EY Green Tax Tracker

1 November 2021

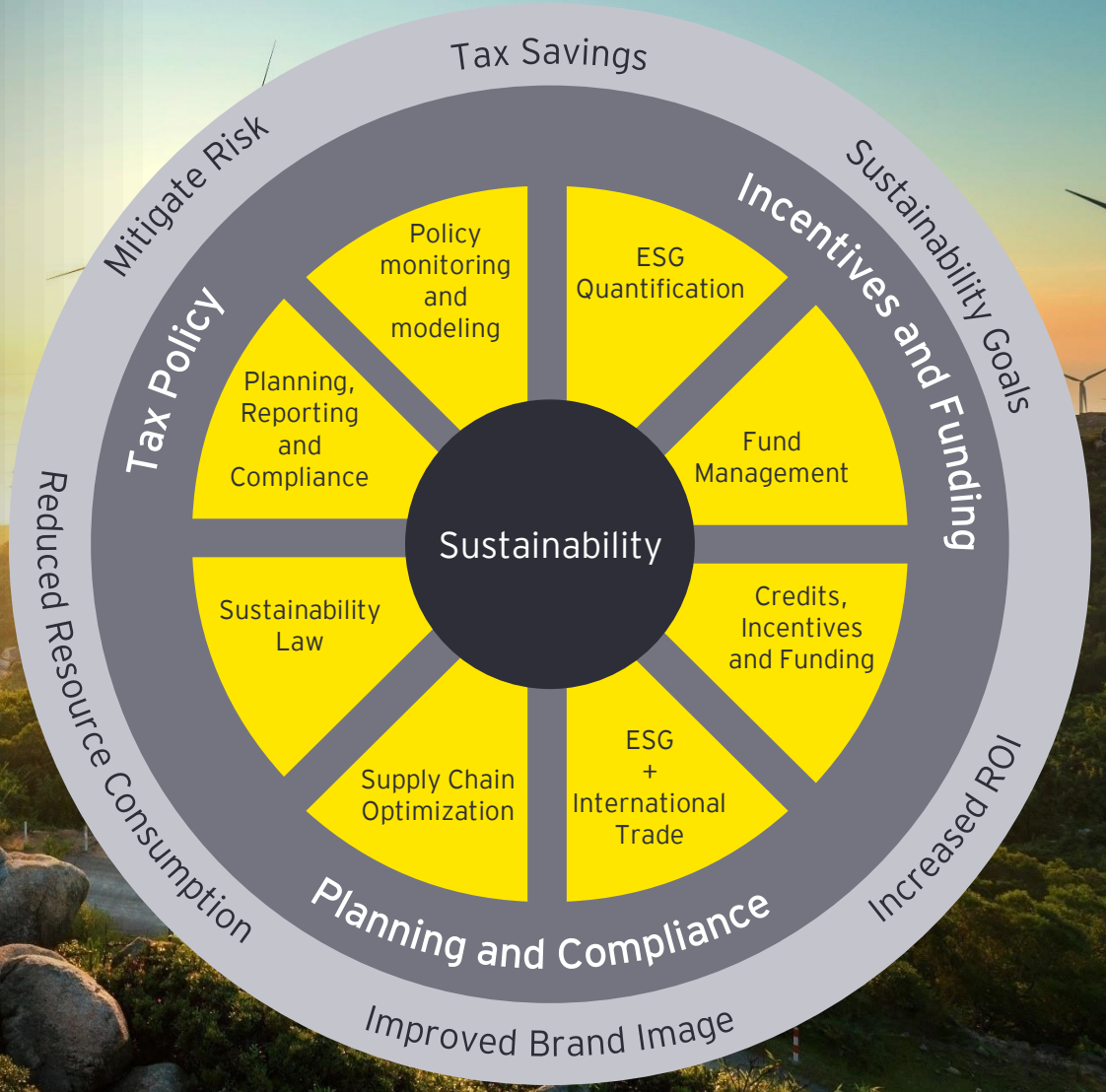
Building a better working world

Keeping pace with sustainability incentives, carbon regimes and environmental taxes

Governments around the world are using sustainability tax measures to reduce emissions, meet their commitments on carbon neutrality and tackle climate change, as well as to raise revenue and fund important policy objectives. While these goals are shared, the policies established to achieve them vary greatly.

For businesses that wish to take action on climate change, secure valuable incentives to enable these actions and avoid costly surprises, staying on top of the evolving sustainability tax landscape across the globe is critical. However, staying current as policies rapidly evolve can be a challenge, especially for global businesses.

Here we offer a snapshot of sustainability incentives, carbon regimes, environmental taxes and environmental tax exemptions present in 40 jurisdictions. To learn more about any measure, please consult with your EY engagement team or the jurisdiction contact located at the top of each page.



3,700+ Sustainability incentives

Types of sustainability incentives

Sustainability incentives can generally be divided into three categories, those that encourage a reduction in natural resource consumption, those that encourage a switch to renewable or alternative energy sources or those that encourage innovation of new low-carbon products and manufacturing processes. Many programs are a mix of the three containing multiple elements.

Prevalent measures used to influence sustainable behavior include tax credits, grants and loans.

3,000+ Reduce

- Construct or retrofit energy-efficient buildings
- Procure energy-efficient process equipment
- Apply emission reduction technologies

2,000+ Switch

- Alternative fuels
- Renewable energy generation (such as solar, wind, geothermal, etc.)
- Qualifying on-site generation

