

48 – Tax Policy and Environmental Concerns in a Post Covid-19 World: Perspectives from Brazil

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As the world cautiously readies itself to deal with the economic fallout of the Covid-19 pandemic, governments turn to the fiscal demands arisen from lockdown measures which saw vast sectors of the economy completely paralyzed for months. Brazil attempted to hold off a complete shutdown of the workforce, however, even if it has adopted this (questionable) strategy, the economic impacts are already significant, so there is no doubt that economic recovery measures will be the center of attention in the coming years.

In the aftermath of a turbulent global crisis, tax law policies have often provided efficient tools in steering economies back into recovery, and a post-Covid-19 scenario will certainly be no exception. Considering how often issues of economic output outweigh environmental concerns in policy development, it is of the utmost importance that forthcoming recovery movements do not hinder the hard earned green initiatives, but rather interact with and are mindful of such ongoing efforts. To that end, fiscal policies enacted under the umbrella of economic recovery ought to be subject to additional scrutiny vis-à-vis their impacts on environmentally focused issues.

The proposed paper intends to contribute to the subject matter at hand, as it will analyse preliminary measures adopted by Brazil in the wake of the pandemic, thus assessing if and how they coordinate with current environmental policies. To that end, issues regarding tax expenditures, state aid rules and possible new tax levies and policies will be sought out and compiled in order to paint a introductory picture of the new directions taken by the country. The intended goals of the paper are two-fold: a) to determine how big of a role environmentally oriented policies will play during the economic recovery (e.g. via new environmental taxes in lieu of tax expenditures), and b) to assess whether the novel fiscal concerns – as well as the resulting measures designed to resolve them – will carry direct or indirect effects on the current state of environmental policies.

Biographical note

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