


Chapter 8


Environmental Taxation in the European Union: The Case of Portugal

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ABSTRACT

This chapter aims to contribute to the analysis of European environmental taxation, with a focus on Portugal, through the analysis of revenues from environmental taxes that include taxes on energy, transport and pollution/resources. We analysed data from 25 EU member states, using the Eurostat database, European and national legislation, for the period 1995 to 2023. The main conclusion of our study is that the EU and its member states have come a long way towards sustainable development and achieving climate neutrality. The largest revenue comes from energy taxes and the smallest from pollution/resource taxes. We found cross-cutting declines in revenues derived from global events, as well as differences between the defined country groups, due to their robustness. Portugal has followed all European measures, sometimes belatedly, but remains committed to achieving common European goals.

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INTRODUCTION

The future of the planet and of future generations depends on the measures that are taken today. Over the last few decades, the environment has been a central and priority issue in the European Union (EU), and consequently for its member states. This concern has been heightened due to environmental degradation, as well as the worsening of climate change felt by all of us.

Faced with this problem, the EU has played a fundamental role in regulating and implementing effective strategies in favour of the environment. The adoption of more sustainable measures has been a priority in the European context, with the constant adjustment of European environmental policies. EU member states are seen as part of the solution to mitigating environmental impacts. At international level, these concerns are also felt, with the EU being an active and cooperative member in this context.

Environmental taxation is seen as one of the ways to change habits and behaviours that compromise the environment, such as taxes associated with negative externalities, but also the way to promote more sustainable practices. The EU has regulated and encouraged its member states to adopt these environmental fiscal mechanisms, transposing the guidelines into its regulations, which allow for the ecological transition and the achievement of climate neutrality.

European environmental policies are vast, from penalties to incentives, promoting economic growth, social well-being and environmental preservation. Therefore, we consider it relevant to investigate environmental taxation in the EU and the environmental tax revenues that each member state receives. We intend to analyse by grouping the countries into 2 groups, northern countries and southern countries, to measure patterns and behaviours of values. Portugal's positioning in relation to other countries will be subject to a more detailed analysis.

In addition to this introduction, this article is organized as follows: literature review on the origins of EU environmental policies, EU environmental policy and taxes, the importance of environmental taxation reforms in EU countries and environmental policy in Portugal; the methodology; the results and their analysis; conclusions with the limitations found and suggestions for future research.

ORIGIN OF EUROPEAN UNION ENVIRONMENTAL POLICIES

“Before the end of the 1960s, environmental protection was not among the concerns of governments or people, who were more focused on economic growth, expressed by the growth of the Gross National Product” (Aragão, 2002, p. 12).

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