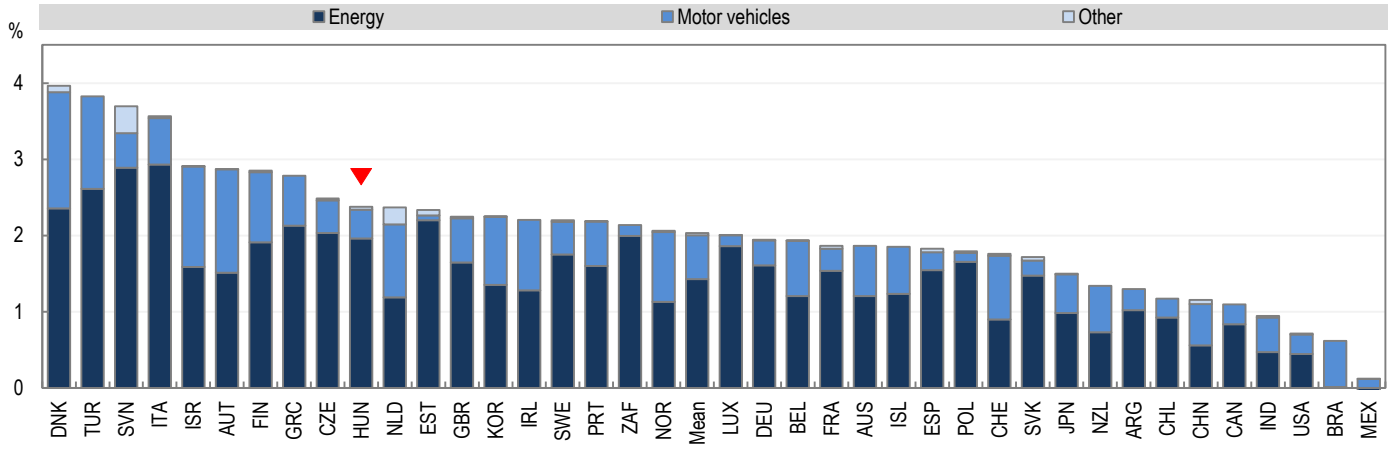
Revenue from environmentally related taxes in Hungary[1]

As a share of GDP, Hungary has the 10th highest environmentally related tax revenue among 34 OECD and 5 partner economies. In 2014, environmentally related tax revenues were at 2.38% of GDP, compared to 2.0% on average among the 39 countries.

In Hungary, taxes on energy represented 82% of total environmentally related tax revenue, compared to 70% on average among the 39 countries.

Environmentally related tax revenue as a percentage of GDP, 2014



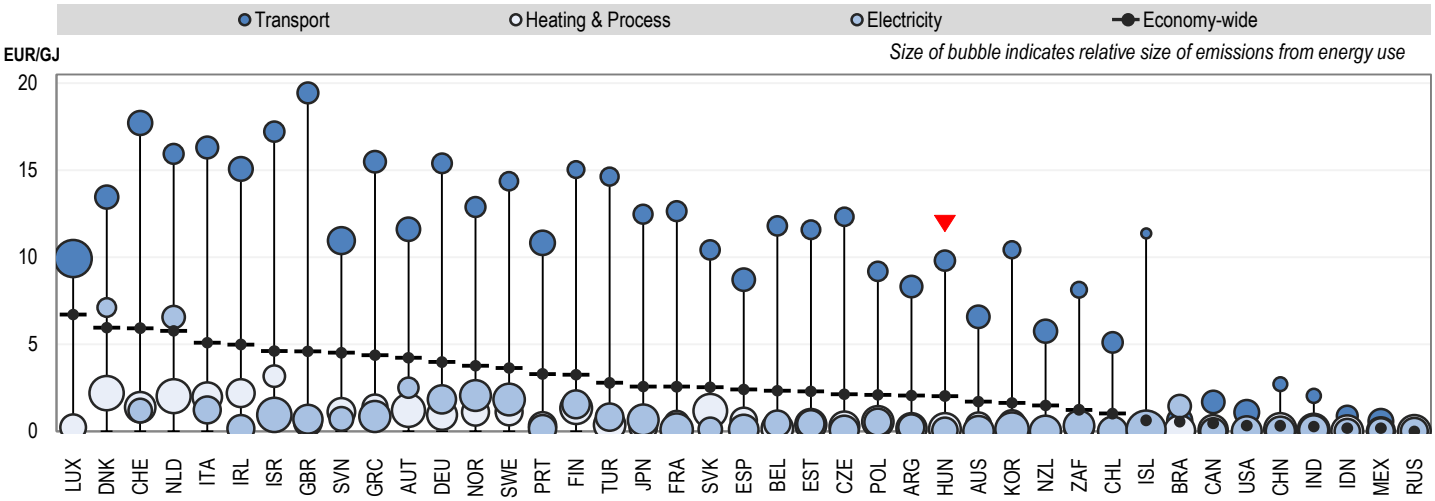
[1]Data from OECD.Stat include all OECD countries (except Latvia) and Argentina, Brazil, China, India and South Africa. Please see OECD.Stat for country specific notes.

Taxes on energy use in Hungary[2]

The **OECD's Taxing Energy Use (2015)** publication compares taxes on energy use (excise and carbon taxes) across 34 OECD and 7 partner economies. The chart below shows average tax rates, expressed in EUR per GJ, by sector across all fuels and the economy-wide average. The bubble size represents the weight of the sector in total energy use.

- Hungary has higher average tax rates on transport fuels (9.8 EUR/GJ) than on fuels used for heating and process purposes (0.13 EUR/GJ) or electricity generation (0.06 EUR/GJ);
- Hungary has the 27th highest tax rate on energy on an economy-wide basis, at EUR 2.03 per GJ, compared with EUR 2.7 per GJ on a simple-average basis across the 34 OECD and 7 partner economies.

