

UNDESA CAPACITY DEVELOPMENT PROGRAMME ON INTERNATIONAL TAX COOPERATION

VIRTUAL WORKSHOP ON THE HANDBOOK ON CARBON TAXATION

30 November – 1 December 2020 – From 8:00 am to 12:00 pm EST (i.e. New York time)

Organized by UNDESA and supported by the Norwegian Agency for Development Cooperation (Norad)

Presenters and facilitators

- **Ms. Natalia Aristizabal Mora**, Coordinator of the UN Subcommittee on Environmental Taxation Issues and member of the UN Committee of Experts on International Cooperation in Tax Matters
- **Ms. Susanne Åkerfeldt**, Member of the UN Subcommittee on Environmental Taxation Issues and Senior Advisor, Ministry of Finance, Sweden
- **Ms. Elena Belletti**, Financing for Sustainable Development Office, UNDESA
- **Mr. Simon Black**, Climate Mitigation Adviser, IMF
- **Ms. Tatiana Falcao**, Member of the UN Subcommittee on Environmental Taxation Issues and Fellow, Munster University
- **Ms. Amparo Grau**, Member of the UN Subcommittee on Environmental Taxation Issues and Full Professor, Universidad Complutense de Madrid
- **Mr. Navid Hanif**, Director, Financing for Sustainable Development Office, UNDESA
- **Ms. Joy A. Kim**, Senior Economic Affairs Officer, Economy Division, UNEP
- **Ms. Caroline Lombardo**, Financing for Sustainable Development Office, UNDESA
- **Mr. Rodrigo Pizarro**, Member of the UN Subcommittee on Environmental Taxation Issues and Professor, Santiago University, Chile
- **Mr. Kurt Van Dender**, Member of the UN Subcommittee on Environmental Taxation Issues and Head of the Tax and Environment Unit, OECD Centre for Tax Policy and Administration

Country experiences

- **Canada: Mr. Scott Legree**, Economist, Tax Policy Branch, Department of Finance Canada
- **Chile: Mr. Rodrigo Pizarro**, Member of the UN Subcommittee on Environmental Taxation Issues and Professor, Santiago University, Chile
- **Colombia: Mr. Javier Sabogal**, former Ministry of Finance, Colombia; and **Ms. Laura Ruiz and Mr. Germán Romero**, Ministry of Finance, Colombia
- **Singapore: Mr. Rui Yun Gan**, National Climate Change Secretariat (NCCS), Singapore
- **South Africa: Ms. Sharlin Hemraj**, Director: Environmental and Fuel Taxes, Economic Tax Analysis, National Treasury, South Africa
- **Sweden: Ms. Susanne Åkerfeldt**, Member of the UN Subcommittee on Environmental Taxation Issues and Senior Advisor, Ministry of Finance, Sweden

Experts also available for Q&A

- **Mr. Alvaro de Juan**, Member of the UN Subcommittee on Environmental Taxation Issues and Senior Manager of Tax Risks & Global Regulations, Repsol
- **Mr. Eike Meyer**, Member of the UN Subcommittee on Environmental Taxation Issues and Division Climate, Environment and Infrastructure, GIZ
- **Dr. Gabriela Mundaca**, Member of the UN Subcommittee on Environmental Taxation Issues; Expenditure Policy Advisor to the IMF and Consultant to the World Bank
- **Mr. Himanshu Sharma**, Manager, Green Fiscal Policy Network, UNEP

Required pre-reads from the Handbook on carbon taxation

- [Chapter 2: An Introduction for Policymakers](#)
- [Chapter 3: Designing a Carbon Tax](#)
- [Chapter 4: From Design to Administration: Practical Application of a Carbon Tax](#)

Tentative programme

Note: participants will be invited to pose questions throughout the sessions, using the chat function; experts will address those questions in the flow of their presentations and during dedicated times in the programme.

DAY 1: OVERVIEW AND DESIGN OF CARBON TAXATION	
8.00 - 8.15 am	Welcoming remarks and overview of the workshop
SESSION 1 (based on Chapter 2 of the Handbook)	
Policy considerations in the introduction of a carbon tax in developing countries	
8.15 – 10.05 am	<ul style="list-style-type: none"> • Why a carbon tax in developing countries? <ul style="list-style-type: none"> ○ The environmental problem: carbon emissions ○ Carbon taxation in the context of the Paris Agreement ○ Environmental protection vs revenue raising goals ○ Co-benefits of a carbon tax in the broader environmental context • What is a carbon tax? • Core elements of a carbon tax • Comparison between a carbon tax and other carbon pricing instruments • Practical considerations in the introduction of a carbon tax: <ul style="list-style-type: none"> ○ Certainty and predictability of the price of carbon ○ Administration of the carbon tax ○ Potential distributional implications ○ Safeguarding the competitiveness of domestic industries <p>Country experiences: Colombia and Singapore</p> <p>Q&A throughout the session</p>
<u>Objective and expected outcome:</u>	
<i>This session is intended to provide a practical overview of the considerations that policymakers might want to take into account, depending on the specific situation of their country, when thinking about introducing a carbon tax. The session addresses specific concerns of developing countries, including when a carbon tax is preferable to other carbon pricing instruments, and what are some of the key policy considerations to take into account. At the end of the session, government officials should be able to identify the main elements to take into account when considering the introduction of a carbon tax, and how these are relevant for their country.</i>	
10.05 – 10.20 am	<i>Coffee break</i>
SESSION 2 (based on Chapter 3A of the Handbook)	
Basic practical elements in the design of a carbon tax	
10.20 – 11.45 am	<p>How to make fundamental design choices, depending on your country's situation.</p> <ul style="list-style-type: none"> • Basic considerations on excise taxes

