

Taxing Energy Use 2019: Country Note – Slovenia

This note explains how Slovenia taxes energy use. The note shows the distribution of effective energy tax rates – the sum of fuel excise taxes, explicit carbon taxes, and electricity excise taxes, net of applicable exemptions, rate reductions, and refunds – across all domestic energy use. It also details the country-specific assumptions made when calculating effective energy tax rates and matching tax rates to the corresponding energy base.

The note complements the Taxing Energy Use 2019 report that is available at <http://oe.cd/TEU2019>. The report analyses where OECD and G20 countries stand in deploying energy and carbon taxes, tracks progress made, and makes actionable recommendations on how governments could do better to use taxes to reach environmental and climate goals.

The general methodology employed to calculate effective energy tax rates and assign tax rates to the energy base is explained in Chapter 1 of the report. The official energy tax profile for Slovenia can be found in Chapter 2 of the report. Chapter 3 additionally shows effective carbon tax rates per tonne of CO₂, and presents the corresponding carbon tax profiles for all countries. The report also contains StatLinks to the official data.

Structure of energy taxation

Energy and carbon taxes in Slovenia are levied within the framework of the 2003 European Union (EU) Energy Tax Directive, which sets minimum rates for the taxation of energy products in EU member states. Within this framework, as at 1 July 2018, the main taxes on energy use in Slovenia are the following:

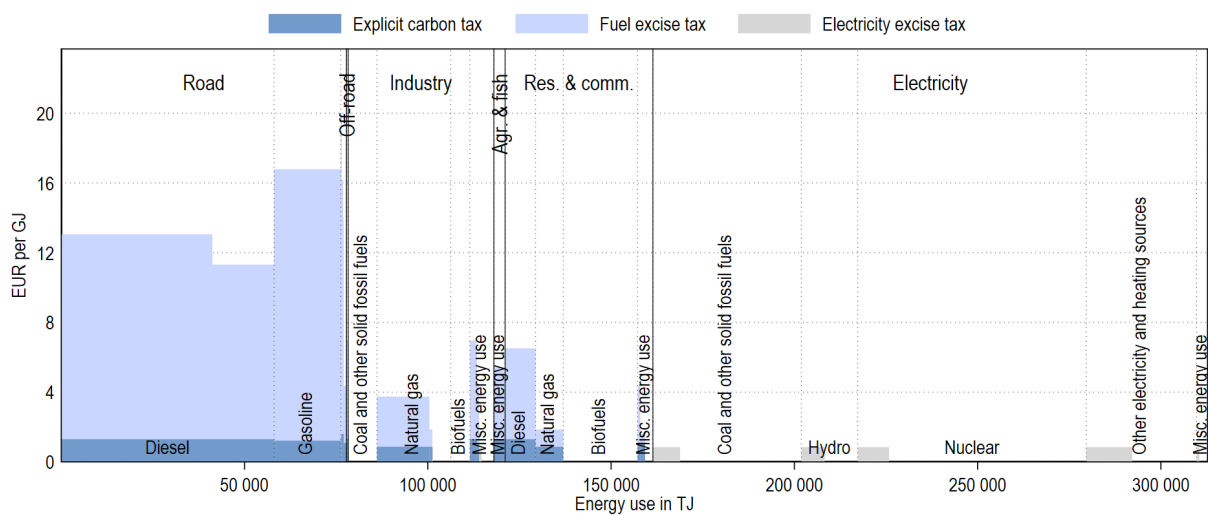
- An energy tax applies to specified uses of oil products, natural gas and coal and coke consumption;
- A carbon tax with a nominal rate of EUR 17 per tonne of CO₂ applies to the same fossil fuels subject to the energy tax;
- Electricity consumption is taxed (per MWh), except if used for chemical reduction and electrolytic and metallurgical processes.

Slovenia participates in the EU emissions trading system (ETS) (OECD, 2018^[1]). Permit prices are not shown in the energy tax profiles. The firms that participate in the ETS are additionally subject to all applicable excise taxes, including the carbon tax.

