



## 6<sup>th</sup> International Tax Dialogue Global Conference

# Tax and the Environment

1-3 July 2015

OECD Conference Centre - Paris, France

Environmental policy objectives, including reduction of the expected costs of climate change, curbing health damage from pollution, and improving the quality of the environment, rank high on policy agendas. Taxes are one among several policy instruments to help attain these objectives. They are considered to be particularly cost-effective because they encourage the use and the development of ever cheaper ways to reduce environmental impacts. Taxes also raise revenue, and can do so at comparatively low economic and administrative costs, which furthers their attractiveness from a fiscal point of view.

Taxes can play a key role in supporting environmental policy goals. Yet, their full potential is rarely attained in practice. To inform the debate at COP21, the 2015 ITD conference investigates how to improve the practical use of taxation for the environment. It asks how environmental tax policy can be integrated in broader tax policy, with attention throughout the programme for questions of tax administration and for overcoming obstacles related to distributional impacts and to competitiveness, taking account of similarities and differences between advanced and developing economies. Separate sessions are devoted to sectors with ample opportunities for applying environmental taxation (e.g. energy, natural resources, urban development, transport, agriculture, and electricity). The scope and limitations of taxation will be considered, as well as alternative or complementary policy approaches. Carbon taxation is a point of particular interest, and will be discussed against the backdrop of the COP21 meetings to be held in Paris later in 2015.

### Draft Agenda

#### Wednesday, 1 July 2015

09.00–09.30	Opening and welcome address: Angel Gurría, Secretary General, OECD
09.30–11.05	<p><b>Plenary Session I: Setting the scene: the objectives of environmental taxation</b></p> <p>This session considers what exactly is meant by ‘environmental taxes’ and how they do or could contribute to raising government revenue and to attaining environmental quality objectives. It also investigates how environmental effectiveness and predictability of revenues of environmental taxes align. Further high level questions include: what are some broader tax provisions that affect the environment and how might they be reformed, and what are the ingredients for successful reform of energy taxes and subsidies? In answering these questions, potential differences in the role of environmental taxation between advanced and developing economies are identified.</p> <p><b>Chair:</b> Mr. Marcelo Giugale, Senior Director, Macroeconomics and Fiscal Management, World Bank</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"><li>Ms. Siv Jensen, Minister of Finance, Norway</li><li>Mr. Jorge Moreira da Silva, Minister of Environment, Spatial Planning and Energy, Portugal</li><li>Mr. Umayya Toukan, Minister of Finance, Jordan</li><li>Ms. Grace Perez-Navarro, Deputy Director, Centre for Tax Policy and Administration, OECD</li></ul>
11.05–11.30	Coffee Break & Official photo

