂ tax is based on 35 €/ton of CO₂.

Since the beginning of 2013 tax level of peat has been 4,9 €/MWh and tax level of natural gas 4,45 €/MWh.

3. Strategic stockpile fee

A strategic stockpile fee is levied for securing economical resources which are necessary for the subsistence of the citizens, the economy of the state and national defence. A stockpile fee is levied on fuels used in heat production. Stockpile fee levels are presented in the overview table and did not changed since 2010.

4. Income tax

All limited companies are subject to a corporate tax on their profits. In 2012 the rate of the corporate tax was 24,5 %.

When a company pays dividends to its shareholders, the dividends will be taxed as shareholders' income.

B. Specific taxes and levies on transport and sales of electricity

1. Electricity consumption taxes

In Finland there are two tax levels for electricity consumption, depending on where the electricity is consumed. Tax class 2 includes electricity consumed in the manufacturing industry and commercial greenhouse cultivation. Other consumed electricity is taxed in class 1.

In 2012 electricity consumption tax in tax class 1 was 1.69 cents/kWh and in tax class 2 it was 0.69 cents/kWh.

2. Tax refund for energy intensive industry

In Finland energy intensive industry is entitled to a tax refund, if a company has paid fuel and electricity consumption taxes of more than 0.5 % of its annual value added. It can apply for an 85% refund on the share of paid taxes which exceeds 0.5 %. In addition the refund will be paid only on the share which exceeds 50 000€.

3. Value added tax (VAT)

The common rate for value added tax was 23 % in 2012.

Since the beginning of 2013 the common rate for value added tax has been 24 %.

4. Strategic stockpile fee

A strategic stockpile fee is levied for securing economical resources which are necessary to the subsistence of the citizens, the economy of the state and national defence. A stockpile fee is levied on electricity. Stockpile fee levels are presented in the overview table and haven't changed from 2011 to 2012.

Changes of taxation from 2012 to 2013 and under preparation

In its program the Finnish government has announced an introduction of wind fall taxation for nuclear power plants and hydro power. Wind fall tax is under preparation, but government proposal is not published.

Overview – taxes on electricity consumption and heating fuels 2010-2011

Product		2010			2012				
	Unit	Strategic stockpile fee	Energy tax	Total	Energy tax	Energy content tax	CO2 tax	Strategic stockpile fee	Total
Electricity, tax class 1	cents/kWh	0.013	0.87	0.883	-	1.69	-	0.013	1.703
Electricity, tax class 2	cents/kWh	0.013	0.25	0.263	-	0.69	-	0.013	0.703
Heavy fuel oil	cents/kg	0.28	6.42	6.7	-	8.79	9.72	0.28	18.79
- 2013						7.59	11.34	0.28	19.21
Light fuel oil	cents/litre	0.35	8.35	8.7	-	10.35	8	0.35	18.70
- 2013						9.30	9.34	0.35	18.99
Natural gas	€/MWh	0.084	2.016	2.1					
- 2011					-	3	5.94	0.084	9.024
- 2013					-	4.45	6.93	0.084	11.464
- 2015					-	6.65	6.93	0.084	13.664
Coal	€/ton	1.18	49.32	50.5	-	54.54	72.37	1.18	128.09
- 2013						47.10	84.43	1.18	132,71
Peat	€/MWh	-		-					
- 2011	€/MWh				1.9	-	-	0	1.9
- 2013	€/MWh				4.9	-	-	0	4.9
- 2015	€/MWh				5.9	-	-	0	5.9

TAXES AND LEVIES ON ELECTRICITY IN FRANCE IN 2012

This report focuses on specific taxes and levies on the production, transport and sale of electricity in France.

A. Specific taxes and levies on electricity production

A1. Property taxes

Taxes due to the mere ownership of generation plants. Land and real estate taxes and business taxes are not specific to the electricity sector but are a very significant tax burden for generation companies.

a) Land and real estate taxes

Collected for the benefit of municipalities, departments and regions, these taxes affect all properties in France that are not especially exempted. This particularly concerns constructions, installations intended to house people and goods, civil engineering structures and highways, and land put to industrial or commercial use.

Commonly, companies in the electricity sector are liable to real estate tax on buildings they own.

For industrial companies of this sector, the tax base for property is determined through the rental value mentioned in the land and real estate register, which is itself derived from the cost price (accounting method).

The amount of land tax is obtained by multiplying the register income (equal to the rental value mentioned in the register less a reduction of 50%) by the rates fixed annually by the local authorities.

Tax exemption applies to fixed asset used to generate photovoltaic power.

b) Business activity tax

The Cotisation Economique Territoriale (CET) is replaces business tax on January 1, 2010. The aim is to reduce taxation on industrial companies subject to international competitive.

This tax is payable to municipalities, departments and regions by any natural or legal person normally carrying out a non-wage-earning professional activity.

It is composed of 2 elements:

- a local real estate contribution (CFE): the tax is based on the rental value of land and real estate business assets established by tax roll multiplied by the rate fixed by municipalities and departments. A rebate of 30% applies to the value of all industrial assets.
- a supplementary business contribution (CVAE): tax basis is the company's accounting added value. The applicable rate varies according to the company's turnover i.e., from 0.5% of the added value for 3 M€ in turnover up to 1.5% for turnover exceeding 50 M€.

The total made up of the CFE and the CVAE is capped to 3% of the company's added value.

c) Tax on offices

People who on January 1st own premises used as offices, commercial and storage activities or parking lots in the area of *Ile de France* (area around Paris) are liable to an annual tax.

The municipalities concerned by this tax are grouped together in three areas in which different rates are applicable, between 0.64€/m² and 16.71€/m². These rates are reassessed each year according to the annual trend in the construction costs index.

d) French inland waterways tax

This tax is due to "*Voies navigables de France*", which is an industrial and commercial public institution, responsible for managing, operating and developing the network of French navigable waterways. The tax concerns volumes of water that installations abstract from or discharge into inland waterways.

This tax depends on number of inhabitants in the town where the installation is located, with deduction for significant premises, on the one hand, and on the volume of water abstracted from or discharged in the waterways, on the other hand.

inhabitants	Rate (€/m ²)
<2000	1.15 euros
2000<100 000	11.2 euros
>100 000	22.5 euros

A rebate is applicable for large installations.

Surface of building	10 000<20 000 m ²	>20 000 m ²
Tax rebate applicable to the corresponding surface	50%	85%

The rate of the tax is determined by the government, within a range for the « volume » component (upper limit to 7 €/dam³ of water). Taxation rate is equal to €5.7/ dam³ in 2012.

e) Tax on nuclear installations.

This tax is due annually to the State by the operator of a nuclear installation from the day of publication of the decree allowing to build the nuclear plant until the nuclear installation is withdrawn from the list of nuclear installations.

The tax due is equal to a lump sum (3.583 M€ for nuclear power plants in 2012) multiplied by a coefficient depending on the type and power of the installation (between 1 and 4 for nuclear power plants).

In 2006, three additional taxes have been created in order to come along with this tax on nuclear installation, called “Research tax”, “Accompaniment tax” and “Technological broadcasting tax”. This additional tax amounts to 0.28 M€ by nuclear reactor multiplied by a coefficient (7.87 for 2012).

As from 2011, a new annual additional tax is set up to finance the Institute for radiation and nuclear safety, equal to 380 k€ per nuclear power reactor multiplied by a coefficient of 1.65 for the year 2012 (i.e. 627 k€/reactor).

f) Tax on installed electric power

The tax is due every year by the owner of a power generation plant to departments and municipalities.

This tax applies to power generation plants installed on the 1st January of the taxation's year.

In 2012, rates are:

- 2.913€ per kW over 50 MW for nuclear and thermal power plants
- 7€ per kW over 100 kW for certain green energy power plants (on-shore wind, solar, marine current turbine, run-of-the-river plants)
- 2.913€ per kW over 100 kW for other hydro power plants
- 14.113 € per kW for off-shore wind power plants.

A2. Operation taxes

Taxes whose base is related to the actual operation of power generation plants.

a) Global Tax on Pollutant Activities

The Global Tax on Pollutant Activities (TGAP) is levied by the State on various polluting activities.

As far as the electricity sector is concerned, this tax applies to air polluting exhausts rejected by thermal power stations running on fuel oil, natural gas and coal.

The tax is based on a fixed amount per ton of polluting exhausts rejected yearly.

Polluting exhausts	€/ton
--------------------	-------

Sulphur oxide and other sulphur compounds	45.34
Hydrochloric acid	45.34
Nitrous oxide	68.02
Oxide of nitrogen	160.8
Hydrocarbons without methane, solvents and other volatile organic compounds	45.34
Suspended fines and dusts	86.62

These rates are reassessed every year.

b) Fees payable to water agencies

These are various fees paid to water agencies, which are public institutions specialised in the quantitative and qualitative protection of water resources.

Those fees are based on:

- quantity of exhausts rejected in waters (including heat)
- quantity of water abstracted
- quantity of water stored
- importance of obstacles laid across rivers

Rates are fixed by water agencies within the legal ceiling.

c) Fees on hydraulic works conceded

Major hydro power plants are conceded by the State to power companies, against an annual fee, collected for the benefit of municipalities and department and the State.

For existing concessions, this is a proportional fee function of number of kilowatt generated and/or dividend. Fees are shared between municipalities and department (1/3) and the State (2/3).

Upon renewal of concessions starting from 2007, the fee will become proportional to gross turnover related the sales of electricity stemming from the conceded hydro power plants. The rate is capped to 25%. Fees will be shared between departments (40%) and the State (60%), for power plants whose power is equal or over 4.5 MW. For power plants whose power is under 4.5 MW, fees are shared between departments (33.33%), municipalities (16.66%) and the State (50%).

d) Exceptional tax on CO2 allowances

Finance Bill for 2012 set up an annual outstanding tax in order to finance CO2 allowances granted by the State to new industrial plants entering into the Emission Trading Scheme for carbon dioxide (EU ETS) in 2011.

This tax applies to "incumbent" emitters which have received CO2 allowances covering more than 60,000 tons of CO2 national CO2 allocation plan for the 2008-2012 trading period. It was levied at a rate of 0.052 % of the company's FY 2011 turnover.

Tax cannot exceed the number of CO2 allowances received by the taxpayer from January 1, 2008 to December 31, 2012, multiplied by €6.18.

A.3 Other taxes

a) Excise duties

Excise duties on hydrocarbons (coal, natural gas and mineral oils) used to produce electricity are borne by electricity producers, either being directly paid to customs or recharged by hydrocarbons suppliers in the price of fuels.

Standard excise duties due to the State are:

- Excise on coal (Taxe intérieure de consommation sur le charbon): 1.19€/MWh (≈8.57€/ton)
- Excise on mineral oils (Taxe Intérieure sur les Produits Pétroliers): heavy fuel oil 18.5€/ton, gasoil for heating purposes 56.6 €/m³
- Excise on natural gas (Taxe Intérieure de Consommation sur le Gaz Naturel) on natural gas (1.19 €/MWh)
- Excise on power (Taxe Intérieure sur la Consommation finale d'électricité) : See below § C.1 c.

Natural gas, coal, mineral oil and power used to generate power are all exempted from excise duties mentioned above.

B. Specific taxes and levies on distribution/ transport of electricity

B1. Specific taxes on distribution/ transport of electricity

a) Flat-rate taxation of very high-voltage electricity pylons

Transmission lines, supports and line accessories (small transformer stations that cannot be assimilated to buildings by nature) are exempted from both real estate tax and business activity tax (see above).

However, to make up for this exemption, pylons carrying very high-voltage transmission lines (at least 200 kV) are liable to a specific tax of a fixed amount, paid to the State, but paid back to municipalities.

Rates (2012) is 2,002 € for pylons with a line voltage between 200 and 350 kV; and for the ones which line voltage over 350 kV, 4,002 €. Rates are reviewed every year in accordance with the evolution of the national revenue from the real estate tax.

b) Tax on electrical transformers

The tax is due every year by the owner of electrical transformers belonging to the public transport network or the public distribution network.

Tax depends on the input voltage of the electrical transformer:

<u>Input voltage (x)</u>	<u>Rate for each transformer</u>
x > 350 kV	138,500 €
130 < x < 350 kV	47,000
50 < x < 130 kV	13,500

Beneficiary: municipalities.

c) Contribution to the « Fonds de Péréquation de l'Electricité » (FPE)

Established by article 33 of the Nationalisation Act and amended by Decree No 56-941 of September 18th 1956, the FPE is financed by levies on the revenue of electrical energy distribution organisations (ERDF, authorities, SICAE). It pays equalisation appropriations to these organisations. Decrees fix the rate of the tax each year.

B.2 Parafiscal levies on distribution/ transport of electricity

a) Contribution to the FACE (Fonds d'Amortissement des Charges d'Electrification)

Created by article 108 of the Finance Act of December 31st 1936 to ease municipal and departmental electrification costs, the FACE is essentially financed by an annual contribution levied on the revenue stemming from low-voltage electricity distribution; the rates and methods of collection being fixed periodically by decree.

Tax base: kWh transmitted by low voltage power distribution companies.

Rate (2012) is 0.1845 c€/kWh for cities and 0.0352 c€/KWh for country towns < 2000 inhabitants.

Beneficiaries: municipalities and departments.

C. Specific taxes and levies on the sale/consumption of electricity

Those taxes are passed on to the client.

C.1 Excise taxes

a) Contribution to the public utility of electricity

The *Contribution pour le service public de l'électricité* (CSPE) has been created to compensate electricity producers for the cost incurred for the expenses related to public utility as provided by Law dated 10 February 2000, i.e. :

- extra-costs related to
 - o purchases of electricity produced out of renewable energy sources
 - o the provision of electricity in areas non interconnected with the continental network
- ;
- loss of revenue related to reduced prices guaranteed to people in precarious situation.

This contribution, fixed to 9 € / MWh (between 1st Jan. And 30th June 2012) and 10.5€/MWh (between 1st July And 31st Dec. 2012) consumed in France for, is due:

- by the producer, for the part of its annual self-consumption exceeding 240 GW

- by the final consumer; the contribution is collected by the electricity provider, or by the transmission/distribution system operator if the end-consumer has entered into a separate transmission/distribution contract with this operator. The contribution due for each consumption site is capped to 559,350€.

