

Taxing Energy Use 2019: Country Note – Austria

This note explains how Austria 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 Austria 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 in Austria

Energy taxes in Austria 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 Austria are the following:

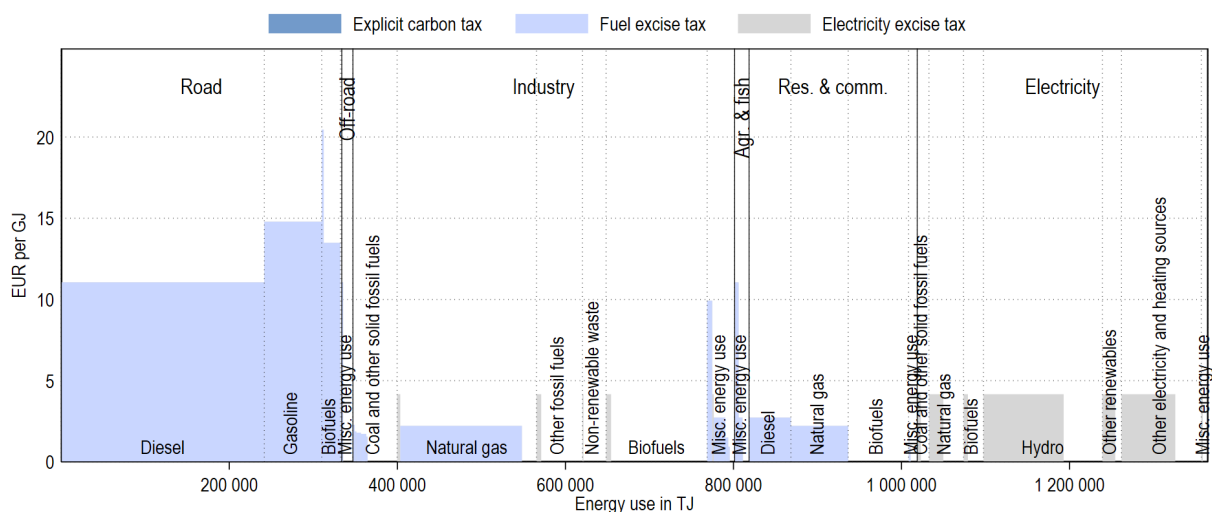
- A Mineral oil tax (*Mineralölsteuer*) applies to petrol, medium heavy oils (e.g. kerosene), gasoil, gaseous hydrocarbons (excl. natural gas), fuel oil and LPG. Excise tax rates vary by lead content, by biogenic substances content and by sulphur content.
- Energy taxes (*Energieabgaben*) apply to:
 - Natural gas (*Erdgasabgabe*)
 - Solid fossil fuels (*Kohleabgabe*)
 - Electricity (*Elektrizitätsabgabe*)

Austria participates in the EU emissions trading system (ETS) (OECD, 2018^[1]). Permit prices are not shown in the energy tax profiles.

Effective tax rates on energy use in Austria

Tax rates can differ across energy products and users, as described below. Figure 1 provides an overview of how specific taxes on energy use apply to different energy categories 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

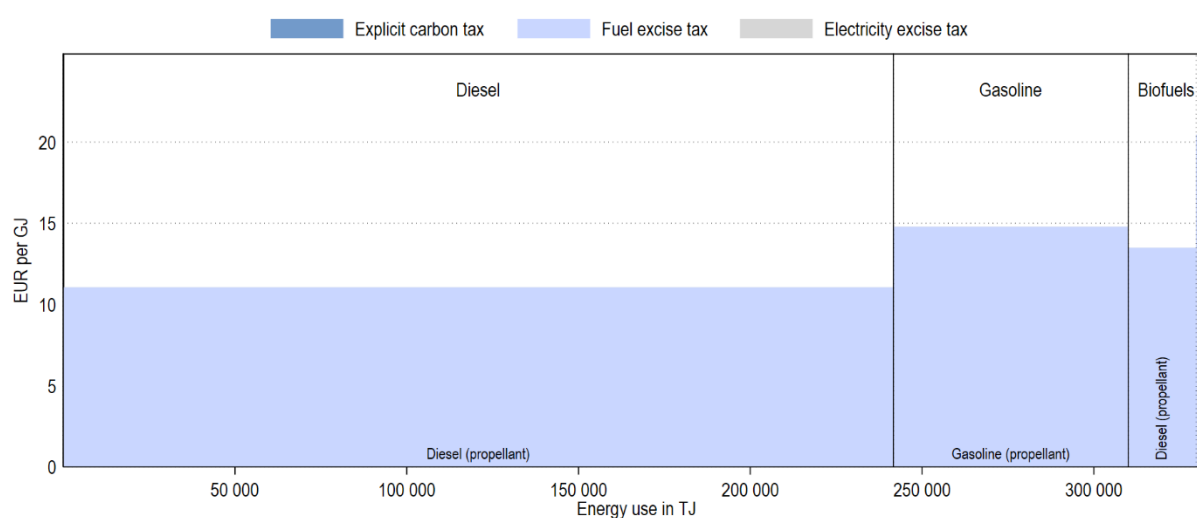


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the bottom) that represent less than 1% of a country's energy consumption are grouped into "misc. energy use" and may not be labelled.