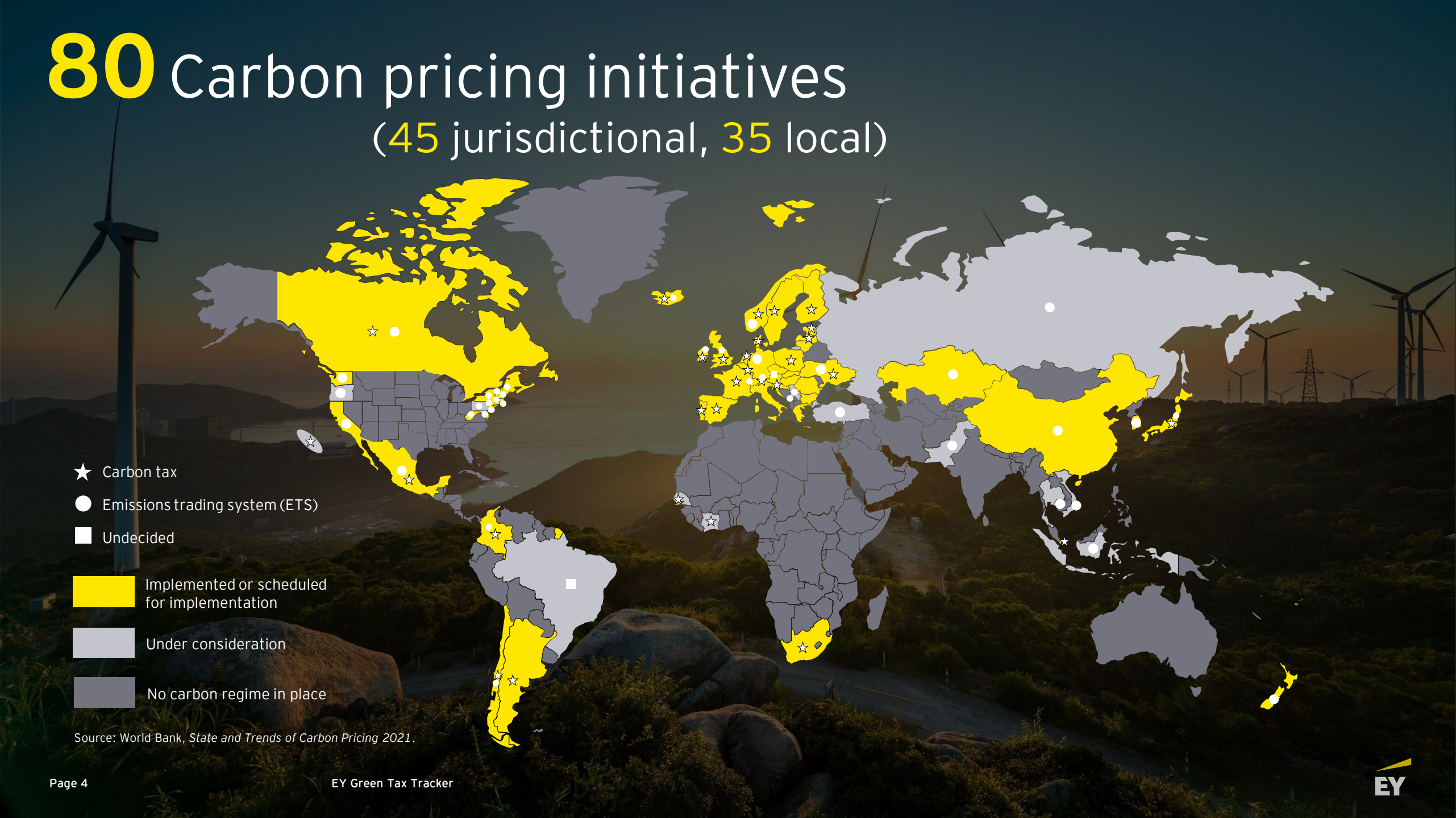
150 Innovate

- Research and development (R&D) credits
- Research funding grants
- Funding rebates for green job training

Source: EY jurisdiction professionals.

80 Carbon pricing initiatives

(45 jurisdictional, 35 local)



Source: World Bank, *State and Trends of Carbon Pricing 2021*.

4,400+ Environmental taxes

1,100+ exemptions

Environmental taxes

Within the overall taxation framework, environmental taxes function not only as a source of revenue, but also as an instrument of environmental policy. As a result, governments use taxes on a variety of products to encourage or discourage consumption. Similarly, governments offer exemptions from environmental taxes for certain qualifying products, uses or taxpayers.

Water, pollution and effluent charges

- Consumption taxes
- Greenhouse gases
- Discharge fees

Recycling, waste and landfills

- Disposal fees
- Recycling fees

Electronic waste

- Disposal fees

Emissions and air pollution

- Congestion charge
- Tax on certain chemicals
- Emissions fees

Conventional and alternative fuels

- Gasoline, coal, natural gas, etc. taxes
- Aviation taxes

Energy/electricity generation, distribution and consumption

- Oil, coal, natural gas, etc. taxes
- Electricity fees

Energy-efficient industrial and manufacturing processes

- Gasoline, coal, natural gas, etc. taxes

Plastics and packaging taxes

- Tax on single use plastics

Others

- Taxes on other products

Source: EY jurisdiction professionals.

EY Insights

- **Why tax and finance functions must pay heed to plastic taxes.** With the world facing a huge plastic pollution problem, governments are introducing new measures to curb it. One key method is the plastics tax, which is being applied by different jurisdictions at different rates, in a range of ways. It's a fast-moving picture, and tax teams face a challenge keeping up. But those who can, will have an opportunity to be a strategic partner to the business: to help it avoid risk, seize new incentives, and align with changing consumer and investor tastes.

- **Why Eastern Europe is stepping up a gear in the drive for net zero.** The countries and regions in Eastern Europe are coming under ever-greater pressure to increase their mix of renewables and ensure the EU deadline of carbon neutrality by 2050 is not missed. Each area is navigating its own particular economic, social and political challenges to a green future, with distribution networks being upgraded, technology developed and financial instruments designed to support their transition to low-carbon economies.

- **How you can reframe operations for resilience and sustainability.** The route to building resilient and sustainable operations is complex and often compounded by disruptions over which chief operating officers have no control – geopolitics, civil unrest, techno nationalism and an evolving multipolar economic world order. But overcoming these challenges, and positioning the business to achieve more sustainable and purpose-driven growth, will require visibility, agility, technology innovation, cybersecurity and upskilling the workforce.

- **How supply chains can be more resilient, sustainable and transparent.** In the wake of the pandemic, supply chain leaders need to place priority on resiliency and agility, sustainability, and traceability. Luckily, these issues are interdependent. Leaders should focus on these questions: can you see through the whole of the supply throughout your tiers, and can you adapt when the inevitable disruption starts to shake your supply chain?

- **Why consumers may hold the key to the energy transition.** Once alternative energy becomes competitive with fossil fuels on a large scale in terms of cost and performance, the timing of the energy transition will be a matter of consumer preference. That is the theme of The long goodbye. In this scenario, consumers call the tune. Once consumer preferences shift significantly, the energy transition happens.

- **Three dynamics to watch on global climate disclosure standards.** With momentum building for a long-elusive global baseline standard on climate disclosures, the private sector should build institutional capacity today and understand both that mandatory reporting is on its way and that these standards will be just one part of the policy changes needed to fight climate change.

40 Jurisdictions covered

Argentina
Australia
Austria*
Belgium
Brazil
Canada
China Mainland
Colombia*
Cyprus*
Denmark
European Union
Finland*
France
Germany
Hong Kong*
India
Indonesia
Ireland
Italy
Japan
Lithuania*
Malaysia*
Mexico
The Netherlands
New Zealand*
Peru*
Poland
Portugal
Romania*
Russia
Singapore
South Africa
South Korea
Spain
Switzerland*
Taiwan
Turkey
United Kingdom
United States
Vietnam*

The information offered for each jurisdiction represents the best understanding of EY professionals in that jurisdiction. It is high-level and subject to change. This document is updated on an ongoing basis but not all entries will be up to date at a given moment. In addition, not all jurisdictions are reflected in this document. Please contact your EY engagement team or the listed jurisdiction contact for more information.

