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ENVIRONMENTAL TAXATION – THE EFFECTS ON ENVIRONMENTAL EFFECTIVENESS AND ECONOMIC EFFICIENCY

Flora Merko^{1*}, Sukru Dursun², Florjon Merko³

^{1*}*Aleksander Moisiu University, Department of Economics, Durres, Albania;*

²*Konya Technical University, Environmental Engineering, Konya, Turkey;*

³*Agriculture University of Tirana, Tirana, Albania;*

*Correspondent author Flora Merko, email: floramerko@yahoo.it;

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ABSTRACT

Environmental taxes have many important advantages, such as environmental effectiveness, economic efficiency, the ability to raise public revenue, and transparency. Also, environmental taxes have been successfully used to address a wide range of issues including waste disposal, water pollution and air emissions. Regardless of the policy area, the design of environmental taxes and political economy considerations in their implementation are crucial determinants of their overall success. Environmental economic accounts data are important for understanding the situation of the Environment sector in Albania and its economy. These data can be used to analyse and evaluate different economic instruments related to the environment. Data provided by the Ministry of Finance, Ministry of Tourism and Environment, Ministry of Infrastructure and Energy show that the average increase of revenues from environmental taxes in the period 2008 - 2015 is 4.7 % and the average annual share of environmental tax revenues in the gross domestic product (GDP) is 2.77 %. In Albania the environmental taxes are energy taxes, transport taxes, pollution taxes and resource taxes. From the structure of 2015 for the environmental tax revenue, the greatest share of revenues came from the energy taxes by 56.64 %. In Albania, these kinds of taxes have begun to be collected since 2001, while the statistical processing of their revenues started in 2008. In total for the four types of taxes and for 8 years (2008-2015), in the state budget have come about 300 million Euros. So taxes can be extremely effective when they are properly designed, are levied as close to the environmentally damaging pollutant or activity as possible, and are set at an adequate rate. Also taxes may need to be combined with other instruments to obtain the most efficient and effective environmental policy package, but care should be taken to assess the impact of overlapping instruments.

Keywords: Environmental taxation, Economic efficiency, Environmental Economic Accounts, Tax revenues.

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