Effective tax rates on energy use in the Slovenia

The taxes result in effective tax rates that can differ across energy products and uses, as described below. Figure 1 provides an overview of how energy and carbon taxes apply across the economy. The remainder of this document discusses details on tax rates and tax bases for each of the six economic sectors.

Figure 1. Effective tax rates on energy use by sector and energy category

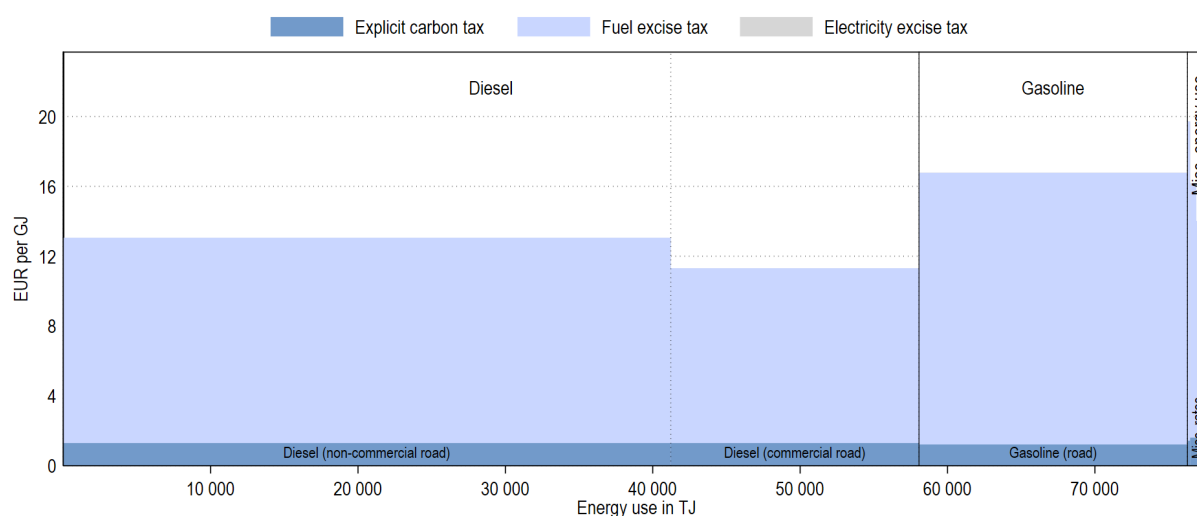


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the bottom) that represent less than 1% of a country's energy consumption are grouped into "misc. energy use" and may not be labelled.

Road

In the road sector, gasoline is taxed at the highest rate, followed by diesel. Diesel used for professional/commercial transport purposes is taxed at a lower statutory tax rate. LPG and natural gas use (not labelled in the figure) are taxed at significantly lower rates than gasoline and diesel. Biodiesel and biogasoline (grouped under misc. energy use) that are blended with their fossil fuel equivalents are taxed at the same statutory rates. However, considering their lower heating value, effective tax rates per GJ are higher. LPG and natural gas are taxed as well, but their use is very low (also grouped under misc. use).