* New in this edition

Index of measures

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	Carbon pricing				Sustainability incentives													Environmental taxes								Environmental tax exemptions									
					Reduce					Switch				Innovate																					
	ETS implemented	ETS under construction	Carbon tax implemented	Carbon tax under consideration	Energy efficient buildings	Energy efficient process equip.	Water use reduction technologies	Waste reduction/recycling tech.	Emission reduction technologies	Alt fuel - vehicles/infrastructure	Hydrogen-based fuels	On-site generation	Renewable energy generation	Recycled materials/recycling equipment	R&D machinery for manufacturing "green" products	Carbon capture technologies	Green jobs/training	Plastics and packaging	Water consumption, pollution and effluent charges	Recycling, waste and landfills	Electronic waste	Emissions and air pollution	Conventional and alternative fuels	Energy/electricity generation, distribution and consumption	Industrial and manufacturing processes	Plastics and packaging	Water use reduction and thermal energy production	Waste reduction/recycling	Electronic waste	Emission reduction	Conventional and alternative fuel	On-site generation	Renewable energy	Conventional generation	Energy efficiency, industrial and manufacturing processes	Plastics and packaging
Argentina			X			X				X	X	X	X		X							X	X	X	X									
Australia	X				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		X			X			X			X	
Austria	X			X	X	X	X	X	X			X	X	X	X				X	X		X	X	X							X				
Belgium	X					X						X			X				X	X			X	X	X	X					X	X	X	X	X	
Brazil	X	X			X	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X	X	X		X	X	X		X	X	X	X	X	X
Canada	X		X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X	X	X	X	X	X					
China Mainland	X				X	X	X	X	X	X		X	X	X	X	X			X	X	X	X	X					X	X		X				X	
Colombia			X		X	X	X	X	X	X	X	X	X	X		X			X			X	X			X				X	X	X	X			
Cyprus	X							X	X	X						X										X									
Denmark	X		X			X			X	X		X	X		X				X	X		X	X	X		X	X		X	X	X	X	X	X	X
European Union	X			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X		X	X		X		
Finland	X	X	X					X	X	X		X	X		X	X			X	X				X		X	X		X	X	X	X	X	X	
France	X		X							X			X						X	X		X	X	X	X					X	X		X			
Germany	X				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	

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Hong Kong					X	X	X	X	X										X	X			X			X					X			
India						X		X	X			X	X	X								X	X	X	X							X	X	
Indonesia		X		X				X					X																					
Ireland	X		X		X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X		X			X	X	X	X
Italy	X				X	X			X	X		X			X	X			X	X	X	X		X		X		X		X				X
Japan	X	X	X			X			X	X			X		X	X			X	X		X	X	X			X				X	X		
Lithuania	X						X	X	X	X	X					X			X	X	X	X	X	X	X	X					X			
Malaysia		X		X	X	X	X	X	X	X	X		X	X						X						X								
Mexico	X		X		X		X	X	X				X	X				X	X				X											
The Netherlands	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X		X	X	X	X	X	X	X		X	X	X	X	X	X
New Zealand	X								X	X									X	X	X	X	X	X							X				
Peru						X			X	X			X									X		X		X									
Poland	X		X		X	X	X	X	X	X	X	X	X		X				X	X	X	X	X	X	X	X		X				X		X	X
Portugal	X		X							X									X	X	X				X	X		X		X	X	X	X	X	X
Romania	X				X	X	X	X	X	X			X	X				X		X	X	X				X		X							

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Russia		X			X	X	X	X	X	X	X	X	X			X			X	X	X	X				X		X	X					
Singapore			X		X	X	X	X	X	X		X	X	X			X																	
South Africa			X			X		X					X		X				X	X		X	X	X	X	X				X	X		X		X	
South Korea	X							X	X	X	X	X	X		X	X			X	X	X	X	X	X	X		X	X			X	X			X	
Spain	X		X				X	X	X	X			X						X	X		X	X	X	X	X	X	X		X	X	X	X	X	X	X
Switzerland	X		X		X	X			X	X			X		X				X	X	X	X	X	X	X	X				X	X					
Taiwan		X		X		X		X					X	X																						
Turkey		X			X	X	X	X	X				X	X	X	X			X	X	X		X			X		X	X							X
United Kingdom	X				X	X	X		X	X	X	X	X	X	X	X		X		X		X	X	X	X	X		X		X	X	X	X	X	X	
United States	X	X		X	X	X		X	X	X		X	X	X		X				X	X		X			X				X	X					
Vietnam				X	X	X		X	X	X			X	X	X			X	X	X	X	X	X		X	X		X		X	X		X		X	

Argentina

Contact: Gustavo Scravaglieri, Ariel Becher

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J = Jurisdictional level; L = Local level

Outlook

Sustainability tax incentives have been in place for over 15 years in Argentina and a national carbon tax was implemented in 2018, but the country's holistic approach to environmental tax policy is still emerging.

The national carbon tax – estimated to cover 20% of the country's greenhouse gas emissions – is the top focus area of environmental tax policy.

Argentina also has several incentive programs to promote technological development, renewable energy and biofuel utilization, wind and solar energy generation and investment in forestry projects.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Australia

Contact: Laurence Osen, Simon Whyte

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Outlook

Sustainability tax programs are still emerging in Australia, including additional clean energy technology incentive measures. There are currently targeted sustainability grant funding programs offered by both federal and state governments.

There is currently no carbon tax in Australia. While there is generally political agreement on a carbon emissions reduction target, there is not agreement on the mechanism to reach that goal. There is a national excise tax on petrol, diesel and other fuels such as liquefied petroleum gas or ethanol. Additionally, there are multiple State and Territory levies, charges and fines on pollution.

Australia's federation creates good competition through diverse approaches and also some interesting outcomes. At the Federal level there were no known proposals to impose user charges on e-vehicles, but states, such as Victoria, recently introduced user charges on zero and low emission vehicles while proposing incentives to purchase e-vehicles.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	☒
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	☒
Water use reduction technologies	☒	☒
Waste reduction/recycling technologies	☒	☒
Emission reduction technologies	☒	☒
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	☒
Hydrogen-based fuels	☒	☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	☒
Renewable energy generation (solar, wind, geothermal, etc.)	☒	☒
Innovate		
Use of recycled materials/investment in recycling equipment	☒	☒
R&D machinery for manufacturing "green" products	☒	☒
Carbon capture technologies (sequestration/utilization)	☒	☒
Green jobs/training	☒	☒
Plastics and packaging	☒	☒

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills	☒	☒
Electronic waste		
Emissions and air pollution	☒	☒
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		☒
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	☒
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

Austria

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Outlook

Sustainability tax policies are well established in Austria, for example, the fuel tax can be traced back to the first half of the 20th century, while additional CO_2 taxation is currently under consideration and further sustainability tax programs are expected in the future. The most significant measures are on a national level, however, there are also measures at a local level. Energy taxes (fuel taxes, electricity tax) have been the top focus in recent years, though carbon taxes are a growing focus.

