

## *Taxing Energy Use 2019: Country Note – Greece*

*This note explains how Greece 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 Greece can be found in Chapter 2 of the report. Chapter 3 additionally shows effective carbon tax rates per tonne of CO<sub>2</sub>, and presents the corresponding carbon tax profiles for all countries. The report also contains StatLinks to the official data.*

### **Structure of energy taxation in Greece**

Energy and carbon taxes in Greece 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.

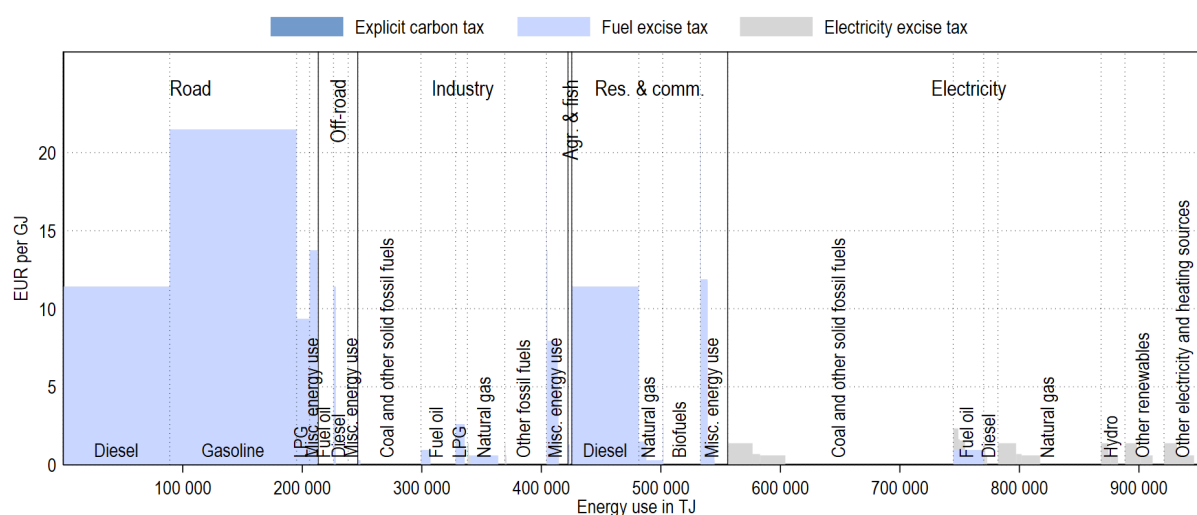
Within this framework, as at 1 July 2018, the Special Consumption Tax (SCT) (*Ειδικός Φόρος Κατανάλωσης*) applies to liquid, gaseous and solid fuels, including biofuels, as well as to electricity consumption by end users.

Greece does not levy a carbon tax, but the country participates in the EU emissions trading system (ETS) (OECD, 2018<sup>[1]</sup>). Permit prices are not shown in the energy tax profiles.

## Effective tax rates on energy use in Greece

Tax rates can differ across energy products and users, as described below. Figure 1 provides an overview of how energy taxes 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**