Road

Figure 2 shows that within the road sector, gasoline is taxed at a higher effective tax rate than diesel. Other fossil fuels used for road use are also taxed (LPG, natural gas), albeit at lower rates, and their consumption is too low to be discernible in the figure. Most use of biodiesel and bioethanol takes place as blends with their fossil fuel equivalents. In this case, biofuels are taxed at the same rate as their fossil fuel equivalents, which translates into higher effective energy tax rates per GJ, as the heating content of a litre of biofuels is lower than that of their fossil fuel equivalents. There is a tax exemption for pure biofuels (not modelled for the road sector as this form of consumption is low).

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

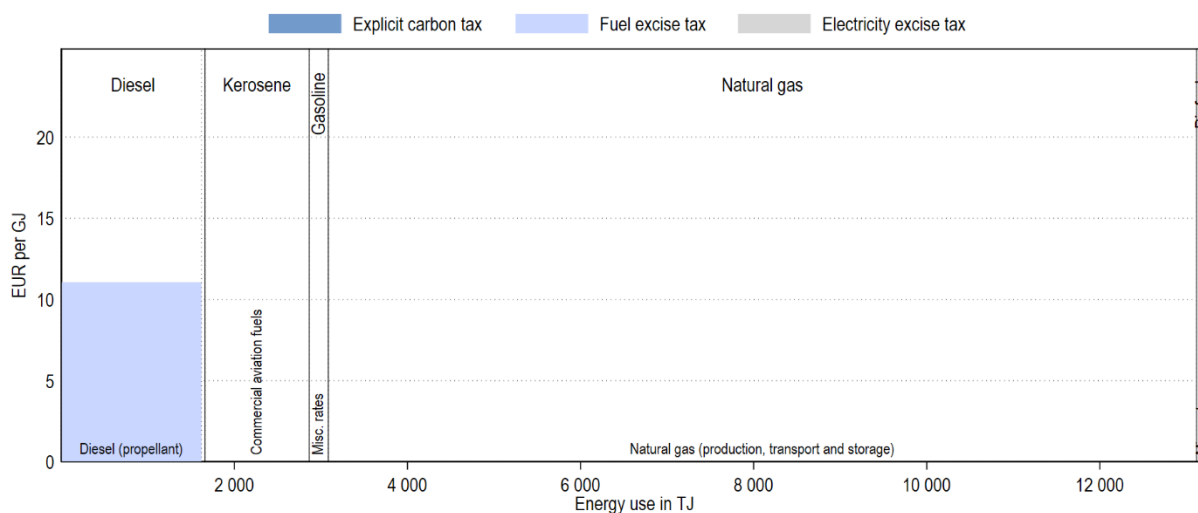


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled.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

Off-road

In the off-road sector, railway fuels (diesel) are taxed at the same rates as in road transport. Mineral oils used in commercial aviation and navigation are tax exempt (the latter is not discernible in the figure).¹ Natural gas used for production, transport and storage is exempt from tax.

Figure 3. 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.

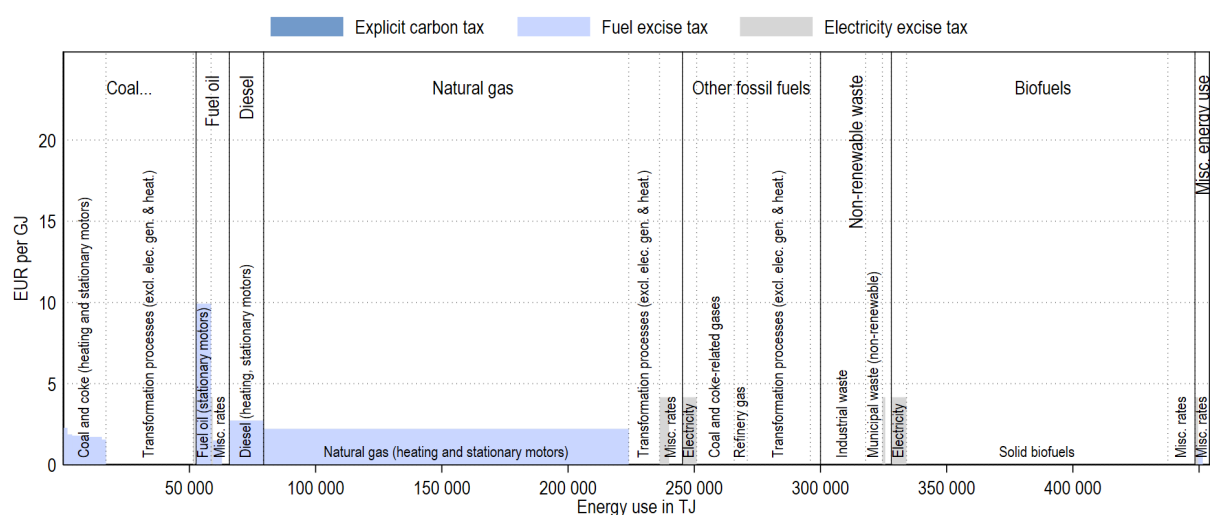
¹ Fuels used in private pleasure craft and private planes are taxed (not modelled in TEU due to a lack of consumption data).