Of interest is the currently proposed CO_2 tax which is drafted to be paid back to the citizens (individuals) in the form of a "climate bonus" and differs depending on the location of residency of the citizen. Basically, the extra cost deriving from this CO_2 tax due to living remotely with little access to sufficient public transport shall be compensated. That way, citizens who can use public transport instead of car shall be motivated to save money through switching to means of transport emitting less CO_2. However, implementation discussions are still ongoing.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration	☒	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills	☒	☒
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Belgium

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Outlook

Belgium's sustainability tax programs are well-established and wide ranging, including implementation of EU level environmental legislation and policy. Most measures are at the local level, due to the federal nature of Belgium. Environmental regulation and policy sit with the regions (Brussels Region, Flanders Region, Wallonia Region), which each having their own parliaments and regional waste and environmental agencies.

Belgium has relatively high fuel taxes on consumer fuels and a very high recycling rate, in part due to the early introduction of landfill bans and high landfill taxes and charges. Linked to this, Belgium has a relatively successful extended producer responsibility (EPR) system for both household and industrial packaging. Belgium is often cited as a European leader in terms of recycling and EPR.

There is a political impetus – combined with strong consumer and citizen support – for further or stricter environmental taxes, regulations and policies, going forward.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		☒
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		☒
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills	☒	☒
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	☒	
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

Brazil

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Outlook

Sustainability tax programs are still emerging in Brazil. However, some general incentives focused on infrastructure and innovation often apply to sustainable projects.

Carbon taxes and an emissions trading system ETS are currently under analysis by the Brazilian government, with no set date for new rules. The government is carrying out a study for economic impact, and ETS simulations with three top Brazil companies. Some states, such as São Paulo and Rio de Janeiro are assessing the possibility of ETS programs on a state level.

The government is currently focusing on biofuels (the RenovaBio program) and vehicles (ROTA2030). RenovaBio was approved in 2017 and establishes mandatory goals for the reduction of GHG emissions by avoiding the use of fossil fuels. The system basically allows for the certification of biofuels. The law also creates a decarbonization credit that combines the emissions reduction targets and the live cycle assessment of each biofuel producer.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration	☒	☒
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	☒
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	☒
Water use reduction technologies	☒	☒
Waste reduction/recycling technologies	☒	☒
Emission reduction technologies	☒	☒
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	☒
Hydrogen-based fuels	☒	☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	☒
Renewable energy generation (solar, wind, geothermal, etc.)	☒	☒
Innovate		
Use of recycled materials/investment in recycling equipment	☒	☒
R&D machinery for manufacturing "green" products	☒	☒
Carbon capture technologies (sequestration/utilization)	☒	☒
Green jobs/training	☒	☒
Plastics and packaging	☒	☒

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	☒	☒
Waste reduction/recycling	☒	☒
Electronic waste	☒	☒
Emission reduction	☒	☒
Conventional and alternative fuel vehicles and equipment	☒	☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	☒
Renewable energy (solar, wind, geothermal, etc.)	☒	☒
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes	☒	☒
Plastics and packaging	☒	☒

Canada

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Outlook

Canada's sustainability tax programs at both the federal and provincial levels have been in place for several years and continue to evolve. Over time, the two levels have worked together to harmonize the application of environmental regulations including water, air, land and environmental assessment.

In 2016, Canada adopted the Pan-Canadian Framework (PCF) which focused on pricing carbon pollution, complementary actions to reduce emissions economy-wide, adaptation and climate resilience, and clean technology, innovation, and jobs.

There are currently federal sustainability funding programs, federal accelerated depreciation for qualifying clean energy investments and several provincial sustainability programs, most taking the form of grants or rebates.

Canada established a carbon pricing framework in 2018. Flexibility was provided to provinces and territories to establish their own pricing plans with a federal backstop implemented if a local plan did not meet federal standards.

Carbon pricing

	J	L
ETS implemented	☒	☒
ETS under consideration		
Carbon tax implemented	☒	☒
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		☒
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		☒
Water use reduction technologies		☒
Waste reduction/recycling technologies		☒
Emission reduction technologies	☒	☒
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	☒
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		☒
Renewable energy generation (solar, wind, geothermal, etc.)	☒	☒
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training	☒	☒
Plastics and packaging	☒	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills		☒
Electronic waste		☒
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		☒
Plastics and packaging		☒

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		☒
Waste reduction/recycling		☒
Electronic waste		☒
Emission reduction		☒
Conventional and alternative fuel vehicles and equipment		☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

China Mainland

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Outlook

China Mainland has long established, but still evolving, sustainability tax programs. At the national level, there are three environmental protection focus areas: pollution reduction, greenhouse gas reduction and resource conservation. There are multiple tax incentives that address the three focus areas and utilize different mechanisms, including reduced corporate income tax rates for certain enterprises or for certain revenue sources, increased VAT refunds or tax exemptions.

For pollution reduction, China Mainland launched the Environmental Protection Tax (EPT), which is levied on the emission of four categories of pollutants, namely gas, water, solid wastes, as well as noises. The EPT was launched in 2018, but in fact replaced the long existing Pollutants Discharge Fee, which was levied on basically the same classes of pollutants.

For greenhouse gas reduction, a carbon emission trading system was recently established and there is discussion regarding a carbon tax to help China Mainland achieve its carbon goals of reaching carbon peak by 2030 and carbon neutrality by 2060.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste	☒	
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

Colombia

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Outlook

Green tax programs are still emerging in Colombia, with most existing measures occurring at the national level, such as the carbon tax and the plastic bag consumption tax.

In addition to taxes, there are favorable tax benefits for environment friendly investments, such as energy efficiency investments and unconventional sources of energy investments.

The Colombian Government is considering more green tax measures, but there is no consensus yet.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		☒
Conventional and alternative fuel vehicles and equipment		☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines		☒
Renewable energy (solar, wind, geothermal, etc.)		☒
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Cyprus

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Outlook

Currently, the only sustainability tax program in Cyprus is the Tonnage Tax Reduction of up to 30% for each marine vessel which demonstrates proactive measures to reduce its environmental impact.

More sustainability tax programs could emerge as part of the Cyprus Recovery and Resilience Plan. The plan includes a number of legislative changes which are expected to be implemented by June 2026. The aim is to promote a more efficient use of environmental resources, reduced greenhouse gas emissions and increase the availability of renewable energy.

The expected changes currently under review or discussion include: introduction of carbon tax for fuels used in the sectors of the economy that do not fall under the EU greenhouse gas emissions trading system, gradual introduction of a levy on water and introduction of a charge on household and landfill waste.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Denmark

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Outlook

Sustainability tax programs are well established in Denmark and have existed for many years at the national level. There are several incentives that offer grants and rebates for investments in technologies or projects that lead to energy saving, CO_2 reduction or stimulation of the generation of sustainable energy.

