

ATI Environmental Taxation Workshop Series

Fifth workshop - 10 April 2025 13:00 CET | Virtual | EN, FR

Workshop 5: Domestic Revenue Mobilisation and policy coherence

The primary objective of environmental taxation is to reduce environmental degradation and pollution, without exacerbating social inequalities. Nonetheless, Domestic Revenue Mobilisation (DRM) can be an important secondary benefit. Some environmental taxes can reasonably be expected to raise substantial revenues, even over the longer term. However, other taxes cannot be relied on by finance ministries, as revenues will fall relatively soon after the introduction of the measure as taxpayers respond to the price signal by changing their behaviour.

The last edition of the workshop series will look at the potentials for different types of environmental taxes, and different designs of tax instruments, to raise revenue. The session will present some general rules in terms of revenue to be anticipated from specific environmental taxes and consider which types of taxes – in terms of instrument design and tax base – are more likely to consistently raise revenue over the medium-term. It will also look at typical design failures and how these impact on the revenue-raising potential of environmental tax instruments.

Several examples of environmental taxes and DRM will also be presented, including packages of measures in low- and middle-income countries (LMICs) which mobilize significant proportion of total tax revenue, but also looking at single environmental tax measures which have had a significant impact, e.g. where these taxes are levied on sectors of great significance to the national economy.

The session will also look at how carbon tax revenues can be used to meet a range of policy goals. This second presentation by Diana Cardenas Morar from the think tank I4CE will showcase examples of carbon tax revenue raising and consider, from a strategic perspective, possible uses of revenue, such as just transition, social compensation and consensus building. The presentation will look at how to integrate carbon taxation in climate financing strategies.

ATI country experiences will also be presented, with ATI representatives providing input and commentaries on their experiences with DRM and environmental taxation.

Finally, the session will end with an interactive fun quiz on environmental taxation and address any open questions at the end of the workshop series.

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Time (CET)	Topic	Details	Responsible
13:00 – 13:10	<i>Welcome and introduction</i>		ATI Secretariat
13:10 – 13:40	<i>Introductory presentation</i>	- Theoretical approaches to DRM – balancing fiscal and environmental policy objectives - DRM and environmental taxation in LMICs – an overview - Country cases - Q&A	Jacqueline Cottrell, Green Fiscal Policy Consultant
13:30 - 14:10	<i>Presentation: Maximising the benefits of carbon taxation through revenue use</i>	- Carbon taxation and revenue mobilization: the global landscape - Use of revenue: key considerations - Lessons learned - Carbon taxes and climate financing - Q&A	Diana Cardenas Monar, I4CE
14:10 - 14:30	<i>Quiz on environmental taxation</i>		Everyone
14:30 - 14:45	<i>Reflections conclusions, key messages</i>		ATI Secretariat