Industry

Coal and coke, fuel oil, diesel and natural gas are taxed when used for heating or in stationary motors (Figure 4). Energy products used in transformation processes (other than heating) are not taxed. Other fossil fuels, mainly coal and coke-related gases and refinery gas used in combined heat and power plants, are not taxed. Non-renewable waste and biofuels are not taxed, as in the other sectors. Electricity from industrial cogeneration is in principle subject to the general electricity tax (called “electricity excise tax” in TEU) (see electricity section below).

For the manufacturing sector the paid taxes on electricity, gas, solid fossil fuels, mineral oil and liquid gas are partly refunded (not modelled in TEU due to data constraints). The paid taxes are refunded insofar as their sum exceeds 0.5% of the net production value and/or the minimum tax rates of the EU Energy Tax Directive are met. The refund occurs upon application.

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

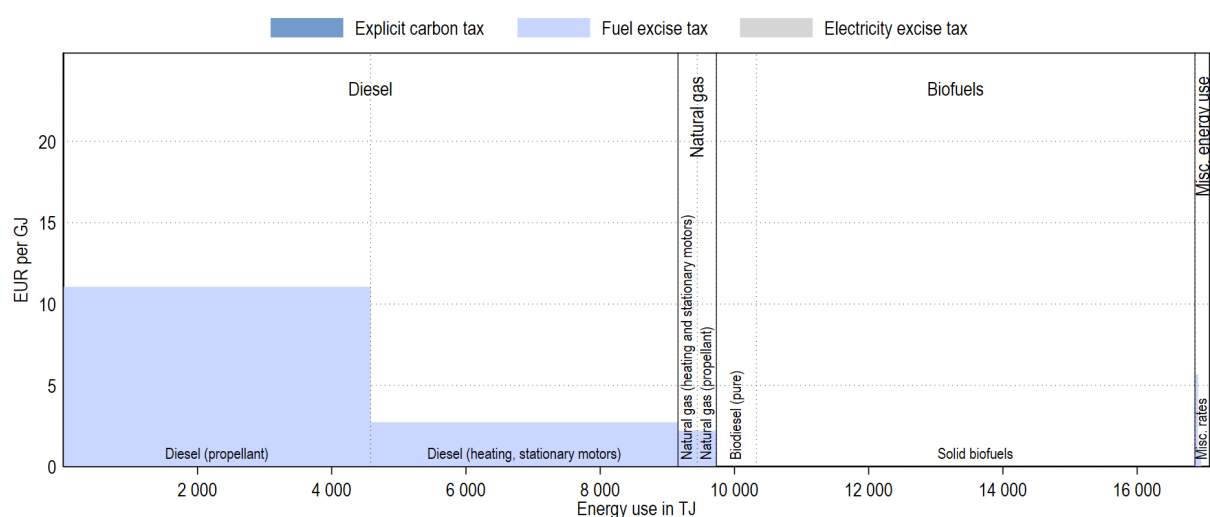


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector’s energy consumption are grouped into “misc. energy use” and may not be labelled. 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 fisheries (Figure 5) sector are taxed at their standard rates. Pure biofuels benefit from a tax exemption.