The Denmark carbon tax applies to greenhouse gas emissions. The tax covers fossil fuels and waste.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	☒	
Waste reduction/recycling	☒	☒
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging	☒	☒

European Union

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Outlook

Sustainability tax programs in the EU are very well established and increasing with the European Green Deal, the EU's plan to make its economy sustainable. Some measures occur at the EU level, but the majority are implemented at the Member State (MS) level and execution may vary in every MS due to different energy mixes and economy structures. Other times, a measure taken on the EU level cascades down and is complemented by a similar measure adopted by the MS(s). For instance, the plastics tax imposed by the EU on the MS will in most EU countries be supplemented by an equivalent tax that they will in turn impose on their domestic manufacturers.

The most significant focus areas are the EU Emissions Trading Scheme (cap-and-trade program) and corresponding Carbon Border Adjustment Mechanism, currently under development, the circular economy and decarbonization incentives.

The EU is actively working to implement new measures. Many acts are being revised and new mechanisms are being developed and formulated to increase the effectiveness of the sustainability tax programs and to reflect advancements in technology.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration	☒	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training	☒	☒
Plastics and packaging	☒	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	☒
Recycling, waste and landfills	☒	☒
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation		
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

Finland

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Outlook

Sustainability tax programs are well-established in Finland. There are many environmental taxes and fees in place and changes to current or new excise duties are constantly under public discussion as a tool to achieve Finland's climate change policies.

All energy and environmental taxes are national in Finland and measures are both in part harmonized on an EU level (energy taxation) and are national (e.g. waste tax, tax on beverage containers). There are also various environmental levies implemented on the local level, for example water drainage charges implemented by municipalities.

Finland is part of the EU ETS. Recently there has been discussion of implementing a national emission trading system for fossil fuels used for transportation, but there is currently no consensus.

Currently there are no proposals or published plans to implement a plastic packaging tax, although the Ministry of Finance has performed some studies on implementing such a tax.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration	☒	
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills	☒	
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	☒	
Waste reduction/recycling	☒	
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

France

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Outlook

Sustainability tax programs have existed in France, mostly at the national level, since the 1990s, but have expanded in recent years. France passed an important energy and climate law in 2019 that sets ambitious environmental goals such as carbon neutrality by 2050 and a 40% reduction in fossil fuel consumption by 2030 compared to 2012.

The French environmental tax system is a behavior-based tax system, which means that it aims to change the behavior of companies and households by taxing the activities and products deemed to be the most harmful and by exempting the green economy. There are multiple taxes on energy consumption (e.g. TICFE, TICPE, TICGN) and transportation (e.g. Malus auto). Energy taxes also have a significant carbon component (i.e. taxe carbone).

There are multiple sustainability incentive programs, including income tax credits, accelerated depreciation and alternative funding.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Germany

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Outlook

German sustainability tax programs are well established, mostly at the national level, and more are continuing to emerge. Sustainability taxes and incentives are a political focus in Germany and thus the environment is constantly evolving. There are program adjustments due to technological progress and other environmental needs, as well as the strong influence of supra-national EU legislation.

There are multiple sustainability incentives available, including grants or rebates for the purchase of qualifying goods and reduced carbon taxes or taxes on fuels in certain qualifying situations.

A national emissions trading system (ETS) for fuels (used in the building and transport sector) began in 2021, expanding to all fuels in 2023. This measure is part of the German Climate Protection Program 2030. There are several additional fuel and environmental taxes. Current government focus areas are carbon pricing, renewable energy and fuel taxes. Future possible developments include a packaging levy, a plastic tax, change to EU and national ETS and waiver of the Renewable Energies Act and waivers of energy and electricity tax refunds and exemptions.

Carbon pricing

	J	L
ETS implemented	X	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	X	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	X	
Water use reduction technologies	X	
Waste reduction/recycling technologies	X	
Emission reduction technologies	X	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	X	
Hydrogen-based fuels	X	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	X	
Renewable energy generation (solar, wind, geothermal, etc.)	X	
Innovate		
Use of recycled materials/investment in recycling equipment	X	
R&D machinery for manufacturing "green" products	X	
Carbon capture technologies (sequestration/utilization)	X	
Green jobs/training	X	
Plastics and packaging	X	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	X	X
Recycling, waste and landfills	X	X
Electronic waste	X	
Emissions and air pollution	X	
Conventional and alternative fuels (vehicles and equipment)	X	
Energy/electricity generation, distribution and consumption	X	
Industrial and manufacturing processes	X	
Plastics and packaging	X	X

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		X
Waste reduction/recycling		X
Electronic waste		
Emission reduction	X	
Conventional and alternative fuel vehicles and equipment	X	
On-site generation (cogeneration/waste heat/fuel cells/microturbines	X	
Renewable energy (solar, wind, geothermal, etc.)	X	
Conventional generation	X	
Energy efficiency, industrial and manufacturing processes	X	
Plastics and packaging		

Note: Germany operates a national ETS in addition to participating in the EU ETS

Hong Kong

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Outlook

In November 2020, the HKSAR Government indicated that Hong Kong would strive to achieve carbon neutrality before 2050 and will set out more proactive strategies and measures to reduce carbon emissions to meet this goal. The Government will examine various means to reduce carbon emissions, including explore different types of zero-carbon energy and decarbonization technology, enhance the energy efficiency of new and existing buildings, introduce more stringent energy efficiency standards, promote zero-carbon vehicles and green transportation, build large-scale waste-to-energy facilities and publicly promote low-carbon lifestyles. The HKSAR Government will also develop green finance to boost investments conducive to reducing carbon emissions and build a low-carbon economy which is more resilient to climate change.

In February 2021, the HKSAR Government announced the "Waste Blueprint for Hong Kong 2035", with two main goals. The medium-term goal is to gradually reduce the per capita municipal solid waste disposal rate by 40-45% and raise the recovery rate to about 55%. The long-term goal is to move away from reliance on landfills for direct waste disposal by creating adequate waste-to-energy facilities.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

India

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Outlook

India has well established sustainability tax programs, primarily at the national level, though there are also local taxes on fuels and incentives granted for clean energy initiatives.

There is no formal carbon tax, but there are high taxes on petrol and diesel, which have increased sharply since 2014 and are possibly the highest in the world at over 100% (combining the impact of excise duties and value added taxes). Additionally, there are lower taxes on electric vehicles, only 5% goods and services tax vs. 28% for internal combustion powered vehicles.

There are fiscal measures proposed that would incentivize domestic manufacturing of ACC batteries, manufacturing of solar panels and other qualifying activities. Also, the government has approved a proposal to levy a "Green Tax" on old vehicles which are polluting the environment. A Production Linked Incentive (PLI) scheme has been proposed to boost domestic manufacturing capabilities of the automobile industry, including electric and hydrogen fuel cell vehicles.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution	☒	☒
Conventional and alternative fuels (vehicles and equipment)	☒	☒
Energy/electricity generation, distribution and consumption	☒	☒
Industrial and manufacturing processes	☒	☒
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		☒
Energy efficiency, industrial and manufacturing processes		☒
Plastics and packaging		

Indonesia

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Outlook

Green policies are still emerging in Indonesia with no measures currently implemented at the jurisdictional or local level, though some investment tax incentives do apply to green investments.

