

09 – Environmental Taxation in an Age of COVID-19: an Italian Approach

Alberto Comelli

Introduction

In the first months after the outbreak of the pandemic, Italy responded by adopting a series of decree-laws that laid down a wide range of often piecemeal sectoral provisions. In tax matters, they largely drew their inspiration from the measures adopted in the case of natural disasters, such as earthquakes. In fact, the suspension of the terms for some tax and social security payments and obligations has been provided for, subject to specific selective criteria of a subjective, geographical, quantitative and time nature. The resulting rules and regulations are particularly complex.

Before the outbreak of the pandemic, two important tax reforms were already at an advanced stage of discussion, i.d. the reform of the personal income tax (IRPEF), in terms of progressivity, and the reform of the legal status of tax judges. For the time being, they have laid aside.

Environmental taxation provisions in the context of emergency legislation

There is no doubt that, during the health emergency, the lawmaker has not placed the rules and regulations on environmental taxation at the top of the agenda. I would like, however, to mention three significant provisions.

The plastics tax introduced by the 2020 Budget Law, with a view to boosting the green economy, should have entered into force on July 1, 2020. It was decided to postpone its entry into force to January 1, 2021. It is a tax on the consumption of disposable manufactured goods, even partially made with the use of plastics (the so-called plastics tax).

The entry into force of the tax on the consumption of sweetened beverages intended for human food consumption (the so-called sugar tax) was postponed to the same date. This tax was also introduced by the 2020 Budget Law.

Another interesting provision envisaged in the context of the pandemic concerns some incentives for specific energy efficiency measures, for reducing the seismic risk, as well as for installing photovoltaic systems and charging columns for electric vehicles. In particular, a 110% deduction for IRPEF purposes is envisaged for natural persons with regard to expenses incurred from July 1, 2020 to December 31, 2021, with its breakdown into five equal annual instalments. The natural persons carrying out business activities, arts or professions are excluded.

First Conclusions

In Italy and, more generally, in Europe, there is growing awareness of the importance of environmental protection and preservation for the benefit of future generations, also from a tax viewpoint.

The crisis caused by the pandemic is an excellent opportunity to rethink some fundamental principles of the tax system, so far considered stable and long-established. Nevertheless, the courage to plan an overall reform of the system, involving also environmental taxation, has been lacking so far, at least in Italy.

Finally, the discussion among legal scholars on the distribution of the environmental taxation burden and on the role of tax shifting on the beneficiaries of goods or services supplied by the taxable person remains open.

Biographical Note

Alberto Comelli is Associate Professor of Tax Law and European Tax Law at the University of Parma (Italy). He works for the most important reviews specialized in tax law. He made publications in several fields of tax law and he teaches in many master courses.

He is the coordinator of a research group founded in 2008 with the aim of studying a number of European and international tax issues through in-depth analyses, in close cooperation with a number of important foreign universities and research institutes. Research into topical subjects includes value added tax, environmental taxation, the European Court of Justice's case law, tax assessment, taxpayers' protection and tax litigation.

He is a member of the European Association of Tax Law Professors based in Amsterdam. He has an excellent knowledge of English and Spanish acquired in some local universities, including the Malaga University. He has also a fairly good knowledge of French.