Industrial business, with annual consumption above 7 GWh, can ask the reimbursement of the share of contribution that exceeds 0.5% of its added value.

The CSPE collected is given back to power suppliers which incur expenses related to public utility of electricity.

b) Consumption taxes on electricity

Starting from 1 January 2011, existing local taxes on electricity, calculated on the value of the electricity bill, are replaced by an excise-shaped tax calculated in €/MWh of power consumed in France.

Taxes are collected by energy suppliers or by end-consumers when they consume power they have generated themselves.

The various rates depend both on the power under which the electricity is delivered, the collecting authority (*communes, départements* and State) and the type of consumer (business/non business):

	Communes (towns) + Départements		State
Consumptions covered (power "P" in kVA)	P ≤ 36kVA	36 < P ≤ 250 kVA	P > 250 kVA
Standard rate (€/MWh) <i>Business (B)</i> <i>Non-business (NB)</i>	0.75 €/MWh	0.25 €/MWh (B) 0.75 €/MWh (NB)	
Multiplying factor voted by the collecting authority	0 to 8 (town) 2 to 4 (departments)	0 to 8 (town) 2 to 4 (departments)	
Effective rate(€/MWh) <i>Business (B)</i> <i>Non-business (NB)</i>	1.5 to 9 €/MWh	0.5 to 3 €/MWh (B) 1.5 to 9 €/MWh (NB)	0.5 €/MWh

End-consumers can claim ex-ante exemption of tax for the following uses:

- chemical reduction / electrolytic & metallurgical processes,
- energy-intensive businesses :
 - o businesses where electricity represents more than 50% of the production cost of products,
 - o businesses subject to Emission Trading Scheme (ETS) and whose purchases of power and energy products exceed 3% of their turnover,
 - o businesses subject to ETS and whose energy taxes exceed 0.5 % of their added value
- mineralogical processes,
- coal, natural gas and mineral oils production,
- power generation,
- transportation of goods and persons by train, tramway, subway, trolleybus,
- power produced on ships,
- power generated and consumed by sites generating less than 240 GWh/year,
- power bought by grid operators to compensate their grid losses

C.2 Turnover taxes

a) Value-Added Tax (VAT)

The sale, transmission, transformation and distribution of electricity fall within the scope of the tax defined in articles 256 and 256 A of the French Tax Code.

The current rate (19.6 %) applies to the consumption part of the invoice, and to services linked to the transmission and distribution of electricity.

The reduced rate (5.5 %) applies to the standing charge of electricity deliveries, whose power is equal to or less than 36 kVA.

Reduced rates apply in overseas territories of France.

As from 1 April 2012, in order to prevent risks of fraud in the electricity sector, it has been decided to implement that for deliveries of electricity between taxable dealers established in France (wholesale trading), VAT will not be charged by the electricity / natural gas provider any more, but by the purchaser (reverse-charge mechanism).

b) Contribution on transport and distribution of electricity

The contribution on transport and distribution of electricity (*contribution tarifaire d'acheminement sur les prestations de transport et de distribution d'électricité*) is due on electricity consumed in France. This contribution is assessed on the fixed part of electricity distribution and transport regulated tariffs.

In 2012, the rates are 8.2 % of the fixed part of electricity transport tariffs and 21 % of electricity distribution tariffs.

TAXES AND LEVIES ON ELECTRICITY IN GERMANY in 2012/2013

This report focuses on taxes and levies on consumption of electricity in Germany.

A. Specific taxes and levies on electricity production

Nuclear fuel rod tax

The nuclear fuel rod tax law came into effect on 1st January 2011. It is limited in time until 2016. The planned annual income is up to 2,300 m €.

Taxable object is nuclear fuel for the commercial production of electricity (nuclear fuel (Plutonium 239 and 241, Uranium 233 and 235)).

Tax schedule is 145 € / gram Plutonium 239, 241 as well as Uranium 233, 235. Accrual of tax is initial use of a fuel rod within the reactor and the resulting nuclear chain reaction. Taxpayers are operators of nuclear power plants for the commercial production of electricity. The tax is deductible as business expenses.

In the meantime, there are considerable doubts with regard to the formal constitutionality of the nuclear fuel rod tax.

B. Specific taxes and levies on distribution/transport of electricity

There are no specific taxes or levies on distribution / transport of electricity.

C. Specific taxes and levies on the consumption of electricity

C.1 Excise taxes – electricity tax

As of April 1, 1999 the consumption of electricity has been subject to a consumption tax.

The electricity tax is linked to the consumption of electricity. The tax originates basically from the withdrawal of electricity from the grid within the tax district or by withdrawal of self-generated electricity.

The responsibility for paying the tax on the consumption of electricity is carried by the consumer. However it is the duty of the companies/provider selling the electricity to pay the tax to the tax authorities. According to the electricity tax law, a provider is someone who supplies electricity. Usually providers are energy supply companies. That means that the electricity provider is the tax collector of the electricity tax and the payment of this tax is passed on to the consumer.

As a tax debtor the supplier has to hand in a tax registration, i.e. the tax has to be calculated by the tax paying company itself. In practice, energy supply enterprises opt to register the tax on an annual rather than a monthly base. This causes monthly advanced payments of tax on the foreseeable tax liability. The annual registration has to be handed in by the end of May of the subsequent year; the payment of any outstanding tax sum has to occur by the 25th of June of that year.

Currently the electricity tax amounts to 20,50 EUR / MWh.

Different tax shelters exist in the form of tax exemptions, tax reductions and tax reliefs which lead to a lower tax load. In operational practise, the tax shelter plays an essential role for enterprises of the production and manufacturing industry, in particular the so-called “peak-balance” (§ 10 StromStG)¹.

	Tax shedule		Tax reduction							
	standard rate		night storage heating (installation before 01.04.1999)	traffic by trollybusses, train operations	§ 9 para 3 StromStG			basic consumption rate and amount according to		
	§ 3 StromStG		§ 9 para. 2a StromStG	§ 9 para. 2 Nr. 2 StromStG	onshore electricity supply (ships) ¹	enterprises of producing trade		peak balance		
	per MWh	per MWh	per MWh	per MWh	per MWh	per MWh	per MWh	per MWh		
1999 (from 01.04.)	10,23 €	20,00 DEM	5,11 €	10,00 DEM	5,11 €	10,00 DEM	/	2,05 €	4,00 DEM	1.000,00 DEM 50,00 MWh
2000	12,78 €	25,00 DEM	6,39 €	12,50 DEM	6,39 €	12,50 DEM	/	2,56 €	5,00 DEM	1.000,00 DEM 40,00 MWh
2001	15,34 €	30,00 DEM	7,67 €	15,00 DEM	7,67 €	15,00 DEM	/	3,07 €	6,00 DEM	1.000,00 DEM 33,33 MWh
2002	17,90 €		9,00 €		9,00 €		/	3,60 €		511,00 € 28,55 MWh
2003	20,50 €		12,30 €		10,20 €		/	12,30 €		512,50 € 25,00 MWh
2004	20,50 €		12,30 €		11,42 €		/	12,30 €		512,50 € 25,00 MWh
2005	20,50 €		12,30 €		11,42 €		/	12,30 €		512,50 € 25,00 MWh
2006	20,50 €		12,30 €		11,42 €		/	12,30 €		512,50 € 25,00 MWh
2007	20,50 €		20,50 €		11,42 €		/	12,30 €		512,50 € 25,00 MWh
2008	20,50 €		20,50 €		11,42 €		/	12,30 €		512,50 € 25,00 MWh
2009 / 2010	20,50 €		20,50 €		11,42 €		/	12,30 €		512,50 € 25,00 MWh
since 2011	20,50 €		20,50 €		11,42 €		0,50 €	20,50 €		1.000,00 € 49,00 MWh

¹ Since 2011 there is a new § 9 para. 3: Electricity is liable to a reduced rate of taxes of 0,50 €/ Mwh in case of consumption in the context of onshore electricity supply by ships (Exception: Private, noncommercial shipping).

At the beginning of 2011, a reduction of the tax relief for companies of the so called “production sector” came into effect. There were important changes to tax relief in electricity tax. The reduced tax rate has been lifted in favour of tax relief. It is a harmonization of the energy-tax-system. The effects for the companies of the so called “production sector” are that the companies will no longer receive the tax reduction “automatically”. Application is required. Furthermore regulations for the reimbursement-regulations-model are missing. However, there are also positive effects for energy-supply-companies: no more administration of the permission certificate and, as a consequence, conflict potential during tax audits no longer exist.

To ensure that German companies have no economic disadvantage, the taxation of such companies has an upper limit with reference to electricity tax. The legislator identifies the energy-intensive enterprises through a static reference to certain branches of industry. The classification of these branches (“WZ 2003”) is published by the Federal Statistics Office of Germany. They were identified

¹ StromStG= Stromsteuergesetz= electricity taxation act

according to their proportional energy cost, meaning the relationship between their energy/production costs. These tax reductions were implemented for consumers with an annual consumption of above 49 MWh. The so-called "peak balance" (§ 10 StromStG) can reduce the tax load down to a "manageable" level.

The licensing requirements of the European Commission, due to the continuance of peak balance, were adopted into German law in 2008. The so-called peak balance was guaranteed until December 31, 2012, but it was reduced at the beginning of 2011 from 95% to 90%.

Since the beginning of 2013 a law has existed passed by the Federal Ministry of Finance regarding the continuation of the peak balance, one of the most important tax reliefs in energy and electricity tax. It provides the implementation of a DIN-Standard energy-management-system (DIN ISO 50001) by companies which still want to get the tax relief of the peak balance. The aforementioned DIN EN ISO 50001 is comparable to the DIN-Standard 14001 for ecological management-system.

By the introduction of technical measures by 2015 an extra yearly savings target of 0.9% of energy products and 1.2% for electricity has to be achieved. The fulfilment of the aforementioned savings is a requirement to receive the peak balance.

Small and medium-sized enterprises are able to establish alternative simplified systems to reform energy efficiency.

For the years 2013 and 2014 proof that the EMS-establishment has been introduced is sufficient to get the peak balance. In order to profit from the peak balance as of 2015, the implementation of the EMS has to be completed. The EMS has to be certified by a state recognized official (audit law (Umweltauditgesetz)), or corresponding organization, or another relevant authority. They have to make sure that all necessary requirements are fulfilled.

The premise to obtain the peak balance is that the German Economy achieves the annual economy targets that were defined by law. After 2013 up to the end of the term, including the year 2022, companies of the so called "production sector" have to reach the target concertedly to optimise energy-efficiency. The cumulative efficiency should add up to a level of 1.3% (2013-2015), respectively 1.35% (2016). The continuation of the allowances between the years 2017 and 2022 will be carried out after a revision. If these targets are only partly achieved, the peak balance will be cut, or not allowed completely.

The energy tax reduction for certain small combined heat and power plants was only allowed until 31st March 2012 as a public grant from the commission. The new permission has existed since 22nd February 2013, published by the EU- Commission. That was announced by the Federal Ministry of Finance at 18th March 2013. Backdated to 1st April 2012, the arrangement came into effect. Correspondent applications for tax relief are edited by the financial administration. Because of the amendment, a complete tax reduction for small CHP-plants is still only possible with limitations (criteria of efficiency, reduction only possible in time of fiscal amortisation). Above all, a partial tax reduction for small CHP-plants has been awarded, if special degrees of efficiency are achieved.

The Federal Government enlarged the tax-benefits of (hybrid-) electric cars that are used privately. The higher initial cost should be reduced so that the personal tax charge decreases. The decision of the Federal Government describes that electric cars that were initially registered on the 18th May 2011 up to end including 31st December 2015 will be tax free for ten years. After 2015 the exemption from tax for "pure" electric cars should continue for five years (first registration from 1st January 2016 till 31st December 2020).

The reduction per car amounts tops 10.000 €. For cars that are acquired after 31st December 2013, this maximum will be reduced annually by 500 €.

Taxes on energy products besides electricity

Tax rates on energy products are listed in § 2 EnergieStG. The energy products and their individual tax rate are:

I Nr. 1	petrol (2710 1141-49 KN) a) - sulphur >10 mg/kg b) - sulphur ≤ 10 mg/kg	669,80 €/1000 ltr 654,50 €/1000 ltr
I Nr. 2	aviation fuel (270 1131/51/59 KN)	721,00 €/1000 ltr
I Nr. 3	kerosene (2710 1921/25 KN)	654,50 €/1000 ltr
I Nr. 4	gas oil as diesel (270 1941 - 49 KN) a) - sulphur >10 mg/kg b) – sulphur ≤ 10 mg/kg	485,70 €/1000 ltr 470,40 €/1000 ltr
III Nr. 1	gas oil as light fuel oil (2710 1941-49 KN) to use as fuel or in promoted plants according to §§ 3, 3a ltr (depending on sulphur content)	61,35/76,35 €/1000
I Nr. 5	heavy fuel (2710 1961/69 KN)	130,00 €/1000 kg
III Nr. 2	heavy fuel (2710 1961/69 KN) to use as fuel or in promoted plants according to §§ 3, 3a	25,00 €/1000 kg
I Nr. 6	ubricating oil etc. (270 1981-99 KN)	485,70 €/1000 ltr
III Nr. 3	lubricating oil etc. to use as fuel or in promoted plants according to §§ 3 ,3a	61,35 €/1000 ltr
I Nr. 7	natural gas etc.	31,80 €/MWh
II Nr. 1	natural gas etc. as fuel until 31.12.2018	13,90 €/MWh
III Nr. 4	natural gas to use as fuel or in promoted plants according to §§ 3 ,3a	5,50 €/MWh
I Nr. 8	liquid petroleum gas a) pure b) other	409,00 €/1000 kg 1.217,00 €/1000 kg
II Nr. 2	liquid petroleum gas as fuel , pure until 31.12.2018	180,32 €/1000 kg
III Nr.5	liquid petroleum gas to use as fuel or in promoted plants according to §§ 3 ,3a	60,60 €/1000 kg
I Nr. 9, 10	coal	0,33 €/GJ
IV a	secondary- and substitute fuel, if it is not possible to assign it	0,33 €/GJ

C.2 Turnover taxes

=> taxes based on turnover

Sale of electricity is subject, as a general rule, to VAT at a rate of 19 %.