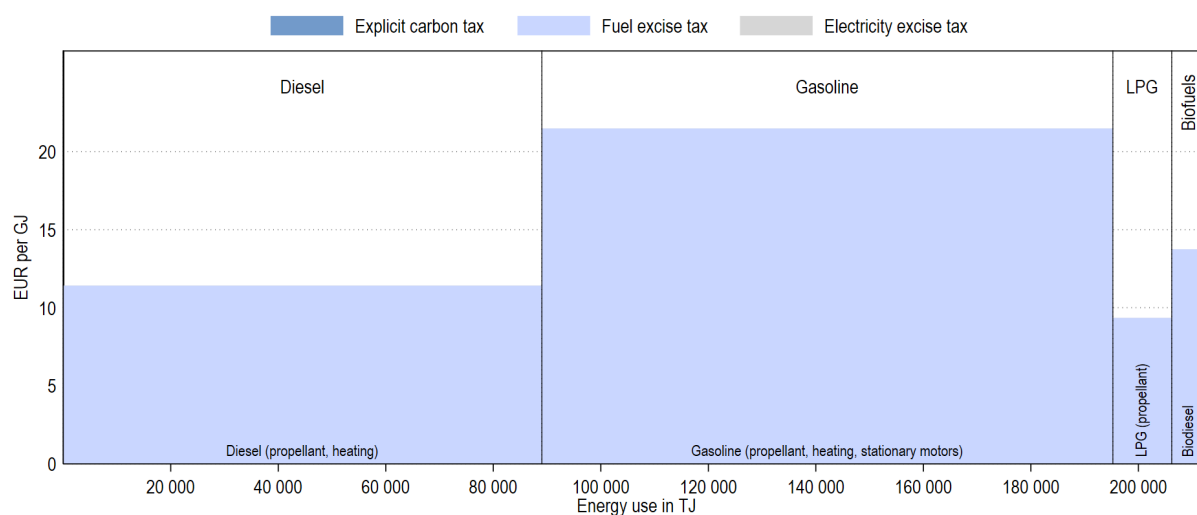


*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the bottom) that represent less than 1% of a country's energy consumption are grouped into "misc. energy use" and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

## Road

Figure 2 shows that within the road sector, gasoline is taxed at a higher effective tax rate than diesel. LPG is also taxed at its propellant rate. Biodiesel is taxed at the same statutory rate as diesel, which translates into a higher effective rate because the energy content per litre is lower.

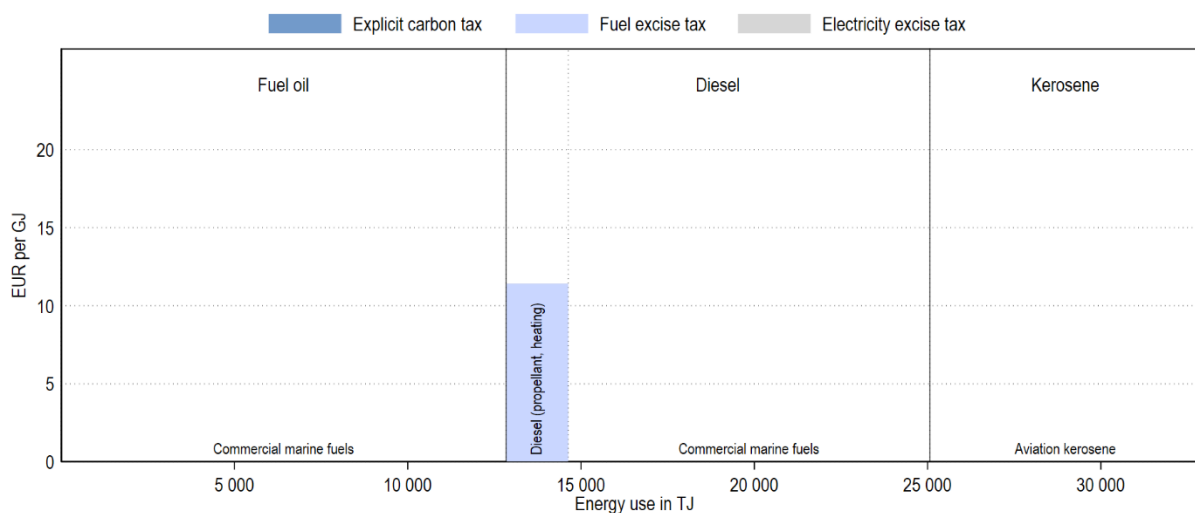
**Figure 2. Effective tax rates on energy use in the road sector**



*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *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

Fossil fuels used in the off-road sector are untaxed when used for commercial navigation (“marine”) and commercial aviation.<sup>1</sup> Diesel used in rail is taxed at its propellant rate.



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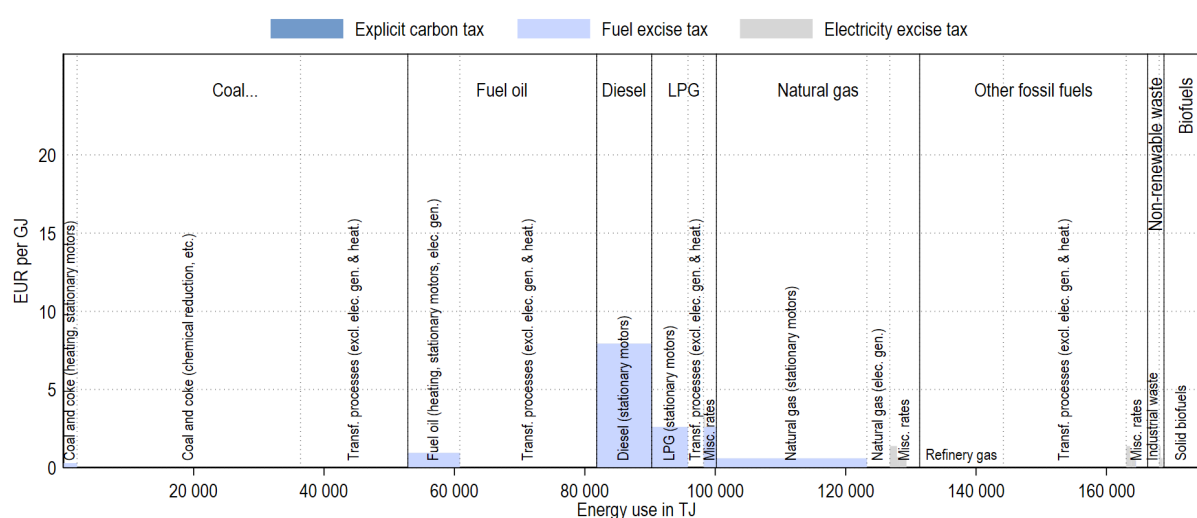
<sup>1</sup> Diesel and kerosene used in private pleasure craft and private planes are taxed (not modelled in TEU due to a lack of consumption data).