The Indonesian government has stated plans to introduce a carbon tax. Under Indonesia's Proposed Tax Bill that is still being reviewed and discussed by the Parliament, carbon emissions having a negative impact on the environment will be subject to a minimum carbon tax of IDR 75 per kilogram of CO_2e or other equivalent measurement unit (equivalent to around US$5.2 per tCO_2e).

Carbon pricing

	J	L
ETS implemented		
ETS under consideration	☒	
Carbon tax implemented		
Carbon tax under consideration	☒	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies	☒	
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Ireland

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Outlook

Ireland has a relatively long history of sustainability tax measures, mostly at the national level. Ireland was one of the first countries to introduce a plastic bag tax, which came into effect in 2002 and led to a 90% decrease in the use of plastic bags. A carbon tax was introduced in 2010. There are also several sustainability incentive programs. Measures are continuing to evolve and are steadily increasing in importance.

The Irish government has stated the goal of reducing greenhouse gas emissions by 7% a year from 2021, which equates to a reduction of 51% over the decade (2021 – 2030). There is also a target of meeting 70% of electricity demand by renewables by 2030 and carbon neutrality by 2050. In progress toward these goals, the 2022 budget increased the level of the carbon tax to €41, increased the carbon tax target to €100 per ton by 2030 and included additional environmental tax measures.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training	☒	
Plastics and packaging	☒	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Italy

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Outlook

Italy has well-established sustainability taxes, programs and incentives with most of the policy decided at the national level. Italy is set to receive 37% of the EU Next Generation program which will assist the country with its green transition. The use of these funds and implementation will be decided at the national level in agreement with the EU. Local jurisdictions retain some control with their own specific requirements, taxable bases and compliance obligations.

There are several national and regional green incentives available to taxpayers, including the "super-bonus" incentive to convert buildings to increase energy efficiency. It is important to note the effective dates of many incentives and green benefits are in flux with some renewed on a yearly basis and others designed as one-off programs.

There is currently no carbon pricing regime in Italy. There are multiple fuel taxes, however these taxes were primarily introduced to pay for extraordinary and unexpected costs. A tax on single-use plastic manufactured goods is effective in July 2021. More green taxes and incentives are expected during Italy's green transition.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	☒
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills	☒	☒
Electronic waste	☒	
Emissions and air pollution	☒	☒
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste		
Emission reduction	☒	☒
Conventional and alternative fuel vehicles and equipment		☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging	☒	

Japan

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Outlook

Japan recently announced its ambition to become net-zero by 2050, highlighting the goal as one of the government's key policy items. In this context, more carbon-related policy measures – including a more substantial carbon tax – are expected.

Japan's sustainability tax programs are still emerging and a new corporate tax incentive to enhance investment in carbon neutrality was introduced as part of a 2021 tax reform proposal. There are currently sustainability incentives that take the form of tax credits, enhanced depreciation, grants or rebates.

There is a national carbon tax that applies to CO_2 emissions from all fossil fuels. A national emissions trading system (ETS) has been under consideration since 2008 and recent reports indicate a new ETS market could be discussed soon. There are two regional ETSs that apply to energy-use related CO_2 emissions from the industry, power and building sectors. There are also a multitude of fuel taxes.

Carbon pricing

	J	L
ETS implemented		☒
ETS under consideration	☒	
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills		☒
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	☒
Energy/electricity generation, distribution and consumption	☒	☒
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		☒
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		☒
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

Lithuania

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Outlook

A wide array of sustainability taxes have been in place in Lithuania for some time now, including taxes on pollution, fuels, waste and certain plastics and packaging. Lithuania also participates in the EU ETS.

More initiatives are expected in conjunction with the European Green Deal. Anticipated initiatives are expected to address: the circular economy and climate neutral economy, sustainable and accessible cities, green energy, protection and sustainable use of natural capital, sustainable agricultural, aquaculture and food production systems and society as a partner in the transformation of the European Green Deal.

It is worth noting that the packaging tax applies to more than just plastic in Lithuania, for example, there are separate tariffs for cardboard packaging, wood packaging and others.

Carbon pricing

	J	L
ETS implemented	X	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies	X	
Waste reduction/recycling technologies	X	
Emission reduction technologies	X	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	X	
Hydrogen-based fuels	X	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)	X	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	X	
Recycling, waste and landfills	X	
Electronic waste	X	
Emissions and air pollution	X	
Conventional and alternative fuels (vehicles and equipment)	X	
Energy/electricity generation, distribution and consumption	X	
Industrial and manufacturing processes	X	
Plastics and packaging	X	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	X	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Malaysia

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Outlook

Sustainability tax policies are still emerging in Malaysia. There are several green incentives available at the national level, taking the form of income tax credits, accelerated depreciation, grants and rebates.

The Malaysian Government has announced a proposal for a carbon tax to be implemented in Malaysia, as well as the development of a domestic emissions trading scheme.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration	☒	
Carbon tax implemented		
Carbon tax under consideration	☒	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills	☒	
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Mexico

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Outlook

Mexico's sustainability programs have been in place for several years, with a mix of incentives at the national and local level. Most local incentives are based in Mexico City.

Sustainability incentives include a 100% depreciation of machinery and equipment for renewable energy generation; reduction of payroll or property tax subject to the improvement of environmental conditions, such as, solid waste recycling, conservation of water and electric energy, reduction of polluting emissions, etc.

Mexico has two national cap and trade programs, a bond carbon market to facilitate the offsetting of greenhouse gas emissions through the purchase of carbon credits and the Clean Energy Certificates that certifies the production of a certain amount of electrical energy from renewable sources. There is also a tax on the carbon content of fossil fuels in effect since January 2014.

While there are no new incentives expected at the federal level in the short-term, at the state level, each government can grant incentives and attract investment to its state.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		☒
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		☒
Waste reduction/recycling technologies		☒
Emission reduction technologies		☒
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		☒
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		☒

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		☒
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

The Netherlands

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Outlook

The Netherlands has a well-established suite of environmental taxes and levies that mostly sit at the national level. New measures continue to emerge – such as a flight ticket tax and CO_2 taxes – that are intended to fight climate change and play a key role in the post-COVID-19 recovery and EU Green Deal.

The Dutch government is committed to an energy supply that is less dependent on other countries, high prices or polluting fuels. To achieve the Dutch Climate Plan target of a 43% emissions reduction compared to 2005, various incentive programs are available for Dutch entrepreneurs who invest in sustainable technologies.