Current judgement and letter of financial administration are concerning the consumption-based billing of supplies of electricity, gas, heat and water.

In its judgement of 18th September 2008, the Federal Finance Court decided that refunds only reduce the taxable base pursuant to § 17 Value Added Tax Act - (change of the taxation basis), if the payment, repayment or charging were effectively reimbursed within the taxation period (taxation of actual value). Therefore the taxation basis cannot be lowered just because of an agreement, an effective refund of the payment is compulsory. The aforementioned pronouncement of the Federal Finance Court took solely into account the consumption-based billing of supplies of electricity, gas, heat and water.

TAXES AND LEVIES ON ELECTRICITY IN HUNGARY IN 2012

This report focuses on specific taxes and levies on the production, transport and sale of electricity in Hungary.

We have classified those levies among the following categories: property taxes, operation taxes, excise taxes, turnover taxes, consumption taxes and other taxes (mainly taxes with a budgetary purpose) according to their purpose.

This study also deals with those non-specific taxes for electricity industry that represent significant burden for companies (corporate income tax, VAT, local business tax, property taxes). But the study does not deal with social security contributions and with those non electricity sector specific taxes that do not represent significant burden for companies.

D. Specific taxes and levies on production of electricity

A.1 Property taxes

c) Building Tax (it is a local tax)

Tax liability shall apply to structures located in the area of jurisdiction of a local government, dwelling places, buildings and building sections not used for housing purposes (hereinafter jointly referred to as 'buildings') shall be subject to tax liability.

Tax liability shall apply to all rooms and spaces of the building, regardless of their purpose and utilization.

- Purpose: Collected for the benefit of municipalities
- Taxpayer: The person subject to tax liability is the person who is the owner of the building as of the first day of the calendar year.
- Beneficiary: Local governments (municipalities)
- Rate:

The basis for the tax, depending upon the decision of the local government, shall be:

- a) the net floor space of the building expressed in square meters, or
- b) the adjusted market value of the building.

The maximum rate of tax per annum is:

- a) 1,100 HUF/square meter;
- b) 3.6 per cent of the adjusted market price.

d) Land Parcel Tax (it is a local tax)

Lands situated in incorporated areas within the area of jurisdiction of a municipal government shall be subject to taxation.

The tax base and rate depend on the decision of the local government.

- Purpose: Collected for the benefit of municipalities
- Taxpayer: The person subject to tax liability shall be the owner of the land parcel on the first day of the year.
- Beneficiary: Local governments (municipalities)
- Rate:

The basis for the tax, depending upon the decision of the local government, shall be:

- a) the actual area of the land parcel expressed in square meters, or
- b) the adjusted market value of the parcel.

The maximum rate of tax per annum is:

- a) 200 HUF/m², or
- b) 3% of the adjusted market value of the parcel.

e) Tax on motor vehicles (weight tax)

- Purpose: The scheme's main purpose is to increase the local governments' incomes, and to finance the maintenance and extension of motorways
- Taxpayer: Registered owner of the vehicle
- Beneficiary: Local governments (municipalities) and state government
- Rate:

The tax rate depends on the type and the age of the vehicle and the motor power or the gross weight of the vehicle (the weight empty and 50% of the permissible load)

The tax rate for lorries can be 1,200-1,380 HUF on every 100 kg or part of every 100 kg.

The tax rate for motor cars depending on their age can be from 140 HUF/kW/year until 345 HUF/kW/year.

A.2 Operation taxes

a) Central Nuclear Financial Fund

- Purpose: There was founded a Fund for final settlement of nuclear waste materials and for expenses of decommissioning nuclear equipments (its name is Central Nuclear Financial Fund).
- Taxpayer: Paks Nuclear Power Plant.

- Beneficiary: Hungarian State
- Rate: The impayments raised into this Fund shall be determined in such a way, that it has to cover all the costs mentioned above.

The amount of this charge is defined in the law about the annual central budget. Paks Nuclear Power Plant had to pay 19,329.4 MHUF (~64,4 M EUR) in 2012 and it had to pay the proportional part of it in every month.

b) Environmental Pollution charges

- Purpose: Protection of the natural environment, to reduce its impairment, to encourage the users of environment to engage in activities aimed at the preservation of the natural environment, and to provide funding within the central budget for environmental protection and nature preservation.
- Taxpayer: Firms emitting pollutants into the air, into the soil, into surface waters and surface run-off flows.
- Beneficiary: Hungarian State
- Types of environmental pollution charges:
 - air pollution duty,
 - water pollution duty,
 - soil pollution duty.
- Tax base of air pollution duty: The air pollution duty base is the mass of the yearly volume of emission of the air polluting substance expressed in the proper unit of measurement (kg).

Formula for the calculation of air pollution duty

- Rate: The amount of air pollution duty shall be calculated by the formula:

$$\text{LTD (HUF/year)} = (M_i \text{ [kg/year]} \times P_i \text{ [HUF/kg]})$$

where

LTD: means the amount of air pollution duty payable,

M_i : means the annual volume of emission of the air polluting substance in question,

P_i : means the unit rate for the given air polluting substance, as defined in the table below:

Air polluting substance	Unit rate P_i (HUF/kg)
Sulfur dioxide	50
Nitrogen oxides	120

Solids (non-toxic)	30
--------------------	----

- Tax base of water pollution duty: The water pollution duty base is the mass of the yearly volume of emission of the water polluting substance expressed in the proper unit of measurement (kg).
- Rate: The amount of water pollution duty shall be calculated by the formula:

$$VTD \text{ (HUF/year)} = S (M_i \text{ [kg/year]} \times P_i \text{ [HUF/kg]}) \times T \times I$$

where

VTD: means the amount of water pollution duty payable,

M_i : means the net annual volume (the difference between the intake and outlet) of emission of the water polluting substance in question (kg/year), or

$$M_i = Q \times C_{i(\text{average})} \text{ where}$$

Q = means the annual volume of waste water discharged in dry weather, m³/year

$C_{i(\text{average})}$ = means the annual average concentration of "i" kg/m³

($C_i = 0$, if C_i is less than the lowest limit employed)

T: means the vulnerability factor defined in Table No. 1,

I: means the sludge disposal factor defined in Table No. 2, that is going to be 1 if no sludge is produced

P_i : means the unit rate for the given water polluting substance, as defined in Table No. 3.

Vulnerability factor

Table No. 1

Region categories	Multiplicators (T)
A	1.4
B	1.0
C	0.7

Region categories:

Category 'A': Lake Balaton within the boundaries defined in specific other legislation, and the adjacent river basins,

Category 'B': Other protected areas within the boundaries defined in specific other legislation (receiving bodies),

Category 'C': Areas for the general protection of the good status of surface waters within the boundaries defined in specific other legislation (receiving bodies).

Sludge disposal factor

Table No. 2

Description of treatment	Sludge factor (I)		
	Region categories		
	A	B	C
1. Utilization, incineration			
Use for agricultural purposes (on arable land, in forest plantations, e.g. hybrid poplars), authorized recultivation, composting	0.8	0.8	0.8
Incineration	1	1	1
2. Other means of treatment			
temporary disposal	1.3	1.2	1.1
permanent disposal (sludge only or together with solid municipal waste)	1.2	1.1	1.0
regional disposal (sludge only or together with solid municipal waste)	1.1	1.0	1.0

Unit rate

Table No. 3

Water polluting substance	Unit rate P_i (HUF/kg)
Dichromate oxygen assumption (KOI_k)	90
Total phosphorus	1,500
Total inorganic nitrogen	180
Total mercury	220,000

Total cadmium	44,000
Total chromium	8,800
Total nickel	8,800
Total lead	8,800
Total copper	4,400

- Tax base of soil pollution duty: The soil pollution duty base is the volume of water supplied, less any volume of water used for irrigation purposes as permitted under specific other legislation.
- Rate: The unit rate of soil pollution duty is HUF 120/m³.

The amount of soil pollution duty shall be calculated by the formula:

$$TTD = E \times A \times T$$

where

TTD: means the amount of annual soil pollution duty payable,

E: means the unit rate (HUF/m³),

A: means the duty payment base (m³),

T: means the impairment factor defined in Table No. 1 for the incorporated area of the municipality based on the quality of groundwater bodies.

Vulnerability factor

Table No. 1

No.	Description	Vulnerability factor (T) defined for the incorporated area of the municipality based on the quality of groundwater bodies		
		moderately sensitive area	sensitive area	extremely sensitive area
1.	Soil pollution falling within the scope of authority of the local water management authority	1.0	1.5	3.0
2.	Soil pollution under water license	1.1	2.0	5.0

c) Water usage fee

- Purpose: Protection of possibilities for utilization of waters, prevention of damages and protection of environment
- Taxpayer: water users who use water under permission
- Beneficiary: Hungarian State (Water Management Authority)
- Tax base: the amount of used water (m³)
- Rate: for industrial plants the rate is 14.1 HUF/m³

A3. Other taxes

g) Excise duties

- Purpose: providing revenues required for the Central Budget, creating a fair and competitive environment on the market of excise goods.
- The excise duty on mineral oil products is directly included in the price of the products.
- Rates:

Use of mineral oils for the generation of electricity, or for combined heat and power generation for producing heat and electricity shall be regarded as tax-exempt uses

Normal excise tax rate is 4,425 HUF/thousand kilos for heating oils falling under heading 2710 19 61, the viscosity of which is greater than 4.5 mm²/s at 40 °C and in distillation testing the quantity of the portion distilled up to the temperatures of 250 °C or 350 °C is not in excess of 25 per cent or 80 per cent, respectively, and the density of which is greater than 860 kg/m³ as measured at 15 °C, or 116,000 HUF/thousand kilos under other circumstance, including when offered, used or sold as motor fuel; 40,000 HUF/thousand kilos for heating oils falling under headings 2710 19 63, 2710 19 65 and 2710 19 69, the viscosity of which is greater than 4.5 mm²/s at 40 °C and in distillation testing the quantity of the portion distilled up to the temperatures of 250 °C or 350 °C is not in excess of 25 per cent or 80 per cent, respectively, and the density of which is below 860 kg/m³ as measured at 15 °C, or 116,000 HUF/thousand kilos under other circumstance, including when offered, used or sold as motor fuel;

E. Specific taxes and levies on distribution/transport of electricity

F. Specific taxes and levies on sale of electricity

C.1 Excise taxes

C.2 Turnover taxes

a) Value-Added Tax (VAT)

It is not a specific tax for electricity industry, but the sale, transmission, activity of system operator and distribution of electricity fall within the scope of the tax.

- Purpose: to ensure continuous and reliable revenues required for carrying out the duties of the central budget
- Taxpayer: any person or organization that carries out economic activity
- Beneficiary: Hungarian State
- Tax base: the open market value (the purchase price, or the full cost)
- Rate: as of January 2012 the general rate increased from 25% to 27% (it is used for energy industry)
- As of 1 February 2012, the general VAT refund deadline changed to 75 days (before this time VAT had to be refunded within 30 days, or, if the amount exceeded HUF 500 million, within 45 days as from the receipt of VAT return). Preferential rules can be applicable only if the taxpayer provide a declaration about that the full consideration of all invoices had been paid until the submission of the VAT return.

C.3 Other consumption taxes

a) Robin Hood Tax

- Purpose: Encouraging energy users to use energy in a more effective way, and subsidizing renovation of dwelling houses and block houses using district heat.
- Taxpayer:

Robin Hood tax shall be paid by energy suppliers:

- electricity traders,
 - electricity producers,
 - natural gas traders,
 - oil traders,
 - firms producing oil products,
 - firms doing mining activities.
- Beneficiary: Hungarian State
 - Tax base: pre-tax profit (the same as in case of corporate tax) altered by tax base deductions and tax base increasing factors

The following shall be deducted from the pre-tax profit:

- income received or due from dividends during the tax year, with the exception of the income received or due as dividends from a controlled foreign company (taxable income);
- the income shown for the tax year under grant or support received (due) without any obligation of repayment, or under liquid assets taken over definitively without consideration, the income recorded during the tax year in the amount of debts assumed and in the amount of cancelled liabilities;
- the amount of capital gain claimed during the tax year as earned on shares transferred under a preferential exchange of shares by a member (shareholder) of an acquired company, if the taxpayer wishes to claim this allowance; where the taxpayer chooses to claim this allowance, he shall keep separate records of all shares acquired as part of the preferential exchange of shares;
- the sums shown under conversion difference when switching from forint to foreign currency, from foreign currency to forint, or from one foreign currency to another, and deducted from the retained earnings, in the tax year following the date when the conversion took place;
- the amount shown under income for the tax year or that is added to the capitalized value of own performance, or shown under deductions from costs and expenses for the tax year, as determined in the course of a tax audit or self-revision;
- the income of members (shareholders, partners) recorded for the tax year that is in excess of the value of shares that are retired from the books, if the enterprise is terminated by way of preferential transformation;

Pre-tax profit shall be increased by the following:

- The amount of income tax paid abroad and claimed as cost or expenditures;
- the book value of any grant or support provided without obligation of repayment, non-repayable liquid assets provided without consideration during the tax year, the debts assumed by the taxpayer and claimed as cost or expenditures;
- the sums shown under conversion difference when switching from forint to foreign currency, from foreign currency to forint, or from one foreign currency to another, and added to the capital reserve in the tax year following the date when the conversion took place;

- the amount that is shown under expenses for the tax year or deducted from the net sales revenues and income for the tax year, from capitalized value of own performance, as determined in the course of a tax audit or self-revision (for enterprises keeping single-entry books, including any reductions in purchased and financially settled inventories);
- from the amount deducted from the pre-tax profit, subtracted from the original cost of shares obtained in connection with a preferential transformation and transferred at its book value, as claimed for the tax year under any title (not to exceed the amount already claimed by virtue of the above-specified provision as deducted from the pre-tax profit in connection with the shares in question);
- from the amount deducted from the pre-tax profit, subtracted from the original costs of shares received in connection with a preferential exchange of shares and transferred at its book value, as claimed in the tax year under any title (not to exceed the amount already claimed by virtue of the above-specified provision as deducted from the pre-tax profit in connection with the shares in question);
- Rate: 8 per cent of the positive tax base.

b) Aid for restructuring the coal industry and financial support for the provision of discount-rate electricity in accordance with specific legislation to personnel described in specific other legislation based on their previous or existing employment in the electricity industry:

- Taxpayer:
 - a) in connection with supplying electricity to network users:
 - the provider of universal services,
 - the trader,
 - the authorized producer;
 - b) the network user purchasing electricity directly from a regulated electricity market or from abroad;

They pay it to the transmission system operator on a monthly basis, and shall charge them to the network users.