## Industry

Most fossil fuels used in the industry are taxed in principle. Fossil fuels that are used in industrial processes are, however, not taxed if the conditions for non-taxation of the EU Energy Tax Directive are fulfilled. Refinery gas is not taxed when the consumption takes place within the curtilage of an establishment producing energy products. Non-renewable waste and solid biofuels are not taxed either, unless when used as motor or heating fuels.

Electricity from industrial cogeneration is subject to the electricity tax (called “electricity excise tax” in TEU) (see electricity section below).

**Figure 3. Effective tax rates on energy use in the industry sector**

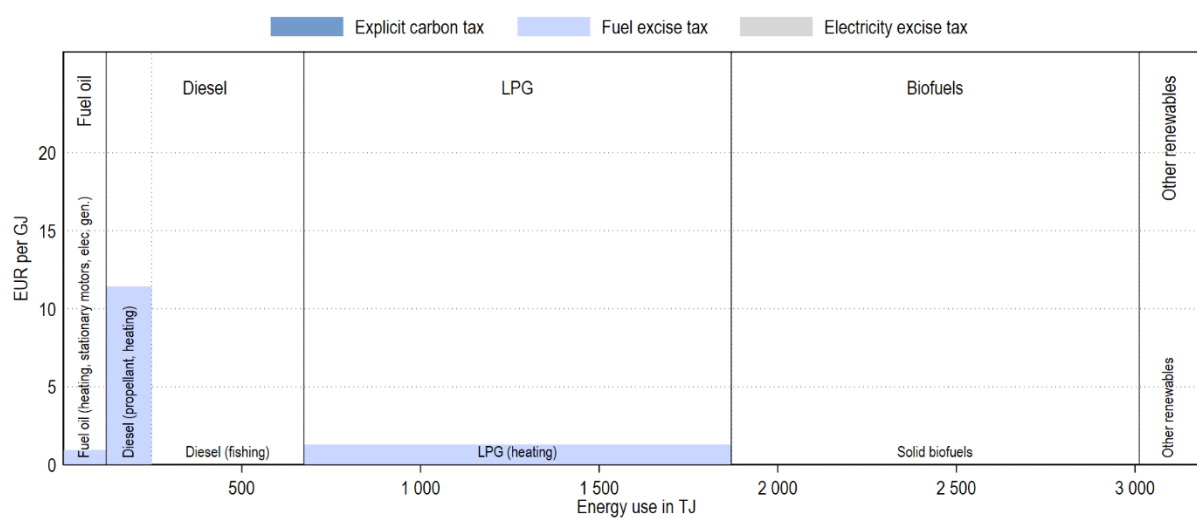


*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector’s energy consumption are grouped into “misc. energy use” and may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

### *Agriculture and fisheries*

Fuel oil and diesel used in agriculture are taxed. Diesel used for fishing purposes is not taxed. LPG is taxed. Solids biofuels are untaxed, unless used as motor or heating fuels. Other renewables are untaxed when consumed for own use.