Figure 2. Effective tax rates on energy use in the road sector

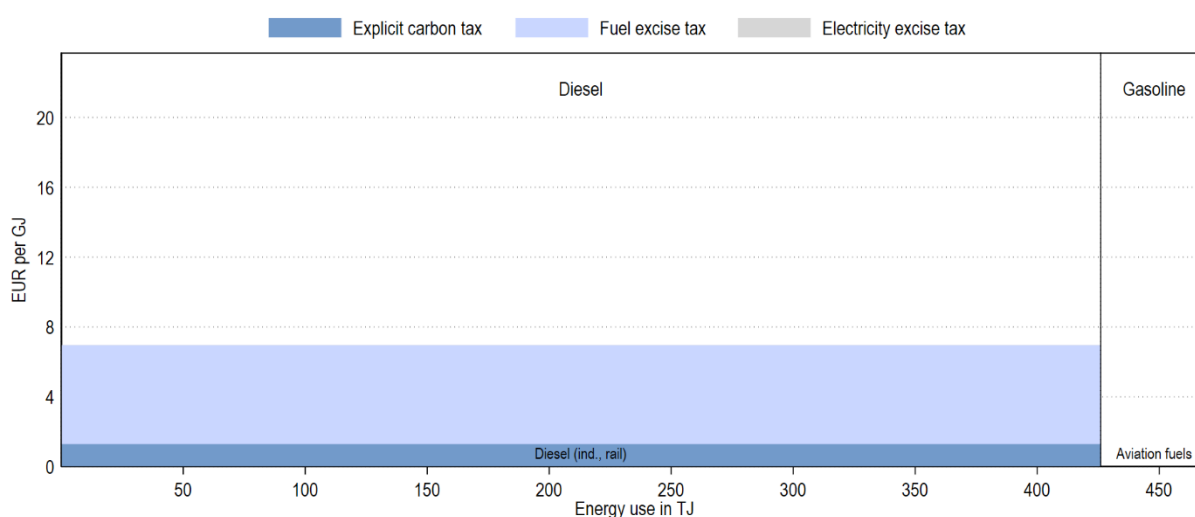


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

Off-road

Diesel used in rail is taxed at the same rate as when used in stationary motors for business purposes. Aviation fuels are untaxed.¹

Figure 3. Effective tax rates on energy use in the off-road sector



Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

¹ Fuels used for domestic navigation are untaxed as well, but the IEA does not report any energy use for domestic navigation.

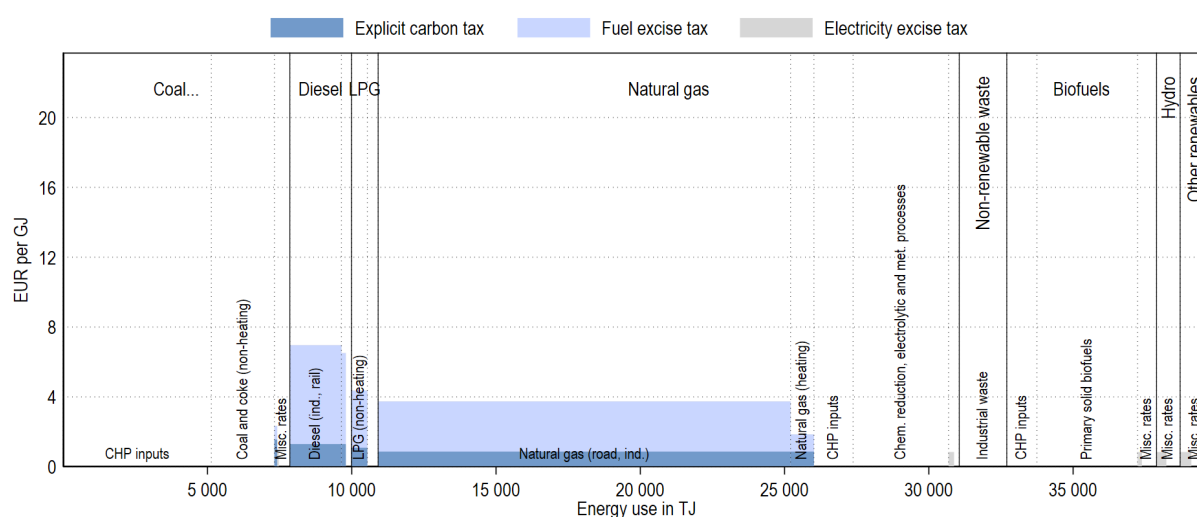
Industry

In principle, fossil fuels in the industry sector are subject to both fuel excise and carbon tax. This includes firms that participate in the ETS that are fully subject to both fuel excise and carbon tax.