The funds collected by the transmission system operator shall not comprise income for the transmission system operator, the transmission system operator may not use them for other purposes, and he shall be required to keep them on separate accounts, detached from all his other assets. The transmission system operator shall be required to show the funds held on the said separate accounts, including their net proceeds and minus handling charges, under liabilities.

Providers of universal services, electricity traders and power plants shall specifically indicate the funds paid (payable) on the invoices made out to network users.

The funds paid (payable) and indicated on the invoices made out to network users shall not comprise income for providers of universal services, electricity traders or authorized producers, and they shall be required to keep them on separate accounts, detached from all their other assets. Providers of universal services, electricity traders and authorized producers shall be required to show the funds held on the said separate accounts, including

their net proceeds and minus handling charges, under liabilities to the transmission system operator.

- Beneficiary: Hungarian State
- Tax base: the amount of sold electricity
- Rate:
 - aid for restructuring the coal industry: 0.19 HUF/kWh
 - financial support for the provision of discount-rate electricity in accordance with specific legislation to personnel described in specific other legislation based on their previous or existing employment in the electricity industry: 0.07 HUF/kWh

c) Special tax for energy industry

- Purpose: improving the Balance of Public Finances
- Taxpayer: energy suppliers
- Beneficiary: Hungarian State
- Tax base: the net sales revenues
- Rate:

Industry	Net sales revenues (HUF)	Tax rate
Energy Industry	0-5 billion	0.3%
	5 billion-	1.05%

d) Corporate income tax

It is not a specific tax for electricity industry, but the sale, transmission, activity of system operator and distribution of electricity fall within the scope of the tax, and its rate represents a significant burden for companies.

- Purpose: to securing the revenues necessary for discharging government functions, to improving the operational environment for businesses, as well as to implementing certain requirements stemming from Hungary's accession to the European Communities
- Taxpayer: any resident and non-resident organization whose principal place of business management is in Hungary, and that carries out economic activity
- Beneficiary: Hungarian State
- Tax base: the adjusted pre-tax profit

- Rate: As of July 2010, a 10% corporate income tax rate can be applied to the first HUF 500 million (about EUR 1.7 million) of the positive tax base. To the part of the tax base exceeding the HUF 500 million, the rate is 19%.

e) Local business tax

It is not a specific tax for electricity industry, but the sale, transmission, activity of system operator and distribution of electricity fall within the scope of the tax, and its rate represents a significant burden for companies.

- Purpose: to enable local governments to exercise the sovereign right of local taxation, and to establish the conditions for local governments to independently manage their own financial affairs.
- Taxpayer: entrepreneurs whose commercial domicile or place of business is located in the area of jurisdiction of a local government
- Beneficiary: local governments
- Tax base: for permanent commercial activities shall be the net sales revenue, less the original costs of goods sold, the value of mediated services, material costs, and the direct costs of basic research, applied research and experimental development claimed for the tax year. The revenues comprised in the tax base which were generated by the activities of a business facility located abroad are exempted.
- Rate: 2 per cent of the tax base

f) Energy tax

- Purpose: to encourage participants of economic to save energy and to insert costs of environmental damages into energy prices
- Taxpayer: energy trader, public utility gas supplier, eligible customer, energy producer

(1) Tax shall be payable:

a) -

b) upon the sale of energy by an energy trader to an end user, not including household consumers;

c) upon the purchase of energy by an end user in Hungary directly from a producer or from a regulated market, not including household consumers;

d) upon the purchase of energy by an end user in Hungary directly from another Member State, not including household consumers;

e) upon the purchase of energy by an end user directly from a non-Member State, not including household consumers;

f) where energy is produced by a person for own use, with the exception if electricity is produced from renewable energy sources, or if the produced energy is used

- by any person who uses energy for generating electricity for feeding it to a distribution or transmission network;

- by any person operating a power plant or a district heat producing facility who uses energy for the co-generation of heat and electricity;
- by any person operating a district heat producing facility (including the services for the provision of central heating and hot water as prescribed by specific other decree) who uses energy for generating heat for servicing private consumers;
- by any person who uses any energy products in chemical reduction, electrolytic or metallurgical processes;
- by any person who uses natural gas as a basic material for chemical processes;
- by any person who uses energy for generating electricity for own use;
- by any person who deposits natural gas into a gas storage facility to fill up or maintain the level of cushion gas reserve, or who deposits natural gas into a transmission or distribution pipeline to fill up the transmission or distribution pipeline;
- by any authorized network operator who uses energy for the purpose of making up network losses.

or if the electricity is produced by using taxed energy in a power plant with a capacity of less than 50 megawatts, provided that no tax refund was claimed

- by any person operating a power plant or a district heat producing facility who uses energy for the co-generation of heat and electricity;
- by any person who uses energy for generating electricity for own use;

g) upon the use of energy by an energy trader for own use;

h) where an end user purchases energy products in the cases not mentioned in Paragraphs *a)*-*g)* exclusive of energy taxes.

i) where an end user provides a false statement to the energy trader at the time of purchasing coal as to being a household consumer.

(2) The tax shall be payable by the energy trader in the case referred to in Paragraph b) of Subsection (1), by the end user in the cases referred to under Paragraphs c)-e) of Subsection (1), by the producer in the case referred to in Paragraph f) of Subsection (1), by the energy trader or the authorized network operator in the case referred to in Paragraphs h) and i) of Subsection (1), and by the end user in the case referred to in Paragraph h) of Subsection (1) (hereinafter referred to as “taxable person”).

- Beneficiary: Hungarian State (Customs Authority)
- Tax base:
 - the quantity of electricity measured in megawatt-hour;
 - the quantity of natural gas measured in gigajoule;
 - the quantity of coal measured in thousand kilograms.
- Rate:
 - 295 forints (~ 1 EUR) per megawatt-hour in the case of electricity;
 - 88.50 forints per gigajoule in the case of natural gas;

- 2,390 forints per thousand kilograms in the case of coal.

Tax refund may be deducted (claimed) from the amount of tax determined by way of self-assessment, or may be claimed from the tax authority to be refunded from the tax already paid:

- a) by any person who uses energy for generating electricity for feeding it to a distribution or transmission network;
- b) by any person operating a power plant or a district heat producing facility who uses energy for the co-generation of heat and electricity;
- c) by any person operating a district heat producing facility (including the services for the provision of central heating and hot water as prescribed by specific other decree) who uses energy for generating heat for servicing private consumers;
- d) by any person who uses any energy products in chemical reduction, electrolytic or metallurgical processes;
- e) by any person who uses natural gas as a basic material for chemical processes;
- f) by any person who uses energy for generating electricity for own use;
- g) by any person who deposits natural gas into a gas storage facility to fill up or maintain the level of cushion gas reserve, or who deposits natural gas into a transmission or distribution pipeline to fill up the transmission or distribution pipeline;
- h) by any authorized network operator who uses energy for the purpose of making up network losses.

TAXES AND LEVIES ON ELECTRICITY IN ITALY in 2012

This report focuses on taxes and levies specific to the production, distribution and sale of electricity in Italy.

A. Specific taxes and levies on electricity production

A.1 Property taxes

a) Municipal property tax on immovables (IMU)

- Tax base: immovables subject to cadastral valuation;
- Tax rate: from 4,6 to 10,6‰ on the cadastral yield revalued and multiplied by fixed coefficients which are also revalued by 20%. Where the yield is not attributed, the calculation is made on the gross balance value revaluated on the basis of coefficients yearly published by the Ministry of finances;
- Beneficiary: Municipality and State.

A.2 Operation taxes

a) Eco-tax

- Tax base: emissions of sulphur dioxide (SO₂) and nitrogen oxide (Nox) of huge combustion plants aimed to energy production whose nominal thermal power is equal or higher than 50 MW.
- Tax rate: € 106 (SO₂ emissions) and € 209 (Nox emissions) per ton/year of emissions produced.
- Beneficiary: Custom Administration competent for the territory of reference.

A.3 Other taxes

a) IRES Surtax ("Robin Hood Tax")

- Taxpayers: companies producing electricity whose turnover exceeds € 10m in the preceding tax period and a taxable income higher than € 1m. It's not applicable anymore the exclusion from the surtax provided for subjects producing power from renewable sources prevalently;
- Tax rate: 10,5% of the taxable income for corporate income tax ("IRES") purposes;
- Beneficiary: State.

b) Excise duties

Following the tax rates applicable to energy products used for power production:

Fuel	Excise duty
GAS	€ 0.0004493 per cubic meter
LPG	€ 0.6817 per 1,000 kg

<i>Coal</i>	<i>€ 2.60 per 1,000 kg</i>
<i>Gas Oil</i>	<i>€ 12.72601 per 1,000 litres</i>
<i>Fuel Oil</i>	<i>€ 15.33154 per 1,000 kg</i>
<i>Vegetal Oil not chemically modified</i>	<i>Exempt</i>

c) Fees

The abstraction of groundwater used for the energy production by companies is subject to a contribution fee. Different typologies of fees exist:

- State fees
 - Tax base: from € 12 to € 14,90 per kW of power granted;
 - Beneficiary: Region
- Industrial state fees
 - Tax base: from € 13,600 to € 16,900 for each module (equal to 3 million of yearly cubic meters);
 - Beneficiary: Region
- Coastal Surfees
 - Tax base: € 22,13 per kW of power granted, taking into account the entity of the damage eventually suffered by the beneficiaries with reference to the concession;
 - Beneficiaries: Coastal municipalities / Provinces
- Mountain watersheds Surfees
 - Tax base: € 5,53 per kW of power granted, taking into account the entity of the damage eventually suffered by the beneficiaries with reference to the concession;
 - Beneficiary: Municipalities consortiums / Municipalities.

d) Contribution for the Gas and Power Authority functioning

- Purpose: for the functioning of the Electricity and Gas Authority (“AEEG”), subjects involved in these sectors are required to pay a contribution within the maximum limit of the 1‰ of revenues resulting from balances approved and referring to the immediately preceding financial year;
- Tax rate: 0,3 ‰ of the revenues resulting from the balance approved and relevant to 2011;
- Beneficiary: AEEG.

B. Specific taxes and levies on distribution/transport of electricity

B.1 Specific taxes on distribution of electricity

a) IRES Surtax (“Robin Hood Tax”)

- Taxpayers: companies whose turnover exceeds € 10m in the preceding tax period and a taxable income higher than € 1m.
- Tax rate: 10,5% of the taxable income for corporate income tax (“IRES”) purposes;
- Beneficiary: State.

b) Tax/Fee for the occupation of public land (TOSAP/COSAP)

- Tax base: permanent occupation of public land by mean of cables, conduits, installations etc.;
- Tax rate: the tax is calculated with reference to the total number of users resulting at December 31st of the previous year:
 - Up to 20,000 inhabitants € 1.002 per user;
 - Over 20,000 inhabitants € 0.835 per user.
-

B.2 Parafiscal levies on distribution of electricity

a) Contribution for the Gas and Power Authority functioning

- Purpose: for the functioning of the Electricity and Gas Authority (“AEEG”), subjects involved in these sectors are required to pay a contribution within the maximum limit of the 1‰ of revenues resulting from balances approved and referring to the immediately preceding financial year;
- Tax rate: 0.3 ‰ of the revenues resulting from the balance approved and relevant to 2011;
- Subject levying the tax: AEEG.

b) Burdens of the Electrical System

- Purpose: for different purposes, various kind of system burdens within the power market exist;
- Tax base: taxable event is the power consumption. The burden is charged by the Distributor to the power Seller which, in its turn, transfers it to the end consumers. Said burden is liquidated by the Distributor to the Cassa Conguaglio per il settore elettrico (compensation fund for the electricity sector) which utilizes it for equalizing purposes for the benefit of the power system.

As specified in point C.3.b with reference to the Seller, the following burdens are charged to the end users:

- Burden for financing territorial compensation measures for the dismantling of nuclear power plants;
- Burden for covering costs suffered for the dismantling of nuclear power plants and closing of fuel cycle;
- Burden for promotion of power production by mean of renewable sources;
- Burden for realizing the financing of special tariff treatments for the benefit of specific users or categories of users;
- Burden for realizing the financing of research and development activities for the general interest of the electric power system;
- Component for facilitated power tariffs for the benefit of needy users (social tariff).

C. Specific taxes and levies on the sale/consumption of electricity

C.1 Excise taxes

- Tax base: the excise duty is applied on the power sales;
- Tax rate: up to 2011 the excise duty included the Municipal and Provincial Surtax; by 2012, the Municipal and Provincial Surtax were repealed;

The following rates are:

Domestic Users (provision for home of residence)

- Provision up to 3 kW:
 - o Consumption up to 150 kWh per month: € cent 0 per kWh;
 - o Consumption over 150 kWh per month: € cent 2.270 per kWh;
- Provision over 3 kW: € cent 2.270 per kWh;

Domestic Users (other provision)

- € cent 2.270 per kWh;

Other uses (the following rates includes public lighting which until 2011 had specific rates)

- Provisions up to 1,200,000 kWh per month
 - o Consumptions up to 200,000 kWh per month: € cent 1.2100 from 01/01/2012 to 31/05/2012 per kWh; € cent 1.25000 from 01/06/2012 per kWh;
 - o Consumptions over 200,000 kWh per month: € cent 1.2100 from 01/01/2012 to 31/05/2012 per kWh; € cent 0.7500 from 01/06/2012 per kWh;
- Provisions over 1,200,000 kWh per month
 - o Consumptions up to 200,000 kWh per month: € cent 1.2500 from 01/06/2012 per kWh;
 - o Consumptions over 200,000 kWh per month: a fixed amount of € 4.820 from 01/06/2012 ;
- Beneficiary: State.