11.30–13.00	<b>Plenary Session II: Administration and design of environmental taxes</b>	
	<p>Environmental taxes can be an efficient, fair and relatively easy to implement source of government revenue. To what extent can finance ministries build off existing administrative capacity and how should they coordinate with environment, energy and economic affairs ministries? What should be the broad principles for their design and implementation? How can the political sensitivities of tax reform—impacts on vulnerable households and firms—be addressed? And when are taxes the appropriate components of policy mixes to address environmental problems?</p> <p><b>Chair:</b> Mr. Juan Toro, Assistant Director, Fiscal Affairs Department, IMF</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Ms. Kim Jacinto-Henares, Commissioner, Bureau of Internal Revenue, Philippines</li> <li>▪ Mr. Xiaoxiong Qiu, Deputy Commissioner, State Administration of Taxation (SAT), China</li> <li>▪ Mr. Miguel Messmacher, Undersecretary of Revenues, Mexico</li> <li>▪ Mr. Logan Wort, Executive Secretary, African Tax Administration Forum (ATAF)</li> </ul>	
13.00–14.30	Lunch	
14.30–16.00	<b>Plenary Session III: Energy prices at present and directions for reform</b>	
	<p>This session discusses current energy tax and subsidy profiles across countries, offers insights into the similarities and differences, and suggests broad directions for reform. The use of fossil fuel energy is associated with a wide range of environmental side effects (carbon emissions, air pollution, and indirectly traffic congestion and accidents), and taxes can be very effective at addressing these externalities. Practical insights on what tax bases should be targeted and how policymakers in different countries can gauge appropriate tax levels, accounting for local conditions, will be discussed.</p> <p><b>Chair:</b> Mr. Ricardo Martner, Chief of Fiscal Affairs Unit, UNECLAC</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Mr. Simon Upton, Director, Environment Directorate, OECD</li> <li>▪ Mr. Astera Primanto Bhakti, Assistant Minister of Finance, Indonesia</li> <li>▪ Mr. Jens Holger Hansen, Senior Adviser, Ministry of Taxation, Denmark</li> <li>▪ Mr. Michael Keen, Deputy Director, Fiscal Affairs Department, IMF</li> </ul>	
16.00–16.30	Coffee break	
16.30–18.00	<b>Parallel Session I, Stream A. Taxation of natural resources</b>	<b>Parallel Session I, Stream B. Tax implications of emission trading schemes</b>
	<p>What are the main principles for taxing extractive industries from both a fiscal and environmental perspective? What is the appropriate mix of fiscal, regulatory and liability instruments to address the environmental impacts of resource extraction? How might efficient fiscal regimes for shale gas and oil differ from those for other sources of pollution? Do differences in conventions for defining property rights, or in existing regulatory infrastructure, imply differences in appropriate environmental tax regimes for extractive industries across countries?</p> <p><b>Chair:</b> Mr. Carter Brandon, Global Lead Economist, Environment and Natural Resources, World Bank</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Mr. Philip Daniel, Resource Governance Adviser</li> <li>▪ Mr. Lawrence Kiiza, Director of Economic Affairs, Ministry of Finance, Planning and Economic Development, Uganda</li> <li>▪ Mr. Idrissa Kanu, Director of Revenue and Tax Policy, Ministry of Finance and Economic Development, Sierra Leone</li> </ul>	<p>How can carbon tax floors be designed to complement emissions trading systems? How should capital gains from permit sales and free allowance allocations be treated under value-added and corporate income tax systems? What are the tax implications of emission offsets under the Clean Development Mechanism and cross-border permit trading? What is the implementation experience so far, including administration, legal issues, and fraud prevention?</p> <p><b>Chair:</b> Mr. James Greene, Director, Business Income Tax, Department of Finance, Canada</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Session Keynote:</b> Mr. Heinz Zourek, Director General, Directorate General on Taxes and Customs Union, European Commission</li> <li>▪ Ms. Helen Dickinson, Deputy Director, Energy and Transport Tax, Treasury, United Kingdom</li> <li>▪ Mr. Christian Valenduc, Head, Tax Policy Unit, Federal Ministry of Finance, Belgium</li> </ul>

