



# Extraordinary Taxes in Europe

## Podatki specjalne w Europie

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## Why to tax?

- Economy - budget, government policy, international situation: The limits of taxation are in effectiveness of economic system.
- Politics – voters, level of state intervention to social life
- Law – who cares?

## Functions of taxes

- fiscal function: to guarantee the incomes of the State and municipal budgets and other (public corporation) budgets
  - Laffer curve
- regulation function: to regulate certain kind of behaviour
- stimulation function: to impress an economic subject

## Tax vs. Fee vs. ???

- Tax: an obligatory amount defined by an act with a laid down rate which is more or less regularly collected from the incomes of economic subjects to the public budgets on the irrecoverable principle
- Fee / Charge: an obligatory irrecoverable amount defined by an act and collected by the State or other public corporations for certain legal acts; in contrast to tax this amount is irregular (ad hoc) and the fee payor is eligible to ask for some consideration
- Price, Levy, Custom, Tribute, Toll, Contribution, Insurance (example: road tolls and vignettes)
- Tax in law: legal relationship with its components subject - object - content

## Structural Components

- Subjects
  - a natural person or legal entity whose income, property or legal acts (legal transactions) are object of taxation (taxpayer)
  - a natural person or legal entity that has responsibility to calculate the tax, collect it or withheld it and transfer it in time to the tax administrator (payor)

- Object: a legally relevant situation described by law that is connected with a tax duty
  - usually obvious what the object of taxation is just from the title of the tax
  - incomes, possession or using property, transfers with property, consumption, etc.
- Tax base: the quantity of the object of taxation
  - economic income (for income taxes), value (for VAT, inheritance tax, gift tax, real estate transfer tax, partly excise taxes), area (real estate tax) or something different (for example combination of weight and number of axles or engine capacity for the road tax)

- Tax rate: determines the amount of the tax to the tax base
  - fixed tax rate – fixed amount of money irrespective of the quantity of the tax base,
  - percent tax rate – tax includes several percent of the tax base and there are three possibilities for percent tax rate:
    - linear tax rate – the same percentage for a different tax base,
    - progressive tax rate – the higher the tax base, the higher the percentage,
    - degressive tax rate – the higher the tax base, the lower the percentage

- Correction components: possibilities for the taxpayer not to pay the tax or pay less than it is usual
  - tax reduction and exemptions or even increase of tax duty
- Payment conditions: terms and fundamentals of payment
- Tax administrator
- Budget destination: state budget and local budgets (municipal budgets and region budgets)



## Classification of taxes

- according to tax impact: direct taxes and indirect taxes
  - direct taxes: assessed to every taxpayer according to his / her incomes, property and they usually respect the personal situation of the taxpayer
    - income taxes, road tax, real estate tax, transfer taxes, etc.
  - indirect taxes: paid and collected in the prices of goods, service, etc. and does not respect personal situation of the taxpayer
    - VAT and excise taxes

- According to the object of taxation
  - Income taxes – taxes on income of natural persons and legal entities
  - Property taxes – taxes on ownership, holding, lease or using of property
  - Transfer taxes - from transfer or transference of ownership title
  - Subject taxes - paid because of the existence of a subject
  - Turnover taxes - paid from the value added by every processor
  - Excises (excise taxes) are imposed on the consumption of selected commodities

## COFFEE

- LV: Excise tax on other excise goods
  - ground or not ground, roasted or not roasted, with caffeine or decaffeinated; rate (per 100 kilograms) EUR 142.29
- DK: Excise duty on coffee, coffee extracts and coffee-substitute and on tea and tea extracts
  - raw coffee: DKK 6.39, roasted coffee: DKK 7.67, coffee extracts: DKK 15.61

- BE: Excise duties on coffee
  - Rates per kilogram net weight:
    - not roasted coffee 0.1988 EUR
    - roasted coffee 0.2486 EUR
    - essences and concentrates of coffee 0.6960 EUR

- HR: Special tax on coffee

<b>Kind of coffee or coffee product</b>	<b>Amount of tax in HRK per kg net weight</b>
Non-roasted coffee	5.00
Roasted coffee	6.00
Coffee husks and skins	15.00
Coffee extracts, essences and concentrates	20.00
Coffee contained in the final product	60.00

- BG: Excise
  - Coffee and coffee extracts
- RO: Non EU-harmonised excisable products
  - Green coffee 306, roasted coffee 450, soluble coffee 1800 EUR/ton

## TEA

- DK: Excise duty on coffee, coffee extracts and coffee-substitute and on tea and tea extracts
  - tea DKK 7.33
  - tea extracts and products made of tea extracts DKK 18.29