C.2 Turnover taxes

Sale of electricity is subject, as a general rule, to VAT at a 21% rate.

The following may benefit from a 10% reduced rate:

- domestic uses and assimilated;
- mining, agricultural and manufacturing companies' uses (including polygraphic, editorial and similar);
- functioning of irrigation and lifting equipments as well as water drainage by development and irrigation consortiums;
- electricity sales to electricity wholesalers.

C.3 Other consumptions taxes

a) IRES Surtax ("Robin Hood Tax")

- Taxpayers: companies selling electricity whose turnover exceeds € 10m in the preceding tax period and a taxable income higher than € 1m.
- Tax rate: 10,5% of the taxable income for corporate income tax ("IRES") purposes;

- Beneficiary: State.
- b) Contribution for the Gas and Power Authority functioning
- Purpose: for the functioning of the Electricity and Gas Authority (“AEEG”), subjects involved in these sectors are required to pay a contribution within the maximum limit of the 1‰ of revenues resulting from balances approved and referring to the immediately preceding financial year;
 - Tax rate: 0.3 ‰ of the revenues resulting from the balance approved and relevant to 2011;
 - Beneficiary: AEEG.
- c) Burdens of the Electrical System
- As specified in point B.2.b with reference to the Distribution, the following burdens are charged to the end users:
- Burden for financing territorial compensation measures for the dismantling of nuclear power plants: on average € 0.0121 per kWh;
 - Burden for covering costs suffered for the dismantling of nuclear power plants and closing of fuel cycle: variable amount depending on the kind of provision (on average € 0.0694 per kWh);
 - Burden for promotion of power production by mean of renewable sources: variable amount depending on the kind of provision (on average € 3.4551per kWh);
 - Burden for realizing the financing of special tariff treatments for the benefit of specific users or categories of users: variable amount depending on the kind of provision (on average € 0.0940 per kWh);
 - Burden for realizing the financing of research and development activities for the general interest of the electric power system: variable amount depending on the kind of provision (on average € 0.0125 per kWh);
 - Component for facilitated power tariffs for the benefit of needy users (social tariff): variable amount depending on the kind of provision (on average € 0.0060 per kWh).

TAXES AND LEVIES ON ELECTRICITY IN NORWAY in 2012

This report focuses on taxes and levies specific to the production, distribution and sale of electricity in Norway.

A. Specific taxes and levies on electricity production

Hydroelectric power generates 95 per cent of Norway's electricity production, and income from hydropower plants are subject to special rules concerning taxation.

A.1 Property taxes

a) Municipal property tax

The municipalities may decide to levy a municipal property tax, and most municipalities where a power plant is situated, take this opportunity.

- **Taxpayer:** The company
- **Tax scope and base:** For hydro power plants > 10 MW the base is a calculated market value, NPV where spotmarket price for a period of 5 years and a rate of interest set by the Ministry of Finance are the central elements. The value may vary between a minimum of 0,95 NOK/kWh and a maximum of 2,46 NOK/kWh. For smaller hydro power plants the tax is based on assets value. Wind farms are subject to individual valuation, initially based on investment costs, market value is the guideline for later revaluations.
- **Tax rate (s):** From 0,2 to 0,7 %. Most municipalities levy maximum rate.
- **Beneficiary:** Municipalities.

A.2 Operation taxes

a) Natural resource tax

The natural resource tax is to be a stable element in the municipalities' tax income from the hydropower plants.

- **Purpose:** Environmental
- **Taxpayer:** The company
- **Tax scope and base:** The tax is calculated on basis of the individual power plant's average production over the last seven years.
- **Tax rate (s):** The tax rate is 0,013 NOK/kWh, 1,6 €/MWh.
- **Beneficiary:** Municipalities

For most companies the natural resource extraction tax does not impose any additional burden, since it is deductible from income tax. Any natural resource tax that exceeds income tax can be carried forward, together with interest, for deduction in later years.

A.3 Other taxes

a) Resource rent tax

- **Taxpayer:** The company
- **Tax scope and base:** Resource rent revenue is calculated on the basis on the individual power plant's production hour by hour, multiplied by the spot price for the corresponding hour, with some exception like delivery of licence power and some long-term contracts when the actual contract price is applied. This calculated revenue is thereafter reduced by the actual operating costs, depreciation and tax-free revenues, in order to arrive at the tax basis for net resource rent tax. Negative net resource rent revenues in one plant can be offset against positive revenues in other plants.
- **Tax rate (s):** The tax rate is 30%
- **Beneficiary:** State

The resource rent tax together with ordinary income tax adds up to a marginal income tax of 58 per cent.

b) Licence fees

- **Purpose:** Environmental, compensation for damage caused to districts in which water resources are exploited.
- **Taxpayer:** The company
- **Tax scope and base:** The basis for the taxation is the net power potential (in natural HP) of the river flow exploited.
- **Tax rate (s):** Varies, average 0,8€/MWh
- **Beneficiary:** Municipalities and state

c) Licence power supply

Local authorities affected by hydroelectric development are also entitled to buy a proportion of the power generated.

- **Taxpayer:** The company
- **Tax scope and base:** The licensee can be required to sell up to 10 per cent of the electricity generated to the local authorities concerned.
- **Tax rate (s):** The power recipient pay a relatively low price (app 13 €/MWh), set in accordance with regulations from the central authorities.
- **Beneficiary:** Municipalities.

For the licensee – the hydropower company – the difference between the price for this licensed power supply and the market price represent an income loss.

B. Specific taxes and levies on distribution/transport of electricity

B.1 Specific taxes on distribution of electricity

a) Municipal property tax

As for production plants, the municipalities may decide to levy a property tax on the grid network. Approximately 50 per cent of the Norwegian municipalities take this opportunity.

- **Taxpayer:** The company
- **Tax scope and base:** For the grid network, the tax initially is based on investment costs, market value is the guideline for later revaluations.
- **Tax rate (s):** From 0,2 to 0,7 %. Most municipalities levy maximum rate.
- **Beneficiary:** Municipalities.

b) Fee to energy fund

- **Purpose:** Finance activities at the state-owned Enova to promote more efficient energy use.
- **Taxpayer:** End consumers
- **Tax scope and base:** The electricity consumption, parts of the industrial consumption and households in some of the municipalities in the northern part of Norway, are exempted.
- **Tax rate (s):** NOK 0,01 per kWh (1,25 €/MWh).
- **Beneficiary:** State

C. Specific taxes and levies on the sale/consumption of electricity

C.1 Excise taxes

a) Tax on electricity consumption (energy tax)

- **Purpose:** Fiscal and a little environmental??
- **Taxpayer:** End consumers
- **Tax scope and base:** The electricity consumption, parts of the industrial consumption and households in some of the municipalities in the northern part of Norway, are exempted.
- **Tax rate (s):** NOK 0,1139 per kWh in 2012 (15,15 €/MWh) and 0,0045 NOK per kWh (0,6 €/MWh) for manufacturing industry.
- **Beneficiary:** State

C.2 Turnover taxes

=> taxes based on turnover

a) Value added tax (VAT)

25 % - not levied in the three northmost counties of Norway.

C.3 Other consumptions taxes

TAXES & LEVIES ON ELECTRICITY IN PORTUGAL IN 2012

This report focuses on taxes and levies specific to the production, distribution and sale/consumption of electricity in Portugal in force during 2012.

Taxes and levies are classified into the following categories: production, distribution and consumption.

1. Specific taxes and levies on electricity production

a) Levies on power stations

- **Definition/Purpose:** Companies engaged in the production of electricity through hydraulic and power plants are liable to levies whose main purpose is to compensate the populations affected by the environmental impact associated with the installation of such power stations
- **Taxpayer:** Electricity producers
- **Tax scope and base:** This charge is calculated on the basis of the installed power and the average production of each power station and is paid on a yearly basis
- **Beneficiary:** Municipalities where the power stations are located, as well as adjacent municipalities within a predetermined area (calculated depending on the type of power station and the impact of the energy resources used, namely coal, gas, water, etc)

b) Levies on wind energy stations

- **Definition/Purpose:** Companies engaged in the production of electricity through wind energy stations are liable to levies whose main purpose is to increase the Municipalities' revenue
- **Taxpayer:** Electricity producers
- **Tax scope and base:** Wind energy station' sales in a monthly basis
- **Tax rate:** 2,5% of the electricity sales
- **Beneficiary:** Municipalities

c) Levies on water resources

- **Definition/Purpose:** Companies engaged in the production of electricity through hydraulic and power plants are liable to levies due for the use of water resources in order to compensate the community for the use of these natural resources
- **Taxpayer:** Electricity producers
- **Tax scope and base:** The following situations trigger this type of taxation: utilization of water in the production of electricity, occupation of watercourses by structures such as hydraulic plants and utilization of waters managed by public entities (as its property is domain of the Portuguese State)
- **Tax rate:** The following tax rates are applicable:

Levies on water resources		
Taxable event	Tax Burden	Notes
Water utilization	€0,00002/m3 for hydraulic plants €0,0027/m3 for power plants	Tax reductions may be applicable depending on the type of hydraulic technology utilized
Occupation of watercourses	€0,002/m2	Tax exemptions may be applicable when watercourses are occupied for other objectives besides electricity production such as water supply
Utilization of water managed by public entities	€0,000004/m3 for hydraulic plants €0,00053/m3 for power plants	-

- **Beneficiary:** Half of the tax revenue is allocated to a public fund created for the water resources protection. The other half is transferred to the public entities responsible for water resources management

d) Excise duties

The acquisition of energy products such as coal, natural gas or fuel oil for the production of electricity is liable to excise duties, however a tax exemption is foreseen. On the other hand, the acquisition of gas oil for these purposes will trigger a taxation of € 77,51/1000l

2. Specific taxes and levies on the electricity distribution

e) Concession fees

- **Definition/Purpose:** The low-voltage electricity distribution concession is granted by Municipalities against the payment of an annual fee (*concession fee*)
- **Taxpayer:** Grid operators
- **Tax scope and base:** Fees are calculated on the basis of electricity consumption within each municipality
- **Beneficiary:** Municipalities

In most Municipalities a duty for the usage of public land is charged, however grid operators paying these concession fees are exempt (although this duty is applicable to gas suppliers).

High and medium-voltage electricity distribution is conceded by the Portuguese State to a single grid operator who is also responsible for the payment of a concession fee. This fee is settled by an agreement entered into between the State and the operator.

These fees are passed on to the client.

3. Specific taxes and levies on the sale/consumption of electricity

f) Levies on electrical installations

- **Definition/Purpose:** Contribution to the costs of maintenance of the electric distribution network
- **Taxpayer:** Electricity end-consumers
- **Tax base and rate:** This levy has a monthly value of € 0,07 for facilities used exclusively to housing and of € 0,35 for facilities used to other purposes (*e.g.* industrial or commercial).
- **Beneficiary:** State government

g) Excise duty on electricity consumption

- **Definition/Purpose:** Transposition of the EU Council Directive 2003/96, dated 27 October 2003
- **Taxpayer:** Electricity end-consumer being collected by electricity suppliers. Exemptions are foreseen for electricity producers that consume electricity in their production
- **Tax base and rate:** Tax is levied on the consumption of electricity and amounts to €1/MWh
- **Beneficiary:** State government

Since 1 January 2013 a similar tax is levied on the consumption of natural gas (€ 0,30/GJ for natural gas used as fuel and € 2,84/GJ for natural gas used as motor fuel)

h) Value-Added Tax ("VAT")

- **Definition/Purpose:** Taxation of electricity consumption
- **Taxpayer:** Electricity end consumer
- **Tax rate:** The consumption of electricity is liable to the general 23% VAT rate.
- **Beneficiary:** State government

TAXES AND LEVIES ON ELECTRICITY IN SPAIN IN 2012

This report focuses on taxes and levies specific to the production, distribution and sale of electricity in Spain.

Due to the structure of the Spanish State, levies are implemented at State, Regional and eventually at municipal levels. The Spanish constitution allows for the autonomous regions to impose taxes on taxable events that are not reserved to the State or the municipalities.

Along the last years the increase in the environmental taxes has been rising up in an exponential manner. Specially 2012 has been a very intensive year in this issues with the new *Law 15/2012, of 27 December, on fiscal measures for the energetic sustainability*, that has created three new state taxes with a significant impact on:

- Generation of electric energy.
- Production of radioactive wastes
- Use of public goods for the production of hydroelectric energy.

Currently, eleven Spanish Autonomous Communities (3 more than in 2011 and 11 of 17 Regions) have put into force some environmental taxes on the electricity companies.

The municipalities can levy taxes within the general framework established by the laws passed by the national parliament to regulate certain taxes to finance these municipalities.

We have classified those taxes and levies among the following categories: “specific taxes and levies on electricity production”, “specific taxes and levies on distribution and transport of electricity”, and “specific taxes and levies on sale and consumption of electricity”:

A. Specific taxes and levies on electricity production

A.1. Operation taxes:

- a) State Tax on the Value of the Production of Electricity Energy (Law 15/2012, of 27 December, on fiscal measures for the energetic sustainability)

Definition: production and incorporation into the electric system of electric energy measured at power station busbars and reduced in the auxiliary consumptions and grid losses.

Taxpayer: the company owner of the generation plant

Tax scope and base: the taxable base is the total amount that would have been payable to the owner of the power station, for its electric energy incorporated into the electric system.

Tax rate: 7%

Beneficiary: Spanish State.

b) **State Tax on the production of spent nuclear fuel and radioactive wastes (Law 15/2012, of 27 December, on fiscal measures for the energetic sustainability)**

Definition: production of spent nuclear fuel and radioactive wastes.

Taxpayer: the company owner of the nuclear generation plant.

Tax scope and base	Tax rate
<p>a) Kg. of heavy metal contained in used nuclear fuel defined as spent fuel that has been irradiated in and permanently removed from a reactor.</p> <p>b) Cubic meters of wastes of intermediate level, low level and very low level of activity equipped for the temporal storage on the power plants that had generated this wastes.</p>	<p>a) 2.190 € x Kg of heavy metal.</p> <p>b)</p> <ul style="list-style-type: none">• Wastes of low level and intermediate level, of activity 6.000 €/cubic meter.• Wastes of very low level of activity 1.000 €/Cubic meter.