However, fuels used in chemical reduction, electrolytic and metallurgical processes are not taxed, and neither is coal used for non-heating purposes. Inputs into autoproducer electricity plants and combined heat and power (CHP) plants are untaxed, and so are waste, biofuels and other renewables.

Electricity produced by autogeneration plants is subject to electricity excise taxes under the same conditions as main-producer electricity plants (see electricity section below).

Figure 4. Effective tax rates on energy use in the industry sector

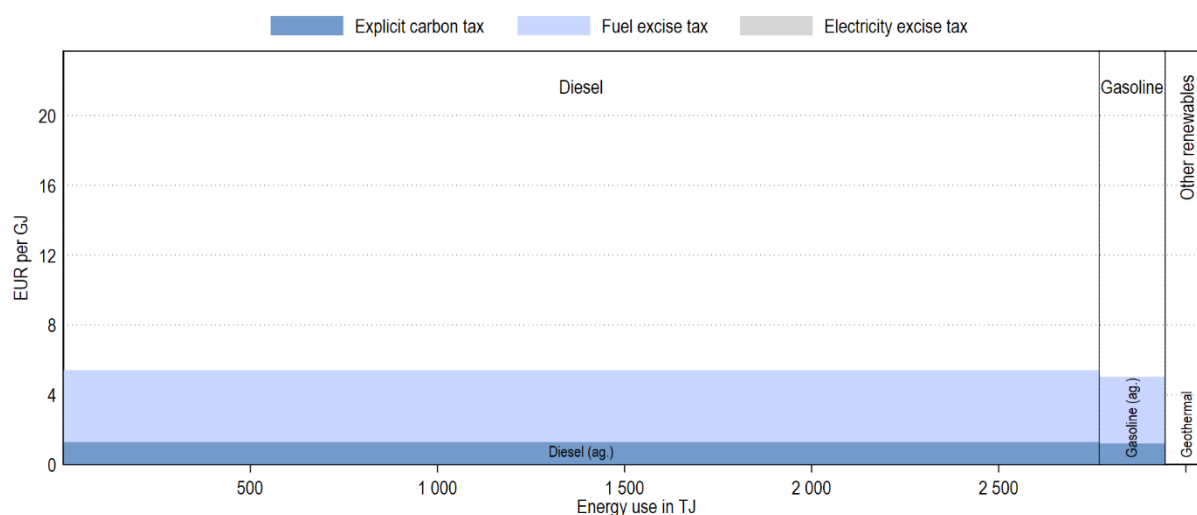


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

Agriculture and fisheries

Fossil fuels used in the agriculture and fishing sector are subject to both excise tax and carbon tax. Other renewables, here geothermal, are not taxed as in the other sectors.