09.30–11.00	Parallel Session II, Stream A. Taxation and urban development	Parallel Session II, Stream B. Distributional incidence across households
	<p>Urbanisation poses significant challenges in all countries, not least with the rapid development of mega-cities in many developing countries. It needs to be managed to be successful, and taxes are part of the toolbox—and potentially a significant source of revenue, national and/or local. Land and property taxes and local service funding systems can promote green growth, or can make it more difficult. This session discusses principles and practice of urban tax policies for sustainable development with a focus on specific instruments such as property taxes, reforming housing tax relief, and development fees.</p> <p><b>Chair:</b> Ms. Michelle Harding, Tax Economist, OECD</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Mr. Andres G. Blanco, Sector Coordinator, Institutions for Development, IDB</li> <li>▪ Mr. Fernando Melo Franco, Secretary of Urban Development, City of Sao Paulo, Brazil</li> <li>▪ Mr. Stéphane Hallegatte, Senior Economist, World Bank</li> </ul>	<p>How is the burden of energy price reforms distributed across different income classes? How does recycling of energy tax revenues in broader tax reductions affect distributional incidence? What additional mitigating measures might be needed to protect or compensate low income and vulnerable households (especially those who are not registered taxpayers)?</p> <p><b>Chair:</b> Ms. Blanca Moreno-Dodson, Lead Economist, Tax Policy, Macroeconomics and Fiscal Management, World Bank</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Ms. Elham Hassanzadeh, Managing Director, Energy Pioneers</li> <li>▪ Mr. David Bradbury, Head of Division ‘Tax Policy and Statistics’, OECD</li> <li>▪ Mr. Pierre-Alain Bruchez, Economic Analysis and Policy Adviser, Federal Finance Administration, Switzerland</li> </ul>
11.00–11.30	Coffee break	
11.30–13.00	Parallel Session III, Stream A. Transport taxes	Parallel Session III, Stream B. Competitiveness impacts
	<p>Distance-based taxes are emerging to manage urban road congestion. What is the experience with cordon pricing schemes and truck tolling systems? What administrative issues are raised by transitioning to mileage-based car taxation at the country level? What issues surround vehicle taxes and tax treatment of international aviation and maritime fuels?</p> <p><b>Chair:</b> Mr. Vicente Fretes Cibils, Division Chief of Fiscal and Municipal Management, Institutions for Development, IDB</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Mr. Erik Bruinsma, Deputy Director, Ministry of Finance, Netherlands</li> <li>▪ Mr. Edoardo Croci, Research Director at IEFE, Bocconi University</li> <li>▪ Mr. Kurt Van Dender, Head of Tax and the Environment Unit, OECD</li> </ul>	<p>What industries are most vulnerable to higher energy prices and what are the implications for competitiveness? What are some transitory measures (e.g. border adjustments) that might be used to mitigate competitiveness impacts and what legal or practical challenges arise?</p> <p><b>Chair:</b> Ms. Emma Clutterbuck, Senior Manager, Office of the Revenue Commissioners, Ireland</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Ms. Susanne Åkerfeldt, Senior Adviser, Ministry of Finance, Sweden</li> <li>▪ Mr. Cecil Morden, Chief Director, Economic Tax Analysis, National Treasury, South Africa</li> <li>▪ Mr. Grzegorz Peszko, Lead Economist, Climate Change Group, World Bank</li> </ul>
13.00–14.30	Lunch	