Beneficiary: Spanish State.

c) **Tax on activities which have an impact on the environment in the Autonomous Community of Valencia (Law 10/2012)**

Definition: Production of electricity of in the of the Autonomous Community of Valencia.

Taxpayer: the company owner of the generation plant

Tax scope and base	Tax rate
Kv/h electricity production	Electricity production: <ul style="list-style-type: none"> • Nuclear Energy: 0,0018€/Kv/h • No Nuclear neither hydro energy: 0,0008 €/ kv/h. • hydro energy: 0,0004€/Kv/h

Beneficiary: Autonomous Community of Valencia.

d) **Tax on activities which have an impact on the environment in the Autonomous Community of Valencia (Law 10/2012)**

Definition: Emission of polluting gases on the atmosphere (NO) or (SO₂) in the of the Autonomous Community of Valencia.

Taxpayer: the company owner of the generation plant.

Tax scope and base	Tax rate
Metrics Tn= ((NO + (NO ₂ x 1,5)+ SO ₂)	Emission of polluting gases on the atmosphere (E/Tm annual): <ul style="list-style-type: none"> • Until 1.000 tn; 9€ • From 1.000,01 tn to 3.000; 12€ • From 3.000,01tn to 7.000 18€

	<ul style="list-style-type: none"> • From 7.000,01tn to 15.000 24€ • From 15.000,01tn to 40.000 30€ • From 40.000,01tn to 80.000 38€ • More tan 80.000tn 50€
--	--

Beneficiary: Autonomous Community of Valencia.

e) **Tax on facilities that affect the environment in Extremadura**

Definition: deterioration or risk of deterioration of the Environment. This tax was enacted in 1997, and amended in 2006 and 2009.

Taxpayer: the company owner of the generation plant

Tax scope and base: the taxable base on energy production are the average of the energy production in the last three years

Tax rate:

- 3.7 €/MWh for the case of production of energy from nuclear power.
- 1.0 €/MWh for the case of hydropower plants with less than 10MW.

Beneficiary: Regional Government of Extremadura.

f) **Tax for dumping polluting gases into the atmosphere in Galicia**

Definition: emission of polluting gases (NO_x and SO₂).

Taxpayer: the company owner of the generation plant

Tax scope and base: the taxable base of emission of polluting is the sum of tons emitted of (NO_x + SO₂).

Tax rate:

GAS	Exemption	Range	Price
NO _x + SO ₂	100 tons.	100 t < X < 1,000 t	36 € / t
		1,000 t < X < 3,000 t	50 € / t
		3,000 t < X < 7,000 t	70 € / t
		7,000 t < X < 15,000 t	95 € / t
		15,000 t < X < 40,000 t	120 € / t
		40,000 t < X < 80,000 t	150 € / t
		>80,000 t	200 € / t

Beneficiary: Regional Government of Galicia.

g) **Tax on visual and environment impacts produced by the wind turbines in Galicia**

Definition: levying the visual and environment impacts produced by the wind turbines dedicated to the production of electricity. This tax was enacted in 2009

Taxpayer: the company owner of the wind farm.

Tax scope and base: the taxable amount is based on the number of wind turbines in each wind farm.

Tax rate:

- 0 €/unit to the wind farms with 1 to 3 wind turbines.
- 2,300 €/unit to the wind farms with 4 to 7 wind turbines.
- 4,100 €/unit to the wind farms with 8 to 15 wind turbines.

- 5,900 €/unit to the wind farms with more than 15 wind turbines.

Beneficiary: Regional Government of Galicia.

h) **Levy on wind electricity generation in Castilla – La Mancha**

Definition: the Law 9/2011, has created a new Levy on wind electricity generation. This law included a levy on the wind turbines and the power of these generators.

Taxpayer: the company owner of the wind farm.

Tax scope and base: the taxable amount is based on the number of wind turbines in each wind farm.

Tax rate:

Number of wind turbines	€
Less than 3	0
Between 3 and 7	498€/ each turbine
Between 8 and 15	871€/ each turbine
More than 15	1.233€/ each turbine

Beneficiary: Regional Government of Castilla – La Mancha.

i) **Levy on wind electricity generation in the Autonomous Community of Castilla y León (Law 1/2012)**

Definition: Visual and environmental impact of wind farms

Taxpayer: the companies owners of wind farms.

Tax scope and base	Tax rate

Number of wind turbines	<501Kw	2.000 €
	501-1.000	3.800€
	1.001-1.500	6.000 €
	1.501-2.000	8.500 €
	+ of 2.000	12.000€
	x each wind turbine	

Beneficiary: Regional Government of Castilla y León.

j) **Tax on certain activities that affect the environment in the Autonomous Community of Castilla-La Mancha.**

Definition: This tax was enacted in 2001, and amended in 2006 and 2011 (Law 9/2011 has increased the rates of this environmental tax). Pollution on the environment caused by emission of polluting gases (SOx, and NOx).

Taxpayer: the company that are producing the emission of polluting gases.

Tax scope and base: the taxable base of emission of polluting gases (SOx, and NOx) is the number of metric tons emissions.

Tax rate:

Production Technology	Rates
Emission of polluting gases (SOx, NOx):	<ul style="list-style-type: none"> - Between 500 tons at 5,000 tons, 41 € / ton - Between 5001 tons at 10,000 tons, 72€ / ton - Between 10.001 tons at 15,000 tons, 96€ / ton More than 15.000 tons, 120€ /ton

The installations that reach a certain degree of power efficiency can obtain up to 7% of rebate on the tax of emission of polluting gases (SO_x , NO_x).

Beneficiary: Regional Government of Castilla – La Mancha.

k) **Tax on certain activities that affect the environment in the Autonomous Community of Andalucía**

Definition: this tax was enacted by Law 18/2003 and did create four taxes. It was amended in 2005:

- Pollution on the atmosphere caused by CO_2 , SO_x , and NO_x .
- Spills on offshores or on rivers.
- Storage of radioactive solid wastes.
- Storage of dangerous waste.

Taxpayer: the company that causes the pollution on the atmosphere, the spills on offshores or on rivers, the storage of radioactive solid wastes or the storage of dangerous waste.

Tax scope and base: the taxable amount is based on the number of polluting units of CO_2 , SO_x , and NO_x , the m^3 spilled on offshores or on rivers, the m^3 of radioactive solid wastes and the tons of dangerous waste.

Tax rates:

- Pollution on the atmosphere caused by CO_2 , SO_x , and NO_x :

					€ / ton
--	--	--	--	--	---------

GAS	Unit Calculation	Exemption	Range	Price (all gases)	SO ₂	NO ₂	CO ₂
SO ₂	(t/year)/150	3 units	$X \leq 10$ units	5,000€/unit	33.33	50	0.025
NO ₂	(t/year)/100		$10 < X \leq 20$	8,000€/unit	53.33	80	0.04
CO ₂	(t/year)/200,000		$20 < X \leq 30$	10,000€/unit	66.67	100	0.05
			$30 < X \leq 50$	12,000€/unit	80.00	120	0.06
			$X \geq 50$	14,000€/unit	93.33	140	0.07

The tax payer of the tax on emission of polluting gases can obtain rebates for investing in installations that reduce emissions.

- Spills on offshores or on rivers:
Tax on draining of waste water into the sea and into natural places. It is 10 €/unit of contamination.
- Storage of radioactive solid wastes:
Solid low and medium level radioactive waste, 10,000€/m³ stored
Dangerous recoverable waste Solid of very low level radioactive, 2,000 €/m³ stored.
- Storage of dangerous waste:
Dangerous recoverable waste, 35€/Tn.

Dangerous non- recoverable waste 15€/Tn.

Beneficiary: Regional Government of Andalucía.

l) **Tax for dumping polluting gases into the atmosphere in Aragón**

Definition: the Community of Aragón put into force this tax in 2006 creating a tax on pollution on the atmosphere caused by CO₂, SO_x, and NO_x.

Taxpayer: the company that causes the pollution on the atmosphere.

Tax scope and base: the taxable amount is based on the number of tons or k-tons polluting units of CO₂, SO_x, and NO_x.

Tax rate:

GAS	Exemption	Price
SO ₂	150 t / year	50 € / t
NO _x	100 t / year	50 € / t
CO ₂	100 kt / year	200 € / kt

Beneficiary: Regional Government of Aragón.

m) **Tax for dumping polluting gases into the atmosphere in Murcia**

Definition: the Community of Murcia created this tax by Law 9/2005 and it was put into force in 2006. This Law to tax the pollution on the atmosphere caused by: SO₂, NO₂, and CO₂.

Taxpayer: the company that causes the pollution on the atmosphere.

Tax scope and base: the taxable amount is based on the number of units of k-tons polluting units of CO₂, SO_x, and NO_x.

Tax rate:

The Community of Murcia has put into force this tax since 2006. The rates are:

						€ / ton ²		
GAS	Unit Calculation	Exemption	Range	Price (all gases)	SO ₂	NO ₂	CO ₂	

²Price of each Ton of CO₂, SO₂ and NO₂ emissions depending of the number of final unit calculations (5.000€ at 14.000€).

SO₂	(t/year)/150	3 units	X ≤ 10 units	5,000€/unit	33.33	50	0.050
NO₂	(t/year)/100		10 < X ≤ 20	8,000€/unit	53.33	80	0.08
CO₂	(t/year)/100,000		20 < X ≤ 30	10,000€/unit	66.67	100	0.10
Others			30 < X ≤ 50	12,000€/unit	80.00	120	0.12
			X ≥ 50	14,000€/unit	93.33	140	0.14

Beneficiary: Regional Government of Murcia.

Common note to the polluting taxes on CO₂ in the Regions of Murcia, Aragon and Andalucía:

Please note that for CO₂ taxes in the regions of Murcia, Aragon and Andalucía the following applies:

Those installations that are covered by the Emissions Trading Directive are exempted to pay any tax for those emissions that are above what they have been allocated within the Directive in order to avoid double burden. That means that the allocated amount would always be the overall maximum of emissions for which this installation would have to pay. Then, apart from this there are other exemptions (if one emits less than a certain amount one does not have to pay).

Example for an installation that is covered by the EU ETS: If an installation in Aragon has been allocated 150 kt and has emitted 125 kt in a given year, the calculation would be the following (considering that for the first 100 kt it is exempted).

$$\text{Tax} = 125\text{kt} - 100\text{kt} = 25\text{kt} \times 200\text{€} = 5,00\text{€}$$

If the same installation had emitted 175 kt, it would have to pay for the first 150 less the exemption of 100 kt = 50kt.

n) **Levy on the assets belonging to the activities from which civil defense plans of the Autonomous Community of Catalonia can be derived.**

Definition: this tax was passed in 1997 by Law 4/1997. The incomes from this tax should contribute to financing the civil protection plans in the Region..

Taxpayer: the companies with nuclear power plants, infrastructures of generation or transformation of electricity and with transmission and distribution infrastructures.

	Base	Rate
Nuclear Plants	Nominal power in MW	42,7759€/MW
Other infraestructures of generation and transformation	Nominal power in MW	21,3828€/MW
Transmission and distribution infrastructures.	Between 26 and 110 kv	0,00085€/metre
	Between 111 and 220 kv	0,00422€/metre
	Between 221 and 400 kv	0,00855€/metre
	More than 400 kv	0,0342€/metre

The fiscal burden cannot exceed the amount of 124,589.80€ for the taxpayer.

Beneficiary: Regional Government of Cataluña.

A.2 Other taxes

a) Waste water taxes

In Spain, both Central and Regional (Autonomous Communities) Governments have enacted levies on any authorised draining which changes the physical/chemical characteristics of the receptor of the waste.

b) Taxes and Levies linked to the water

Taxes regulated for the State Water Law:

LEGISLATIVE ROYAL DECREE 1/2001 (STATE WATER LAW)			
Definition	Taxpayer	Tax Scope and Base	Rate
Levy on the occupation or use of the hydraulic public domain	Company beneficiary	Occupation or Use of the public domain	5% value of the Lands occupied or 5% of the value of the use made
Fare on the use of the water	Company beneficiary	Use of Estate`s infrastructures	4% value of the investments made by the State.
LAW 15/2012 FISCAL MEASURES FOR THE ENERGETIC SUSTAINABILITY			
Fee for utilization of continental waters to produce hydropower	Company beneficiary	Use and benefit of public goods for the production of hydroelectric energy.	22% Economical value of hydroelectric energy produced and measured in busbars power station.

Beneficiary: Spanish State (basin organisation).

These taxes and levies try to compensate the investment and expenses concerning the activity charge by tax or levy.

In addition, the Regional (Autonomous Communities) Governments have enacted levies on any authorised draining which changes the physical/chemical characteristics of the receptor of the waste

a) **Levy on dam wall reservoir water of the Autonomous Community of Castilla y León (Law 1/2012)**

Definition: Substantial modification of the natural values of the rivers (dam wall higher of 20 meters or reservoirs with a capacity superior at 20 cubic hectometers) to produce electricity.

Taxpayer: the companies owners of hydropower plants.

Tax scope and base	Tax rate
Hm3+50 x height meters of dam wall	<p>100€ x for each unit of the module define in the taxable income</p> <p>Minimun Levy</p> <p>5.000€ x installed capacity in MW</p> <p>Maximun Levy</p> <p>15.000€ x installed capacity in MW</p>

Beneficiary: Regional Government of Castilla y León.

b) **Tax on environmental damage caused by certain usages of the reservoir water in Galicia**

Definition: Use of reservoir water for industrial activities when that use cause damage in the natural values of the rivers. This tax was enacted in 2009.

Taxpayer: the company owner of the generation plant in the reservoir water.

Tax scope and base: the taxable amount is based on the maximum volumetric capacity of the reservoir, measured in hectometres.

Tax rate: the quarterly tax rate is 800 € by hectometre multiplied by the coefficient (1 + ab), where

(a) is the result of applying the following scale to the dam height stated in meters.