**Figure 4. Effective tax rates on energy use in the agriculture & fisheries sector**

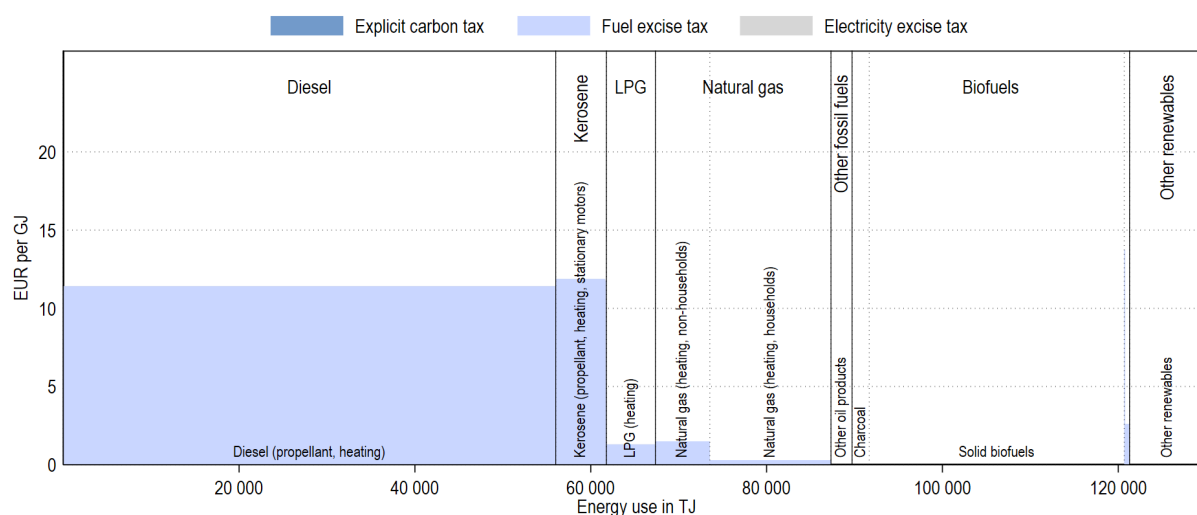


*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may 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 sector are generally taxed (Figure 5). Charcoal and solid biofuels are not taxed, unless used as motor or heating fuels. Other renewables are not taxed if consumed for own use.

**Figure 5. Effective tax rates on energy use in the residential & commercial sector**



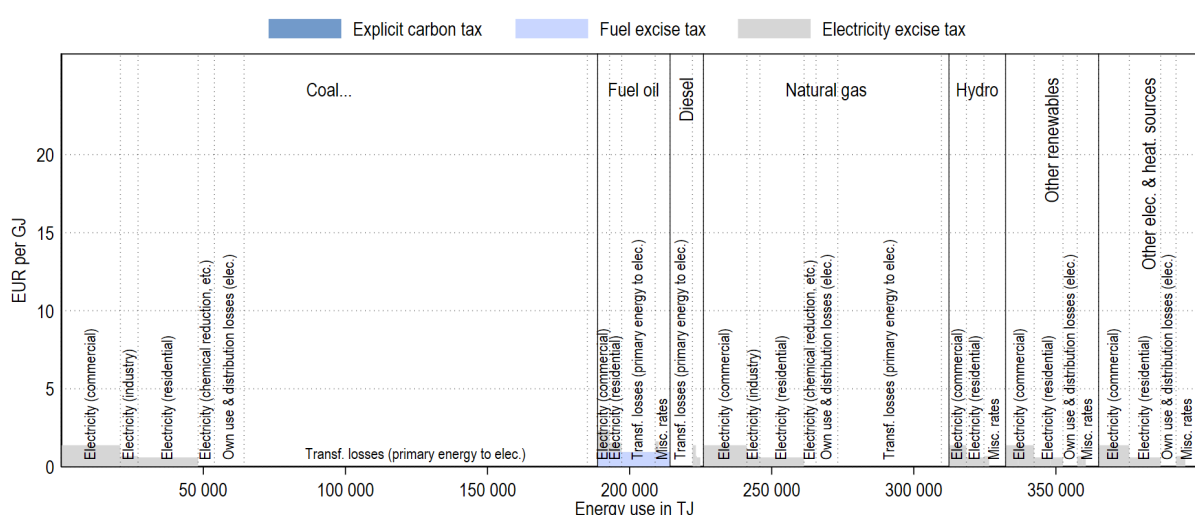
*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may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

## Electricity

Figure 6 shows how the electricity sector, as defined in TEU, is taxed in Greece. Coal products, natural gas and diesel are not taxed when used to generate electricity, but the electricity sector is covered by the EU ETS (OECD, 2018<sup>[1]</sup>). Fuel oil and LPG (not discernible in the figure) are taxed.

The use of electricity, on the other hand, is subject to the electricity tax. Electricity used in certain energy intensive industrial processes is not taxed. As is standard, electricity exports are not subject to the electricity tax in Greece, but may be subject to electricity taxes elsewhere.

**Figure 6. 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<sup>[2]</sup>), *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]