## Non-alcoholic beverages

- BE: Excise duties on non-alcoholic beverages
  - 3.7284 EUR/hl: waters containing added sugar or other sweetening matter or flavoured, beers with an alcoholic strength not exceeding 0.5% vol., wines and beverages with an alcoholic strength not exceeding 1.2% vol.
- LV: Excise tax on other excise goods
  - 7.40 EUR/hl: water and mineral water with added sugar, other sweetener or flavouring, and other non-alcoholic beverages, except fruit and vegetable juice and nectar

- HR: Special tax on non-alcoholic beverages
  - 40 HRK/hl: waters, including mineral and sparkling waters, with added sugar or other sweeteners or flavoured, except fruit juices, fruit nectars, and other beverages with alcohol content not higher than 1.2 %, 240 HRK/hl: syrups and concentrates intended for the preparation of non-alcoholic beverages, 400 HRK/100 kg powders and granules intended for the preparation of non-alcoholic beverages
- FR: Specific duty on beer and certain non-alcoholic beverages
  - 0.54 EUR/hl: drinking waters, i.e. natural or artificial mineral waters, table waters, etc.



- DK: Excise duty on mineral waters and the like
  - DKK 1.64 per litre for products with a content of sugar above 0.5g per 100 millilitre and DKK 0.59 per litre for products with a content of sugar below 0.5g per 100 millilitre: mineral waters, lemonade, fruit and vegetable juice, fruit nectar, etc.
- FI: Excise duty on sweets, ice-cream and soft drinks
  - 0.11-0.22 EUR / l

## SWEETS

- FI: Excise duty on sweets, ice-cream and soft drinks
  - 0.95 EUR/kg on ice-cream and chocolate
- DK: Excise duty on chocolate and sweets
  - DKK 25.97 per kg net weight of chocolate and sweets with a content of sugar above 0.5g per 100g and DKK 22.08 per kg net weight of chocolate and sweets with a content of sugar below 0.5g per 100g
  - Chocolate and chocolate products, liquorice products, marzipan, sweets, effervescent products, chewing gum, cakes with a certain sugar, cacao or chocolate content, etc.
  - Extra tax on raw materials such as almonds, grains, etc.



- HU: Chips tax: salty, sweet and with highly caffeine level products

## ROUGH TOBACCO

- CZ: tax rate the same as for tobacco

## TELECOMMUNICATIONS

- GR: Tax on mobile subscription services and tax on card mobile phone services
  - as a percentage of the total monthly subscription fee, before VAT: 12-20 %
  - mobile card service tax is 12% on the value, before VAT of every new card purchase or time renewal
- HU: Telecommunication services tax
  - private calls, messages 2 HUF/second, message
  - non-private calls , messages 3 HUF/ second , message
  - **Hungary internet tax cancelled after mass protests!!!**

## AVIATION TAX

- DE: Aviation tax
  - € 7.50 for short journeys, € 23.43 for medium distances and € 42.18 for long distances
- FR: Civil aviation duty
  - € 4.24 per passenger embarking for a flight to a destination in France or in another Member State of the European Union or in another state in the European Economic Space agreement or in Switzerland, € 7.62 per passenger embarking for any other destination, € 1.27 per tonne of freight or mail loaded onto an aircraft
- FR: Tax on public air and sea transport to and from

- GB: Air passenger duty
  - eight different rates depending on the distance and class of travel
  - Band A: GBP 13 – for flights beginning in the UK and ending in the UK or any other country/territory for which the capital city is within 2000 miles of London
  - Band B: GBP 69 – between 2001 and 4000 miles
  - Band C: GBP 53 – between 4001 and 6000 miles
  - Band D: GBP 74 – more
  - Other than economy class: doubled
  - Lower rates for Northern Ireland
- MT: Airport (Passenger Service Charge)
  - EUR 23.29 per Malta-originating passenger

## BANK TAXATION

- SI: Financial services tax
- GB: Bank levy, Bank payroll tax
- PL: Tax on banks
- FI: Temporary bank tax
- AT: Levy on banks
- CY: Special Tax for Financial Institutions
- HU: Special tax on Financial Institutions
  
- **The Financial Transaction Tax (FTT) – EU PROPOSAL**



## GREEN TAXES

- Everywhere, on anything
- Pollution, waste, CO<sub>2</sub>, packaging, etc.
- Green reasons
- Car taxation: annual tax, registration tax, vignette, toll

## CONCLUSION

- Back in 20s´ of 20th century ... taxes on sugar, salt, coats, bulbs, minearl oils, coal, fat, meat, wine, guns, hazard games, etc.
- Mostly all extraordinary taxes are indirect excise taxes
- Must not impede the free market in EU
- In case of direct taxes, there must be unanimous agreement of all Member States in case of adoption of tax issues



**Thank you for your attention**

**Dziękuję za uwagę**