Height of the dam	Per meter
0m < X < 30 m	0.0001
30.01m < X < 100m	0.0005
100.01 < X < 300m	0.001
300.01m < X < 600m	0.01
>600.01m	0.04

(b) is the result of applying the following scale to the average of the installed capacity utilization, measured in MW

Installed capacity	Per MW installed
0MW < X < 200 MW	0.0005
>200.01MW	0.001

Beneficiary: Regional Government of Galicia.

c) **Taxes on hydrocarbons**

The tax base is the consumption of these fuels, and the tax rate is different for each of them. Nevertheless, the consumption of these fuels for the production of electric power is tax-free.

d) **Tax on services rendered by the Nuclear Safety Council**

This is a parafiscal levie and is levied in order to offset the expenses incurred by the State in the inspection and control of nuclear facilities.

The charge varies depending on the power of the nuclear power plant and the energy which it produces.

B. Specific taxes and levies on distribution/ transport of electricity

B.1. Specific taxes on distribution of electricity

a) **Tax on facilities that affect the environment in the Autonomous Community of Extremadura**

Definition: deterioration or risk of deterioration of the Environment. This tax was enacted in 1997, and amended in 2006 and 2009.

Taxpayer: the company owner of the distribution or transport power lines.

Tax scope and base: the taxable base on distribution or transport is the number of kilometres of the power lines.

Tax rate:

- The tax rate on power lines is 661.11€/Km of power line.

Beneficiary: Regional Government of Extremadura.

b) **Tax on use of Local Public Domain in Galicia,**

Definition: The “Law 12/2011, of Tax and Administrative Matters” has created a new tax on transmission and distribution activities. This Law included a tax on transmission and distribution networks taking into account the number of longitudinal metres of each network.

Taxpayer: the company owner of the distribution power lines.

Tax scope and base: the taxable base is the number of metres of the power lines.

Tax rate:

Low and medium tension distribution	1,58 €/metre
High tension distribution	2,45 €/metre
High tension Transmission	4,94€/metre

Beneficiary: Regional Government of Galicia.

c) **Tax on transmission and distribution activities in Asturias,**

Definition: The “Law 13/2010” has created a new tax on electricity transmission and distribution in the Region of Asturias, taking into account the number of longitudinal metres of each network.

Taxpayer: the company owner of the transmission and distribution power lines.

Tax scope and base: the taxable base is the number of metres of the power lines.

Tax rate:

Transmission and distribution power lines	700 €/Km
--	----------

Beneficiary: Regional Government of Asturias.

d) **Levy on transmission and distribution activities in the Autonomous Community of Castilla y León (Law 1/2012)**

Definition: The “Law 1/2012” has created a new tax on electricity transmission and distribution in the Region of Castilla y León, taking into account the visual and environmental Impact of the networks with capacity equal to or greater than 220Kv.

Taxpayer: the company owner of the transmission and distribution power lines.

Tax scope and base: the taxable base is the number of metres of the power lines.

Tax rate:

Transmission and distribution power lines	700 €/Km
--	----------

Beneficiary: Regional Government of Castilla y León.

e) **Tax on the visual impact of electricity tension networks in the Autonomous Community of La Rioja (Law 7/2012)**

Definition: The “Law 7/2012” has created a new tax on electricity transmission and distribution in the Region of La Rioja.

Taxpayer: the company owner of the transmission and distribution power lines.

Transmission and distribution power lines	700 €/Km
--	----------

Beneficiary: Regional Government of La Rioja.

B.2. Parafiscal levies on distribution of electricity

a) **Levy on the special use of the ground, sub-soil and air-space of the public thoroughfare.**

Definition: This is a municipal tax on the use of the ground, sub-soil and air-space of public thoroughfares by electricity companies for the laying and placing of their electricity transmission or distribution lines.

Taxpayer: the company owner of the transmission or distribution lines.

Tax scope and base: the use of the ground, sub-soil and air-space of public thoroughfares by the electricity transmission or distribution lines.

Tax rate: is 1.5 % of the gross income obtained annually by the electricity companies from invoicing in each municipal district.

Beneficiary: Municipal districts.

b) **Levy on permits and authorizations to carry out works.**

Independently from the previous tax, the Local Authorities apply a municipal tax on the performance of municipal technical and administrative services required for permits to carry out works.

C. Specific taxes and levies on the sale/consumption of electricity

C.1. Excise Taxes

a) **Value added Tax (VAT):**

Definition: this is an indirect tax on electricity consumption, that was created by Law 37/1992.

Taxpayer: all the final consumers of electricity.

Tax scope and base: the base is the value of the consideration (price that is paid for the consumer for the electricity).

Tax rate: The *“Royal decree-law 20/2012, of 13 July, on measures aimed at assuring budgetary stability and promoting competitiveness”* has introduced an increase of the rate in the Value Added Tax (VAT) from 18% in 2011 at 21% in 2012 for end users.

Beneficiary: State of Spain.

b) **Special Tax on Electricity:**

Definition: this is an indirect tax on electricity consumption, that was created by Law 38/1992.

Taxpayer: all the final consumers of electricity (except self-supply for electricity companies).

Tax scope and base: the base is the same than in the VAT

Tax rate: is 5.113%.

Beneficiary: State of Spain.

D. Property taxes

a) **Real-estate tax**

Definition: the real-estate tax is a local tax on the mere ownership of the plants, which is calculated on the land registry value of the property.

Although the applicable rates are fixed, they depend on the rate in force in the municipality where the property is to be taxed.

Electricity companies are subject to this tax on their generation (and some transmission and supply facilities), along with their land and buildings.

Taxpayer: the company owner of the plant

Tax scope and base: the value of the machinery of the installations is computed as land registry value (In the case of houses and installations of others sectors, the land registry value are linked with the construction value, but never with the machinery belong to the installation).

Tax rate: on these installations varies between 0.8% and 1.3%, while the general tax on other constructions varies between 0.5 % and 0.9 %.

Beneficiary: local authorities (towns and villages).

TAXES & LEVIES ON ELECTRICITY IN SWEDEN IN 2012

This report focuses on taxes and levies specific to the production, distribution and sale of electricity in Sweden.

Taxes are classified into the following categories: property taxes, operation taxes, consumption taxes, other taxes according to their purpose.

The Swedish energy taxation is regulated in the Act on Excise Duties on Energy (SFS 1994:1776). In the Act Sweden has implemented the harmonised taxation of energy products (fossil fuels like petrol, diesel, heating oils, coal and natural gas) and electricity. From 1 January 2004 a new energy tax directive, 2003/96/EC, has repealed the older directives 92/81/EEC and 92/82/EEC that only covered mineral oils. The administration of harmonised excise duties is regulated in directive 92/12/EEC.

The energy and carbon dioxide tax in Sweden is index tied to the rate of inflation. The rates for energy and carbon dioxide tax have been adjusted for yearly indexing according to the Energy Tax Act.

The tax rates in Euro in this report are calculated with the **exchange rate 8.6 SEK** per Euro year 2012 (December).

A. Specific taxes and levies on electricity production

A.1 Property taxes

A tax on real estate is levied on the industry including electricity companies. The tax is 0.5 % of the real estate property value excluding hydro power and wind power.

For hydro power the tax is 2.8 % of the real estate value. The tax was increased by 0.6 % on January 1st 2011. For 2012 the tax rate remained at 2.8 % and will not be increased in 2013. However, due to a new estimation of the values of the hydro power plants, the real estate values will increase up to 70 % with an average of 50 %. This will result in an increased tax of around 2000 MSEK (233 MEuro) from 2013.

The real estate tax on wind power stations is 0.2 % of the real estate value.

A.2 Operation taxes

There are three different kinds of excise duties, which are levied on fuels – energy tax, carbon dioxide tax and sulphur tax. There is also a nitrogen fee. The energy tax has been collected for many years, while the carbon dioxide was introduced in 1991. The carbon dioxide tax rates correspond from January 1st 2012 to approx. 1.1 SEK (0.13 Euro) per kilogram carbon dioxide released. Biofuels and peat are not taxed.

According to the Act on Excise Duties on Energy relief from energy tax and carbon dioxide tax is granted for fuels used for the production of electricity. However 5 % of the fossil fuel is taxed (CO₂ tax and energy tax) in condensing plant and 1.5 % (from 1 July 2002) in the CHP:s.

When the tax reduction is calculated the fuel consumption in the CHP plant shall be allocated to the production of heat and electricity respectively through proportioning. The proportion of the fuel that is related to the electricity produced is fully exempted from tax except the 1.5 % share as mentioned before.

A uniform energy tax on fossil fuels was introduced from January 1st 2011. The level is 8 öre/kWh (100 öre = 0,086 Euro). For the industry, agriculture and CHP a 70% deduction is decided.

93 % reduction of the carbon dioxide tax is granted from January 2011 for fuels used for the production of heat in a combined heat and power plant (CHP) within the EU ETS system. From 2013 the reduction will be 100 %.

100 % reduction of the carbon dioxide tax is granted from January 2011 for fuels used in the industry, including industry CHP, within the EU ETS system.

From 1st of January 2011 the electricity efficiency in a CHP must be minimum 15 %, otherwise no reduction of the carbon dioxide tax.

From year 2011 a 70 % reduction of the carbon dioxide tax is granted for heating purpose for fuel used in the industry and CHP outside the ETS system. For pure heat production plants the reduction is 6 %.

Tax reductions can be applicable to energy intensive enterprises. This means that the remaining carbon dioxide tax must be at least 0.5 % of the value added for the manufactured products. If the paid carbon dioxide tax exceeds 0.8 % of the sales value of the products being sold by the enterprise. The reductions will be phased out between 2011 – 2015. From January 1st 2011 the value 0.8 % was increased to 1.2 %.

The sulphur tax on peat, coal, petroleum coke and other solid or gaseous products is set at 30 SEK (3.35 Euro) per kilogram of sulphur in the fuel. The sulphur tax on liquid fuels – such as diesel and heating oils – is 27 SEK (3.1 Euro) per m³ of oil for each tenth of a per cent by weight of the sulphur content. However, oil products with a sulphur content of a maximum of 0.05 % by weight is exempted from tax. Oils with a sulphur content above 0.05 % but below 0.2 % are taxed as oils with a sulphur content of 0.2 %.

The nitrogen fee is levied at SEK 50 (5.8 Euro) per kg of nitrogen oxides (designated as NO₂) from use of boilers and gas turbines with a utilized energy output of more than 25 GWh/year. The bulk of the fees are repaid to the taxable entities in proportion to their share of utilized energy.

A.3 Other taxes

a) Nuclear tax

There is a special nuclear tax. The duty rate applicable is 12 648 SEK (1470 Euro) from January 1st 2008 per megawatt of thermal capacity and calendar month. Before 1 July 2000 the tax was related to the production of electricity.

b) Excise taxes

Fuel *)

	Energy tax		Carbon dioxide tax	
Fuel oil **	SEK 0.082/kWh	819 SEK/m ³	SEK 0.313 SEK/kWh	3 100SEK/m ³
Crude tall oil***		3919 SEK/m ³	0	
Coal	SEK 0.082/kWh	622 SEK/tonne	SEK 0.400/kWh	2 697 SEK/tonne
Natural gas	SEK 0.082/kWh	914 SEK/1000m ³	SEK 0.215/kWh	2 321 SEK/1000m ³

* Exception for electricity production, see section on tax on electricity production, A2 Operation taxes

**Fuel oil to which a dye or chemical marker has been added or which produces less than 85 volume percent distillate at 350 °C.

*** Crude tall oil (CTO) used for energy purposes is levied with a special energy tax equivalent to the combined energy and carbon dioxide on low-taxed fuel oil, i.e. SEK 819 + SEK 3100 = SEK 3919/m³.

B. Specific taxes and levies on distribution/transport of electricity

B.1 Specific taxes on distribution of electricity

B.2 Parafiscal levies on distribution of electricity

The electricity consumers are during 2012 paying charges to finance authorities (security regulations, supervision of the network etc). The charges are paid via the network companies. For the high voltage consumer the charge is 3577 SEK (416 Euro) per year and for the low voltage consumer the charge is 54 SEK (6.28 Euro) per year. The total amount of charges is estimated to about 300 million SEK (35 million Euro) during 2012.

C. Specific taxes and levies on the sale/consumption of electricity

C.1 Excise taxes

Taxes on electricity – Energy Tax

Energy tax is levied on the consumption of electricity in Sweden. The rate is differentiated according to the type of activity (industrial, service sector, households etc.) and where in the country the consumption takes place. The suppliers are responsible for collecting the energy tax.

The consumer price index is used for adjusting the energy tax, which has led to an increase in the tax of electricity most years.

On 1 January 2012 Sweden introduced a reduced rate of electricity tax for electric power used in seagoing vessels with a gross tonnage of at least 400, when the vessel is lying at berth in a port and the voltage of the electric power transmitted to the vessel is at least 380 volts. The tax reduction was approved (2011/384/EU) by the Council of the European Union on 20 June 2011 in accordance with Article 19 of Directive 2003/96/EC. The decision is valid for a limited period and applies until 25 June 2014.

Energy tax rates in Swedish crowns (SEK) and Euro on electricity, 1 January 2012

Type of consumption	Energy tax SEK per kWh	Euro per kWh
1. Manufacturing industry and agriculture including commercial greenhouse cultivation	0.005	0.0006
2. Ships in harbours and connected to the grid	0.005	0.0006
3. Other consumption than specified under 1, in the northern parts of Sweden	0.192	0.0223
4. Other consumption than specified under 1, in the southern parts of Sweden	0.290	0.0337

Exemptions from energy tax is granted if the electricity is produced in a certain manner or used for specific purposes, namely

1. produced and consumed on board a craft or other means of transportation,
2. used in connection with the production of electricity,
3. produced in a reserve power station and
4. used in an industrial enterprise that takes part in a five year programme to increase energy efficiency. The energy savings must at least correspond to the tax relief. No more companies can sign up for this programme from 1 January 2013 and the programme will be phased out by 2017.

C.2 Turnover taxes

All companies are subject to income tax on their profits. The rate of taxation is 26.3 %. The amount may be reduced by for example temporary amount set aside (funds).

A physical shareholder is then obliged to pay tax on the share dividend. The rate of taxation for dividends is 30 % (tax on capital). In practice this double taxation implies that the company profit is taxed by 50 % tax.

From the year 2013 the income tax will be lowered to 22%. The rate of taxation for dividends to shareholders will remain at 30% (tax on capital).