Figure 5. Effective tax rates on energy use in agriculture and fisheries

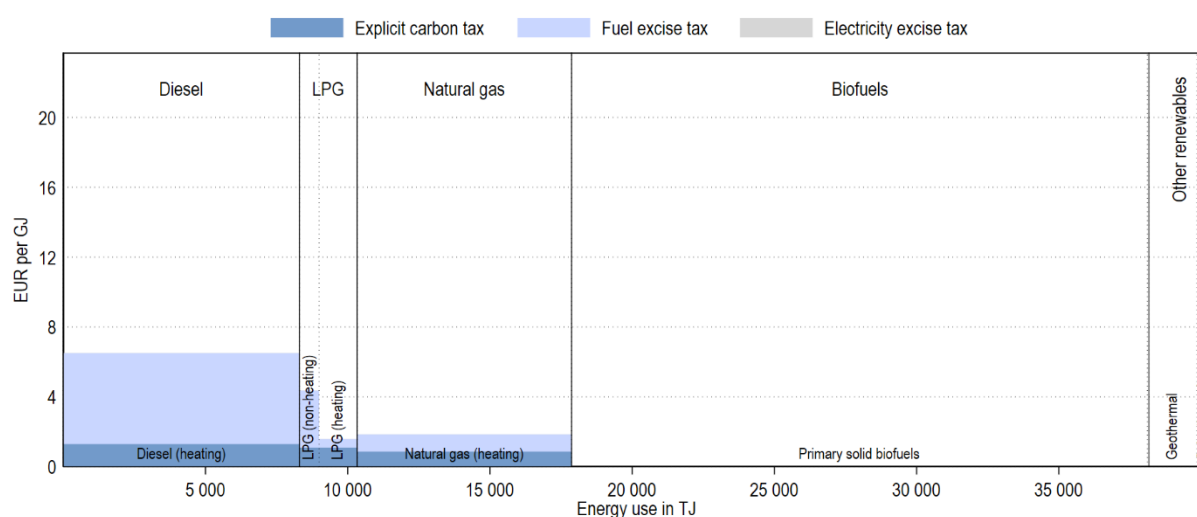


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

Residential and commercial

In the residential and commercial sector, fossil fuels are taxed. Non-liquid biofuels and other renewables are not taxed as in the other sectors.

Figure 6. Effective tax rates on energy use in the residential and commercial sector

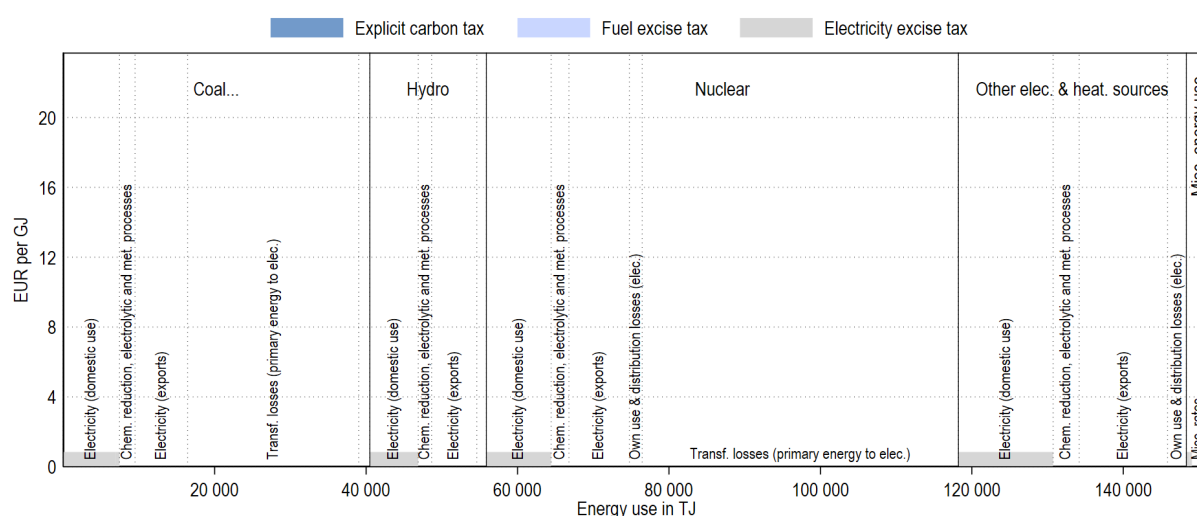


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Electricity

All energy sources used to generate electricity are untaxed. Electricity consumption, on the other hand, is generally subject to an electricity excise tax (per MWh). Electricity consumption is not taxed when used for chemical reduction, electrolytic and metallurgical processes. Electricity exports are not taxed in Slovenia, but may be subject to electricity taxes elsewhere.

Figure 7. Effective tax rates on energy use in the electricity sector



Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

References

- IEA (2018), "Extended world energy balances", *IEA World Energy Statistics and Balances* (database), <http://dx.doi.org/10.1787/data-00513-en>. (accessed on 16 October 2018) [2]
- OECD (2018), *Effective Carbon Rates 2018: Pricing Carbon Emissions Through Taxes and Emissions Trading*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264305304-en>. [1]