Originally, Dutch environmental taxes were primarily focused on energy and fuel consumption. More recently, the government is concentrating on CO_2 reduction and new ways of raising revenues via plastic and carbon taxes. The Dutch Carbon Levy took effect in in 2021 and applies to installations already subject to the existing EU Emissions Trading System.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration	☒	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging	☒	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	☒
Recycling, waste and landfills	☒	☒
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	☒

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	☒	
Waste reduction/recycling	☒	☒
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging	☒	☒

New Zealand

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Outlook

Sustainability tax programs in New Zealand are still emerging and most measures are at the national level. New Zealand has a relatively low reliance on tax measures to incentivize sustainable activities. Apart from the New Zealand Emissions Trading Scheme, New Zealand primarily uses fuel or waste charges.

Recent developments include a new incentive for the purchase of low CO_2 emission vehicles. In addition, the Government is understood to be investigating the use of the tax system for environmental goals, so further developments may emerge over time.

It is worth noting that certain goods are subject to import restrictions or prohibitions in New Zealand. For example, ozone depleting substances, organic pollutants and hazardous waste.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	☒
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Peru

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Outlook

Sustainability tax programs are still emerging in Peru with most existing measures occurring at the national level.

Currently, the main government focus is promoting the switch to energy produced from renewable sources and reducing the use of single use plastic bags, expanded polystyrene single use containers, and single use plastic wraps, plastic straws and containers.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Poland

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Outlook

Poland has well-established green policies regarding air emissions, packaging, waste, water and wastewater. Other policies and tax measures are emerging, for the most part to implement or respond to EU legislation (e.g. the proposed plastic tax). Most green measures are established at the national level.

There are a variety of incentives available in Poland for green investments, including grands, rebates, tax deductions and loans. Carbon pricing in Poland is mostly influenced by EU legislation pertaining to the EU Emissions Trading Scheme. Country-level taxes are focused on energy, air emissions, packaging, waste, water and wastewater.

Since Poland is at the beginning of its transition away from fossil fuels, the tax system remains dynamic to facilitate these changes. Taxes and surcharges also depend on EU legislation. Poland is actively working on additional measures like a plastic tax and Extended Producer Responsibility fees.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Portugal

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Outlook

Sustainability tax programs have been increasing in Portugal over the past 10 years with a recent uptick in the number of initiatives. Most measures sit at the national level and are fairly consistent with those applied by other countries in the EU with a focus on carbon mitigation and low-emission initiatives such as support for battery electric vehicles.

There are two different carbon taxes in Portugal, one that generally applies to CO_2 emissions mainly from the industry, building and transport sectors and one on air and sea travel. Portugal also participates in the EU emissions trading system. There are also multiple fuel and environmental taxes.

The Portuguese government is currently legislating several green proposals with some expected to see enactment.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	☒
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	☒
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Romania

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Outlook

Sustainability tax programs are well established in Romania and continue to develop at the national level. A wide array of green incentives are available and green taxes, including a packaging tax, oil tax and tire tax were implemented many years ago.

New taxes were introduced in 2017 on waste electrical and electronic equipment and portable batteries and accumulators. Additionally, single-use plastic restrictions were recently implemented.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging	☒	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Russia

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Outlook

Sustainability tax is quite new for Russia and is still under development. Some measures are in force and successfully implemented, including incentives. The incentives are accelerated tax depreciation and tax credits (i.e. deferred tax payments) for companies investing in energy efficient assets and the best available technologies.

There is no national carbon tax or emissions trading system, but there are several quasi environmental taxes, including a mineral extraction tax, a utilization fee for the automotive industry, an eco-fee for importers and manufacturers of mostly consumer products and charges for negative impacts on the environment from any industrial production.

Discussions on more sustainability tax measures are ongoing within the Russian government, but no consensus is clear. Of note, in Sakhalin, a far-east Russian region, authorities expect the region to achieve carbon neutrality by 2025 under the first Russian experimental project which involves a trial greenhouse gas emissions trading mechanism.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		☒
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste	☒	
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Singapore

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Outlook

Singapore has traditionally maintained sustainability tax incentives to encourage businesses to embrace sustainability. Singapore's sustainability tax incentives mainly focus on energy efficiency, adoption of technology or solutions for reduction of carbon emissions and the adoption of alternative sources of renewable energies. These incentives are periodically renewed or updated to ensure that Singapore stays on track to meet its environmental sustainability goals in the face of accelerating climate change.

Singapore was one of the first Asian countries to implement an economy-wide carbon tax in 2019 and the level of carbon tax may adjust in line with Singapore's carbon tax trajectory.

Sustainability comprised a notable portion of Singapore's Budget 2021's statement, with the release of the Singapore Green Plan 2030 laying out the government's targets for Singapore. The Plan includes whole-of-government measures to improve public sector emissions targets and new incentives in order to encourage development of Singapore's competencies in food security, energy management and green finance.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training	☒	
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

South Africa

Contact: Coral Pettit

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Outlook

Sustainability tax programs in South Africa are still emerging and generally take place at the national level, including the carbon tax enacted in 2019.

There are currently sustainability incentives related to reducing energy usage or using renewable energy. These incentives take the form of tax credits, tax deductions, grants or rebates and apply to expenditures for certain technologies, assets or infrastructure. South Africa also offers incentives for electricity generation from clean/green sources.

The South African carbon regime enacted in 2019 applies an in-country cost to industrial greenhouse gas emissions. The current carbon tax regime will be reviewed in 2022. The expectation is that most if not all existing allowances will be removed, which will drastically increase this tax (allowances currently allow for up to a 95% reduction).

In 2020, the government announced plans to introduce legislation to tax the use of plastic in production.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies	☒	
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills	☒	
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation		
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

South Korea

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Outlook

Sustainability tax programs in South Korea are constantly evolving, with some tax programs (e.g. green savings) recently eliminated and investment-related tax programs revised yearly. Most of the existing green policies are controlled by the central government, including the Korea ETS (K-ETS) launched in 2015.

With an increased focus on carbon mitigation and a vow to be carbon neutral by 2050, there are ongoing discussions regarding the design and implementation of a carbon tax. Some argue that the existing levies on water and air pollution are too complex to calculate, which could open the door for an economy-wide carbon regime.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	☒	
Waste reduction/recycling	☒	
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

Spain

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Outlook

Spain has an established, but still developing sustainability tax system with a national carbon tax as well as numerous green taxes, fees, exemptions, and incentives. The carbon tax and a few environmental taxes, exemptions, and incentives are implemented at the national level, but the majority of sustainability taxes and exemptions fall at the local level and thus treatment is inconsistent across Spain.

There are national tax credits available for investments in certain qualifying areas, including renewable energy sources, land-based means of transportation or to avoid pollution.