Value added tax (VAT) is levied on all kinds of energy consumption with the exception of fuels used for air navigation. The tax rate is 25 %.

C.3 Other consumptions taxes

C.4 Other consumption levies – Electricity certificate system (REC)

An electricity certificate system was introduced in 1 May 2003. This system replaced previous support systems for renewable electricity production. A producer of renewable electricity receives a certificate for the electricity that is produced. Each MWh of renewable electricity provides an electricity certificate, offered by the market. When the system was introduced, the quota obligation was assigned the electricity end-users (customers). In reality the electricity suppliers handled the quota obligation for the majority of their customers and had the right to impose a charge for this.

An evaluation of the REC system in 2006 led to some changes that went into effect on 1 January 2007. The goal is to simplify, expedite and streamline the system. One of these changes is that the quota obligation has been shifted from the customers to the electricity suppliers. Each electricity supplier is obliged to purchase a certain quota/percentage of certificates corresponding his total electricity sales and usage.

For 2012, the compulsory quota is 0.179 or 17.9 percent. Until 2011 the system has increased renewable electricity by around 11,55 TWh compared to the 2002 level. The electricity-intensive industries are exempted from the quota obligation for electricity used in manufacturing processes, but not for their other electricity usage.

From January 1st 2010 a company is defined as electricity intensive company if it

- Conducts and has during the past three years conducted manufacturing in a process that uses an average of at least 190 MWh of electricity for every SEK 1 million of the total sales value of the electricity intensive industry's production or
- Conducts new operations with industrial manufacturing in a process that uses an average of at least 190 MWh of electricity for every SEK 1 million of the total sales value of the electricity intensive industry's production or
- Conducts operations for which a deduction is permitted for tax on electric power in accordance with Chapter 11, 9 § 2, 2 or 5 of the Act on Excise Duties on Energy (1994:1776).

Electricity used as assisting power in electric power generation and transmission losses are also exempted from the quota obligation.

Around SEK 4 000 million (465 million Euro) is paid by electricity consumers per year for the electricity certificate system.

In 2009 the Swedish and Norwegian Ministers for Energy agreed to strive towards a common Swedish-Norwegian green certificates market. This was realised on the 1st of January 2012.

The Norwegian and Swedish Energy Ministers signed a binding agreement in June 2011 on the common green certificate system. The target is 26.4 TWh renewable electricity production between 1 January 2012 and 2020 in the joint system.

TAXES AND LEVIES ON ELECTRICITY IN TURKEY IN 2012

INTRODUCTION

The tax system in Turkey is progressive. In other words, the higher your income, the higher the rate at which you will pay tax. Turkish taxation system is formed direct taxation system and indirect taxation system. Turkish direct taxation system consists of two main taxes; income tax and corporate tax. There are several indirect taxes in Turkey but most important indirect tax is V.A.T.

A- TURKISH DIRECT TAXATION SYSTEM

An individual is subject to the income tax on his income and earnings, in contrast to a company which is subject to corporate tax on its income and earnings. The rules of taxation for individual income and earnings are provided in the Income Tax Law 1960 (ITL). Likewise, the rules concerning the taxation of corporations are contained in the Corporation Tax Law 1949 (CTL). Despite the fact that each is governed by a different legislation, many rules and provisions of the Income Tax Law also apply to corporations, especially, in terms of income elements and determination of net income.

1-INCOME TAX:

The income tax is levied on the income of individuals. The term individuals mean natural persons. In the application of income tax, partnerships are not deemed to be separate entities and each partner is taxed individually on their share of profit. In general residency criterion is employed in determining tax liability for individuals . An individual's income may consist of one or more income elements listed below:

- Business profits,
- Agricultural profits,
- Salaries and wages,
- Income from independent personal services
- Income from immovable property and rights (rental income)
- Income from movable property (income from capital investment)
- Other income and earnings without considering the source of income.

According to Turkish Budget Law , The income tax rates for 2012 are as follows:

INCOME BAND	Tax Rate
Up to 10,000 TL (Turkish Liras)	15%
10,000 TL to 25,000 TL	20%
25,000 TL to 58,000 TL	27%
58,000 TL and above	35%

2-CORPORATE TAX:

The corporate tax is levied on the income and earning derived by corporations and corporate bodies. The income elements by Corporate Tax Law are the same as those covered in the Income Tax Law. In

other words, the Corporate Tax Law sets provisions and rules applicable to the income resulted from the activities of corporations and corporate bodies, whereas the income Tax Law deals with the income derived by individuals. Corporations and corporate bodies specified by the Law as taxpayers in respect to the corporate tax are as follows:

- Capital companies and similar foreign companies;
- Cooperatives;
- Public enterprises;
- Enterprises owned by foundations societies and associations;
- Joint ventures.

Tax Liabilities: According to the Corporate Tax Law, those legal entities covered by the law, which their legal head office situated in Turkey, or the place of effective management in Turkey are taxed on their world-wide income (unlimited liability).

Tax Rates: Corporate income tax is applied at 20 % rate on the corporate earnings. Taxpayers (only for income from commercial activities and agriculture in limited tax liability cases) pay provisional tax at the rate of corporate tax, these payments are deducted from corporate tax of current period.

B- TURKISH INDIRECT TAXATION SYSTEM

1- VALUE ADDED TAX

In Turkey, there are several indirect taxes but most important indirect tax is V.A.T. The Turkish Tax System levies value added tax on the supply and the importation of goods and services. The Turkish name for Value Added Tax is *Katma Değer Vergisi*, abbreviated to KDV. Liability for VAT arises;

- (a) when a person or entity performs commercial, industrial, agricultural or independent professional activities within Turkey,
- (b) when goods or services are imported into Turkey.

VAT is levied at each stage of the production and the distribution process. Although liability for the tax falls on the person who supplies or imports goods or services, the real burden of VAT is borne by the final consumer. VAT taxpayers are defined in the VAT Law as those engaged in taxable transactions, irrespective of their legal status or nature and their position with regard to other taxes.

Tax Rates

Standard rate:

The standard rate of VAT on taxable transactions is set at 10% in the VAT Law, but this rate was increased to 18% as of 15 May 2001.

Special rates:

- For the deliveries and services mentioned in List No.I, ____ 1% (e.g. agricultural products such as raw cotton, dried hazelnuts, supply and leasing of goods within the scope of the Finance Leasing Law)
- For the deliveries and services mentioned in List No. II, ____ 8% (e.g. basic food stuffs, books and similar publications)

2-OTHER INDIRECT TAXES:

Stamp tax:

Stamp Tax applies to a wide range of documents, including but not limited to, contracts, agreements, notes payable, letters of credit and letters of guarantee, financial statements and payrolls. Stamp duty is levied as a percentage of the value stated on the document at rates ranging from 0.15% to 0.75%. The Stamp Tax Law provides that each relevant party shall be responsible for payment of the total amount of stamp tax on the agreements. Each original document is separately subject to stamp tax.

Motor vehicle tax:

The subject of the tax is motor vehicle. Taxable event is registration of the motor vehicles in the traffic, municipality and docks. The amount of Motor Vehicle Tax for land transportation vehicles is determined according to their weight, age, cylinder capacity and the fuel used.

Banking and Insurance Transactions Tax (BITT):

The subject of the tax is transactions and services produced by banks, bankers and insurance companies. Taxpayers are banks, insurance companies and bankers. Banks and insurance companies are exempt from VAT, but are subject to BITT at a rate of 5%, which is due on the gains of such companies from their transactions. The purchase of goods and services by banks and insurance companies is subject to VAT but is considered as an expense or cost for recovery purposes.

Gambling Tax :

The subject of the tax is betting, lotteries and other forms of gambling. Taxpayers are composers of gambling activities and Gambling Tax is calculated by applying fixed or specific rate of tax.

Inheritance and Gift Tax:

Items acquired as gifts or through inheritance are subject to a progressive tax rate ranging from 10% to 30% and 1% to 10%, respectively, of the item's appraised value. Tax paid in a foreign country on inherited property is deducted from the taxable value of the asset. Inheritance and Gift Tax is payable in biannual installments over a period of 3 years.

Property Taxes:

Property taxes are paid each year on the tax values of land and buildings at rates varying from 0,1% to 0.3%. In the case of the sale of a property a 1% levy is paid on the sales value by both the buyer and the seller. Property tax returns are filed in every four years and annual taxes are paid in two equal installments.

Communication Tax:

All types of installation, transfer and telecommunication services given by mobile phone operators are subject to 25% Special Communication Tax. The tax base for Special Communication Tax is the same as the Value Added Tax base.

Education Contribution Fee:

Transactions and certain documents stated in the related law are subject to Education Contribution Fee in different amounts. Education Contribution Fee is taken as a fixed levy according to the document or the transaction.

Customs Duty :

Goods imported from abroad are the subject of the tax. Taxable events are free circulation of goods, registration of customs declaration, and temporary importation in case of partial exemption. Taxpayer is principally person who declare to the customs office.

Fees:

There are different types of fees: Judgment Fees, Notary Fees, Tax Judgment Fees, Title Deed Fees, Consulate Fees, Ship and Harbor Fees, Permit of License and Certificate Fees, Traffic Fees, Passport, Visa and Ministry of Foreign Affairs. Certification Fees.

Special Consumption Tax:

Goods in the Lists attached to the Special Consumption Tax Law are the subject of the tax. For goods in the Lists, Special Consumption Tax is charged only once. There are mainly 4 different product groups that are subject to special consumption tax at different tax rates;

- List I is related to petroleum products, natural gas, lubricating oil, solvents and derivatives of solvents.
- List II is related to automobiles and other vehicles, motorcycles, planes, helicopters, yachts.
- List III is related to tobacco and tobacco products, alcoholic beverages and cola.
- List IV is related to luxury products.

TAXES AND LEVIES ON ELECTRICITY IN THE UNITED KINGDOM IN 2012

This report focuses on specific taxes and levies on the production, transport and sale of electricity in the United Kingdom.

A. Specific taxes and levies on production of electricity

There are no specific taxes on production of electricity in the UK (but see C.3 below for the description of Climate Change Levy).

A.3 Other Taxes

There is a relief from excise duty for oil used in electricity production (but see D below for the description of Carbon Price Support Mechanism introduced in 2013). The relief was introduced to remove the risk of double taxation on electricity generated and to put oil fired power stations on a par with gas fired power stations (where the input is not subject to any form of environmental taxes). The duty is paid by the generator and can then be reclaimed from HM Revenue and Customs subject to certain qualifying conditions. There is a similar relief for biofuels used for electricity generation.

B. Specific taxes and levies on distribution/transport of electricity

There are no specific taxes on distribution/transport of electricity in the UK

C. Specific taxes and levies on the sale/consumption of electricity

C.2 Turnover taxes

The standard rate of VAT was increased from 17.5% to 20% on 4 January 2011.

A reduced VAT rate of 5% (compared to the standard rate of 20%) applies to supplies of fuel and power sold for qualifying use (domestic use and charity non-business use), on small quantities of fuel and power supplied not exceeding prescribed de minimis limits, and on certain mixed use supplies (where there is a dual use of business and qualifying use). All other supplies of fuel and power are subject to VAT at the standard rate. In practice most VAT charged in the commercial and industrial sectors can be reclaimed. VAT is levied on top of CCL where applied (see C.3).

C.3 Other Consumption Taxes

There are no taxes levied on the production of electricity as such, however, there is a tax on the consumption of electricity, which is collected by the suppliers.

The Climate Change Levy (“CCL”) was introduced with effect from 1 April 2001. CCL is chargeable on the industrial and commercial supply of certain taxable commodities for lighting, heating and power purposes, and is charged to consumers in the following sectors: Industry, Commerce, Agriculture, Public Administration and Other Services.

Taxable commodities are Electricity, Natural Gas (as supplied by a gas utility), Petroleum and Hydrocarbon gas in a liquid state, Coke, and semi-coke of coal or lignite, and Petroleum Coke.

Supplier of taxable commodities (which include electricity) making taxable supplies must register and remit the tax.

A supply of a taxable commodity (for example, natural gas) is exempt from CCL if it is to be used for producing electricity in a generating station (but see D below for the description of Carbon Price Support Mechanism introduced in 2013).

CCL is not charged on energy supplied to households and on other supplies of energy qualifying for the reduced rate of VAT (see C.2 above).

In addition, electricity produced in good quality heat and power plants as well as that generated from ‘new’ forms of renewable sources such as wind and power is exempt from CCL. Certain other types of supplies, such as supplies not used as fuel and supplies used to produce taxable commodities other than electricity are also exempt from CCL. As CCL is consumption based, wholesale supplies fall outside the scope of the levy. Energy intensive sectors, which have concluded climate change agreements that meet the Government’s criteria, are subject to a reduced rate of CCL.

CCL is a single-stage tax and is non-recoverable by the consumer/user. It therefore represents a cost to business.

CCL on electricity supplies is charged at the following rates:

01/04/12 – 31/03/13	£0.00509 per KWh
From 01/04/13	£0.00524 per KWh

CCL on electricity supply declared on returns was as follows:

Financial Year	£ millions
2009/10	523.4
2010/11	476.8
2011/12	501.9
2012/13 (provisional)	416.4

D. Changes to Climate Change Levy in 2013 – Carbon Price Support Mechanism

The new Carbon Price Support (CPS) mechanism was introduced from 1 April 2013. Supplies of fossil fuels used in most forms of electricity generation (which were previously exempt) became liable either to the Climate Change Levy (CCL) or fuel duty from that date. Such supplies are taxed at the relevant carbon price support rate, depending on the type of the fossil fuel used, which is determined by the average carbon content of each fossil fuel. The carbon price support rates reflect the differential between the future market price of carbon and the floor price determined by the Government. The CPS rates are different from main CCL rates levied on consumers' use

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

▶ Growth, added-value, efficiency

Environmental Leadership

▶ Commitment, innovation, pro-activeness

Social Responsibility

▶ Transparency, ethics, accountability



Union of the Electricity Industry - EURELECTRIC aisbl
Boulevard de l'Impératrice, 66 - bte 2
B - 1000 Brussels • Belgium
Tel: + 32 2 515 10 00 • Fax: + 32 2 515 10 10
VAT: BE 0462 679 112 • www.eurelectric.org