Figure 5. Effective tax rates on energy use in the agriculture & fisheries sector

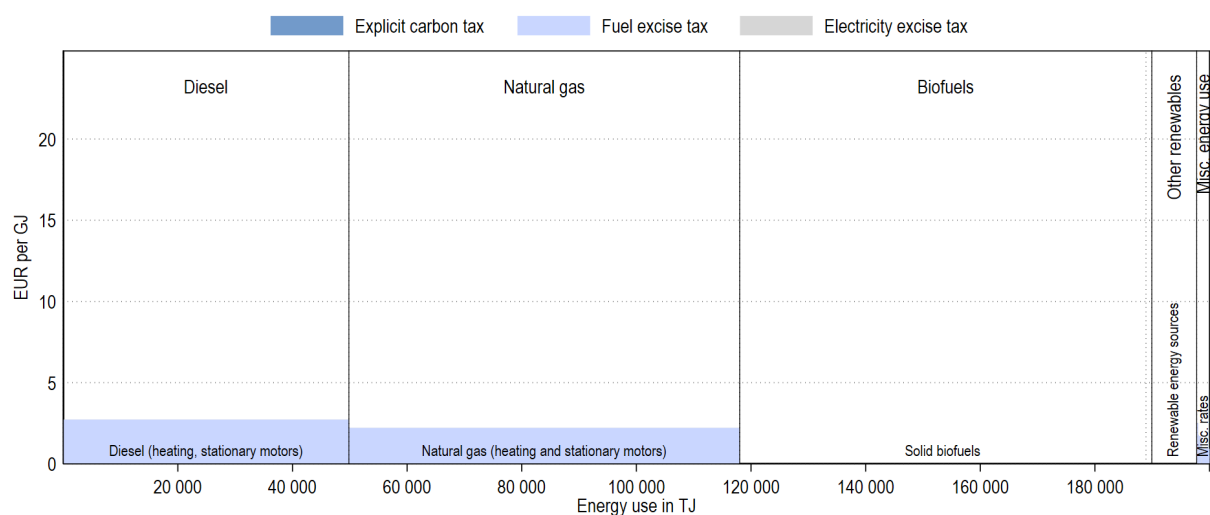


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled.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

Residential and commercial

Fossil fuel use in the residential and commercial sectors is taxed (Figure 6). Pure biofuels and other renewables are not taxed, as in the other sectors. Notice that TEU reports the energy use associated with electricity and district heating consumption in the industry and electricity sector as that is where the primary energy consumption occurs.

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

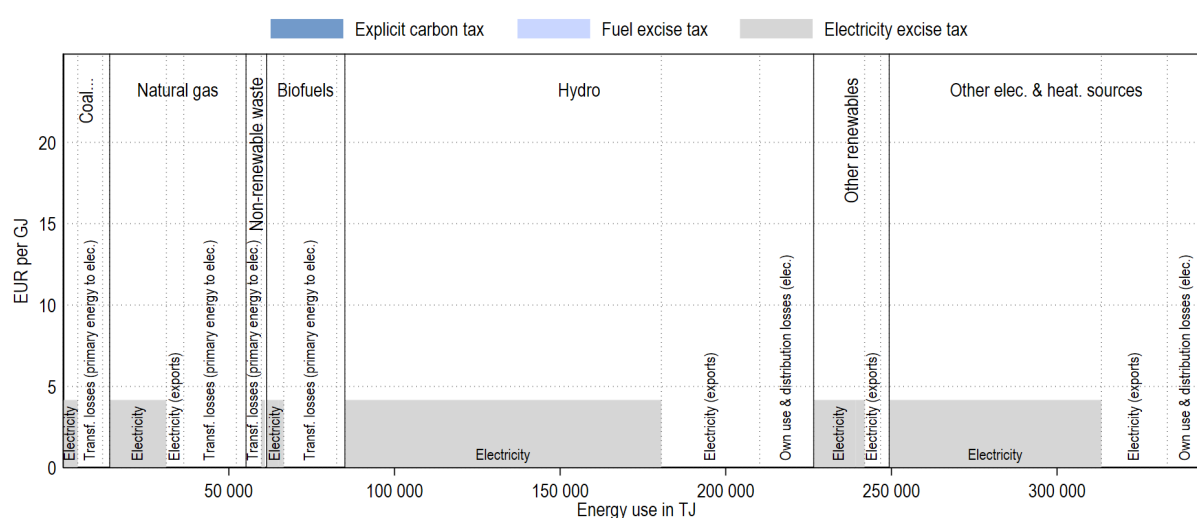
Electricity

Figure 7 shows how the electricity sector, as defined in TEU, is taxed in Austria. The fuels used to generate electricity are not taxed², but the electricity sector is covered by the EU ETS (OECD, 2018^[1]).

The use of electricity, on the other hand, is subject to a tax per kWh. As is standard, electricity exports are not subject to the electricity tax in Austria, but may be subject to electricity taxes elsewhere.

For the manufacturing sector the paid taxes on electricity are partly refunded (not modelled in TEU due to data constraints). The paid taxes are refunded insofar as their sum exceeds 0.5% of the net production value and/or the minimum tax rates of the EU Energy Tax Directive are met. The refund occurs upon application.

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]

² Full tax refunds apply to solid fuels and natural gas used for electricity generation