Average tax rates on energy in transport, heating and process use, and electricity generation



[2]Data from *Taxing Energy Use* are for 2012 and include all OECD countries (except Latvia) and Argentina, Brazil, China, India, Indonesia, Russia and South Africa.

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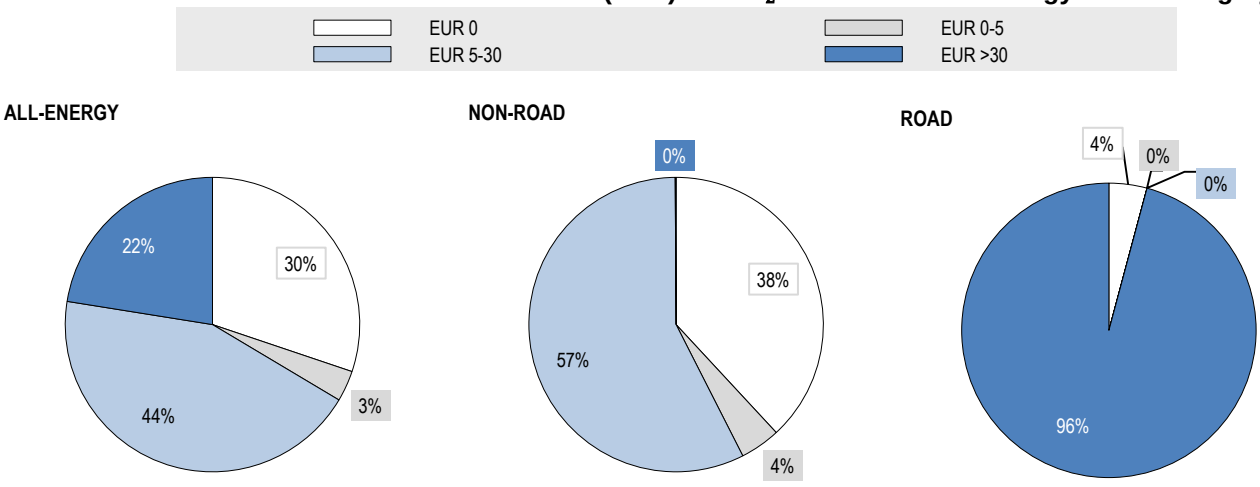
Effective carbon rates in Hungary

The OECD's Effective Carbon Rates (2016) publication presents the combined price signal on CO_2 emissions from taxes on energy and emissions trading systems (ETS), or the effective carbon rate (ECR).[3] The charts below show shares of CO_2 emissions subject to different price ranges, for road, non-road and all emissions from energy use. EUR 30 is a conservative estimate of the climate damage from one tonne of CO_2 emissions.

» In Hungary, 30% of carbon emissions from energy use face no price signal at all; 66% face a price at or above EUR 5 per tonne of CO_2; and 22% face a price at or above EUR 30 per tonne of CO_2. This compares to a zero price for 60% of emissions across all countries, a price at or above EUR 5 per tonne for 30% and at or above EUR 30 per tonne for 10% of emissions.

» Excluding road use, 38% of carbon emissions from energy use in Hungary face no price signal at all; 57% face a price at or above EUR 5 per tonne of CO_2; and 0% face a price at or above EUR 30 per tonne of CO_2. This compares to a zero price for 70% of emissions across all countries, a price at or above EUR 5 per tonne for 19% and at or above EUR 30 per tonne for 4% of emissions.

Distribution of Effective Carbon Rates (ECR) on CO_2 emissions from energy use in Hungary



Figures shown in the charts may not add up to 100% due to rounding.

[3]Notes on the interpretation of effective carbon rates: Box 3.1 (p.38-40), OECD's Effective Carbon Rates (2016), or consult http://oe.cd/ECRinterpretation

CO_2 emissions priced and average rates in Hungary

The table below shows the average price signals from taxes and trading systems, and the share of emissions priced by these instruments.

» Hungary is subject to the EU ETS, which had an average permit price of EUR 7.24 per tonne of CO_2 in 2012.

» In total, taxes in Hungary price 57% of CO_2 emissions from energy use; and the EU ETS prices 34%. The sectors with the highest tax coverage are electricity (100%) and road transport (96%). The sectors with the highest price coverage by the ETS are electricity (85%) and offroad transport (81%).

Share of emissions priced and average price signals from tax & ETS, Hungary

	CO_2 emissions by sector (in t CO_2)	Tax		ETS		Overlap of tax and ETS[5]	Emissions not priced by tax or ETS
		Average price (in EUR/tCO_2)	Share of emissions priced	Average price (in EUR/tCO_2)	Share of emissions priced		
Agriculture & Fishing	937	19.9	94%	0.0	0%	0%	6%
Electricity	9 575	1.4	100%	7.2	85%	85%	0%
Industry	11 099	5.0	24%	7.2	71%	18%	22%
Offroad transport	148	0.0	0%	7.2	81%	0%	19%
Residential & Commercial	14 574	5.6	22%	7.2	0%	0%	77%
Road transport	11 083	143.4	96%	0.0	0%	0%	4%
Total[4]	**47 416**	**33.4**	**57%**	**2.5**	**34%**	**21%**	**30%**

Access the data for all 41 countries: http://oe.cd/emissionsdata

[4]Total average prices are weighted by the share of emissions in each sector that is priced in the country.

[5]Tax and ETS can apply to the same emissions base. The overlap describes the percentage of emissions in a sector that is priced by both tax and ETS.