	<ul style="list-style-type: none"> • Who faces the cost vs burden on a carbon tax? • Taxing power • The Fuel Approach vs the Direct Emissions Approach <ul style="list-style-type: none"> ○ Scope of the carbon tax: what are we going to tax? ○ National vs subnational tax ○ Point of regulation ○ Institutions involved ○ Pros and cons of the Fuel vs. Direct Emissions Approach <p>Country experiences: Chile (Direct Emissions Approach), Sweden (Fuel Approach)</p> <p>Q&A throughout the session</p>
<p><u>Objective and expected outcome:</u></p> <p><i>The session addresses practical issues related to the design of a carbon tax, and is intended to provide government officials with a “checklist” of the issues to consider when introducing a carbon tax; for example, how to decide which sectors will be subject to the tax? How to determine the tax base? Through practical examples, the session will assist officials in identifying issues and potential solutions that are most suitable for their specific country situation.</i></p>	
11.45am – 12.00 pm	Summary and closing of the day
<p>DAY 2: DESIGN AND ADMINISTRATION ISSUES</p>	
8.00 – 8.20 am	<p>Brief recap of Day 1 and overview of topics of Day 2</p> <p><i>The experts will also address any outstanding questions from Day 1.</i></p>
<p>SESSION 3 (based on Chapters 3B-3C of the Handbook)</p> <p>Basic practical elements in the design of a carbon tax [cont’d]</p>	
8.20 – 9.45 am	<p>Setting the carbon tax rate</p> <ul style="list-style-type: none"> • Why setting the tax rate is an important design element • Practical approaches to set a tax rate <ul style="list-style-type: none"> ○ Pigouvian approach ○ Standards and Price approach ○ Revenue Target approach ○ Benchmarking approach • Dynamic tax rates • Overview of carbon tax rates around the world • Practical recommendations to set the tax rate • Setting Tax Rates under challenging circumstances <p>Design options to deal with potential adverse effects of carbon taxation</p> <ul style="list-style-type: none"> • Potential adverse effects <ul style="list-style-type: none"> ○ Impacts on households ○ Impacts on firms ○ Carbon leakage • Assessing the risk of negative effects • Policy options to address adverse effects <ul style="list-style-type: none"> ○ Tax-reducing measures ○ Support measures ○ Trade-related measures

	<ul style="list-style-type: none"> ○ Multilateral approaches ○ Collaborative approaches under art. 6.2 of the Paris Agreement <p>Country experiences: South Africa and Canada</p> <p>Q&A throughout the session</p>
<p><u>Objective and expected outcome:</u></p> <p><i>This session digs deeper into the design of a carbon tax, addressing the determination of the tax rate, as well as how to deal with potential adverse effects generated by the tax. For example, how to address the tradeoff between setting a tax rate high enough to lower carbon emissions and raise revenues, but low enough to preserve the competitiveness of domestic firms? How to correct the potential negative distributional effects on the most vulnerable households? Similarly to previous sessions, the aim is to help government officials identifying the issues and potential solutions that are most suitable for their specific country situation.</i></p>	
9.45 – 10.00 am	Coffee break
<p>SESSION 4 (based on Chapter 4 of the Handbook)</p> <p>From design to administration: practical application of a carbon tax</p>	
10.00 – 11.45 am	<ul style="list-style-type: none"> • Administrative institutions and their responsibilities <ul style="list-style-type: none"> • Involvement of the administrative agents • Administration in a regional context • Stakeholders and public engagement: administration issues • Coordination with overlapping economic instruments • Core administrative elements in the direct emissions vs fuel approach <ul style="list-style-type: none"> • Core features • Comparison Chile-Sweden • Considerations on detailed administrative regulations to manage the carbon tax • Ex-post evaluation of a carbon tax <p>Country experiences: Sweden, Chile, Canada and Colombia</p> <p>Q&A throughout the session</p>
<p><u>Objective and expected outcome:</u></p> <p><i>The final session gives an overview of administrative issues related to the implementation of a carbon tax. The aim is to provide government officials with a sense of some administrative issues they might encounter down the line, identify the most relevant for their countries, and understand whether they can avoid those issues with appropriate design of the tax.</i></p>	
11.45 am – 12.00 pm	Closing remarks