More green taxes could be implemented in the future as proposals for comprehensive tax reform include a tax on single-use plastic packages, a landfill tax and adding environmental elements into existing direct and indirect taxes.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	☒
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		☒
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	☒
Recycling, waste and landfills	☒	☒
Electronic waste		
Emissions and air pollution	☒	☒
Conventional and alternative fuels (vehicles and equipment)	☒	☒
Energy/electricity generation, distribution and consumption	☒	☒
Industrial and manufacturing processes	☒	☒
Plastics and packaging		☒

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	☒	☒
Waste reduction/recycling		☒
Electronic waste		
Emission reduction	☒	☒
Conventional and alternative fuel vehicles and equipment		☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines		☒
Renewable energy (solar, wind, geothermal, etc.)	☒	☒
Conventional generation	☒	☒
Energy efficiency, industrial and manufacturing processes	☒	☒
Plastics and packaging		☒

Switzerland

Contact: Anouck Saugy

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Outlook

Switzerland has a long history of environmentally focused legislation and new initiatives are also under discussion. There are measures at the Federal, cantonal, and municipal level. Most initiatives (legislation and financial support) come from the federal level but are operationalized differently in each canton or municipality.

Environmental topics enjoy a high degree of interest in society and economy in Switzerland, as reflected in popular initiatives past and present. Switzerland has one of the highest carbon prices in the world through the CO_2 levy. Significant legislative changes may be on the horizon, especially as the CO_2 Act is due to expire without any follow-up legislation in place. It is possible, for example, that the Swiss government may follow the EU's lead and propose a Swiss Carbon Border Adjustment Mechanism (CBAM).

The following information is a representative summary of the most material elements in the Swiss federal environmental legislative landscape. Local taxes, exemptions and financial support schemes on a Cantonal or municipal level are not generally depicted.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented	☒	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	☒
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	☒
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies	☒	☒
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		☒
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		☒
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		☒
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	☒
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	☒

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Taiwan

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Outlook

Sustainability tax policies in Taiwan are still emerging with most measures enacted at the federal level. In 2015, Taiwan passed an environmental protection regulation named the Greenhouse Gas Reduction and Administration Act. This law established a long-term Taiwan greenhouse gas emission reduction goal of 50% by 2050. Under the Act, there are no provisions for taxes, fees, or charges.

A proposed amendment to the Act includes a carbon fee proposal is currently being legislated by the Taiwanese government. The amendment is expected to be finalized in the near future.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration	☒	
Carbon tax implemented		
Carbon tax under consideration	☒	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies	☒	
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Turkey

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Outlook

Sustainability tax programs in Turkey are still emerging with new measures mostly introduced at the national level. The Turkish government is actively working to introduce more measures to protect the environment and increase resource productivity. In line with these efforts, the Environment Agency of Turkey was established at the end of 2020.

There are currently national sustainability incentives that take the form of grants, rebates or loans.

Turkey's most prominent green tax measures are the Environment Contribution Fee and the Recycling Contribution Fee, there is no carbon tax.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration	☒	
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste	☒	
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging	☒	

United Kingdom

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Outlook

Sustainability tax programs are well established in the UK. The UK was a founding member of the EU Emissions Trading Scheme (ETS) in 2005, the UK climate change levy caused a behavioural change away from coal-fired power generation and the carbon price under the EU ETS is underpinned by a carbon floor. The measures are predominantly national, though some environmental targets differ between England, Wales and Scotland. Scotland has, for example, a more ambitious emission reduction target than the UK.

With the UK's exit from the EU, the UK has introduced its own ETS which has generated a carbon price that is currently slightly above the EU carbon price. Other focus areas include a climate change levy, various fuel duties and other environmental taxes, with a new plastic packaging tax coming into force in 2022.

The UK HM Treasury report on Net Zero released in late October may lay the foundation for further tax measures. The report explores key issues as the UK decarbonizes, the potential exposure of businesses and households to the transition and factors to be considered when designing a decarbonization policy.

Carbon pricing

	J	L
ETS implemented	☒	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies	☒	
Waste reduction/recycling technologies		
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging	☒	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills	☒	
Electronic waste		
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption	☒	
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines	☒	
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation	☒	
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

United States

Contact: Cathy Koch, Paul Naumoff

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Outlook

The US has well-established green incentives (both tax and non-tax) for renewable energy, fleet decarbonization and energy-efficiency at both the national and local level. Most regulatory measures have been established at the local level, while the incentives are spread across both national and local levels. Several local jurisdictions have implemented or are considering an ETS or carbon tax; however, the outlook for federal, bipartisan carbon pricing action remains limited.

The top focus areas in US sustainability measures are fuel taxes, rebate and grant programs, performance-based and green building incentives, fleet decarbonization/electrification, corporate tax credits for renewable energy and alternative fuel production, and energy investment and storage.

US local jurisdictions are actively working on expanding green tax incentives and carbon pricing regimes. At the federal level, there is much discussion around green policy and related tax measures, but bipartisan consensus is difficult in the current political climate.

Carbon pricing

	J	L
ETS implemented		☒
ETS under consideration		☒
Carbon tax implemented		
Carbon tax under consideration		☒

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	☒
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		☒
Water use reduction technologies		
Waste reduction/recycling technologies		☒
Emission reduction technologies	☒	☒
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	☒
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)	☒	☒
Renewable energy generation (solar, wind, geothermal, etc.)	☒	☒
Innovate		
Use of recycled materials/investment in recycling equipment		☒
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)	☒	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		☒
Electronic waste		☒
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)	☒	☒
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		☒

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	☒
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Vietnam

Contact: Huong Vu

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Return to jurisdiction list

J = Jurisdictional level; L = Local level

Outlook

Sustainability tax programs, mostly at the national level, have been established in Vietnam for a quite long time with a Natural Resources Tax in place since the 2000s and Environmental Protection Tax since 2010s.

However, new measures are still emerging. The Law on Environmental Protection will come into force from 1 January 2022. Additionally, the Vietnamese government is actively working to implement new measures and will release the detailed guidance on an emission trading system in the near future.

The Vietnamese government also enacted incentives and assistance for business activities related to environmental protection to encourage enterprises to seize opportunities from sustainability, clean energy transition and waste reduction.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration	☒	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	☒	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	☒	
Water use reduction technologies		
Waste reduction/recycling technologies	☒	
Emission reduction technologies	☒	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	☒	
Hydrogen-based fuels		
On-site generation (cogeneration/waste heat/fuel cells/microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	☒	
Innovate		
Use of recycled materials/investment in recycling equipment	☒	
R&D machinery for manufacturing "green" products	☒	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging	☒	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	☒	
Recycling, waste and landfills	☒	
Electronic waste	☒	
Emissions and air pollution	☒	
Conventional and alternative fuels (vehicles and equipment)	☒	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes	☒	
Plastics and packaging	☒	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	☒	
Electronic waste		
Emission reduction	☒	
Conventional and alternative fuel vehicles and equipment	☒	
On-site generation (cogeneration/waste heat/fuel cells/microturbines		
Renewable energy (solar, wind, geothermal, etc.)	☒	
Conventional generation		
Energy efficiency, industrial and manufacturing processes	☒	
Plastics and packaging		

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