14.30–16.00	<b>Plenary Session IV: Carbon pricing – towards COP21</b>	
	<p>What is carbon pricing, and how can taxes and other devices be used to achieve it? How are countries pricing carbon now and where do we need to be? How can carbon prices be coordinated internationally and agreements monitored? What are some of the administrative aspects of carbon taxation, for example, taxing emissions versus taxing carbon content of fuels and what problems arise? What is the practical feasibility of covering other emissions sources (e.g. from changes in land use, methane emissions from coal mines). Finally, how do emerging insights on the performance of existing carbon pricing mechanisms and on the challenges of reaching agreement on such mechanisms inform negotiations in the COP21 context?</p> <p><b>Chair:</b> Ms. Brigitte Knopf, Secretary General, Mercator Research Institute on Global Commons and Climate Change</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Mr. Ernesto Zedillo, Director of the Yale Center for the Study of Globalisation, Yale University</li> <li>▪ Ms. Marianne Fay, Chief Economist, Climate Change Group, World Bank</li> <li>▪ Mr. Christian de Perthuis, Professor of Economics, Paris Dauphine University</li> <li>▪ Mr. Ian Parry, Principal Environmental Fiscal Policy Expert, Fiscal Affairs Department, IMF</li> </ul>	
16.00–16.30	Coffee break	
16.30–18.00	<b>Parallel Session IV, Stream A. Taxes and other environmental policy instruments</b>	<b>Parallel Session IV, Stream B. Fossil fuel subsidy reform</b>
	<p>Taxes are one instrument to attain environmental objectives, permit trading systems and traditional regulations are others. When should taxes be used in place of other instruments? And what are the pros and cons of taxes versus other approaches? What complementary policies (e.g. product and market regulation, innovation policy, infrastructure investment) are needed to help tax policies work more effectively and address market failures that taxes cannot adequately address? What is the scope and what are the limitations of taxation?</p> <p><b>Chair:</b> Ms. Kumi Kitamori, Head of Green Growth and Global Relations, OECD</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Mr. Manfred Bergmann, Director for Indirect Taxation and Tax Administration, European Commission</li> <li>▪ Mr. James Nix, Director, Green Budget Europe</li> <li>▪ Mr. Aldo Ravazzi Douvan, Senior Adviser, Ministry of Environment, Italy</li> <li>▪ Mr. Pierre Laporte, Ministry of Finance, Seychelles</li> </ul>	<p>Reducing environmentally harmful support for fossil fuels is a key component of green tax reform, but it is also a politically challenging policy objective, as some groups of producers and consumers stand to lose out from such reform. Lower oil prices may provide a window of opportunity for fuel exporting countries, and in general experience with policy reform is mounting. This session will extract lessons from policy practice, with a focus on tax administration aspects of fossil fuel subsidy reform.</p> <p><b>Chair:</b> Mr. Ron Steenblik, Senior Trade Policy Analyst, OECD</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"> <li>▪ Mr. Hussein Abaza, Counsellor for the State Minister of the Environment, Egypt</li> <li>▪ Mr. Nitya Nanda, Fellow, Centre for Global Agreements, Legislation and Trade, The Energy and Resources Institute (TERI), India</li> <li>▪ Mr. Goro Enkanto, Director, Center for State Revenue Policy of the Fiscal Policy Agency, Ministry of Finance, Indonesia</li> <li>▪ Mr. Manfred Rosenstock, Deputy Head of Resource Efficiency and Economic Analysis, DG Environment, European Commission</li> </ul>

## Friday, 3 July 2015

<b>9.30–11.00</b>	<b>Plenary Session V: Tax, Development and the Environment</b>
	<p>This session focuses on the current and potential use of environmental taxation in developing countries. Do environmental taxes fit into developing countries' fiscal and environmental policy strategies and how? Do developing countries face specific challenges with respect to the implementation of environmental taxes, and how can they be tackled? The session will also consider how the economic structure of developing countries interacts with and affects environmental tax policy. How can fiscal instruments be used to reduce the environmental impacts from informal activities? And to what extent can environmental taxes be factored into tax regimes for agriculture?</p> <p><b>Chair:</b> Mr. Marcio Verdi, Executive Secretary, Inter-American Center of Tax Administrations (CIAT)</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"><li>▪ Mr. Pablo Ferreri, Undersecretary of Economy and Finance, Uruguay</li><li>▪ Mr. Régis Immongault, Minister of the Economy and Promotion of Investments, Gabon</li><li>▪ Mr. Mahinda Samarasinghe, State Minister of Finance, Sri Lanka</li><li>▪ Mr. Lawrence Goulder, Professor of Environmental and Resource Economics, Stanford University</li></ul>
<b>11.00–11.30</b>	Coffee break
<b>11.30–13.00</b>	<b>Plenary Session VI: Towards coherent strategies for environmental tax reform and growth</b>
	<p>This session gathers insights from the conference and draws from experience with green tax shifts and energy pricing reforms to discuss how environmental tax reform fits in with broader efforts to design tax systems that support sustainable growth.</p> <p><b>Chair:</b> Mr. Pascal Saint-Amans, Director, Centre for Tax Policy and Administration, OECD</p> <p><b>Presenters:</b></p> <ul style="list-style-type: none"><li>▪ Mr. Dušan Mramor, Minister of Finance, Slovenia</li><li>▪ Mr. Ottmar Edenhofer, Deputy Director and Chief Economist at the Potsdam Institute for Climate Impact Research</li></ul>
<b>13.00– 13.15</b>	<b>Closing remarks</b>