

Taxing Energy Use 2018

Italy

This note describes the taxation of energy use in Italy. It contains the country's energy tax profiles, followed by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). The note contains four energy tax profiles for Italy:

Figure 1: Effective tax rates on energy use in EUR/GJ, 2015, including electricity output taxes and energy use from biomass

Figure 2: Effective tax rates on energy use in EUR/tCO₂, 2015, including electricity output taxes and energy use from biomass

Figure 3: Effective tax rates on energy use in EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

Figure 4: Effective tax rates on energy in EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass

The main insights from the second vintage of the *Taxing Energy Use* database, including a systematic comparison of patterns of the taxation of energy use across countries, sectors and fuels are available in *Taxing Energy Use 2018* (OECD, 2018) at: <http://oe.cd/TEU2018>.

1. Energy tax profiles for Italy

Figure 1. Effective tax rates on energy use in EUR/GJ, 2015, including electricity output taxes and energy use from biomass

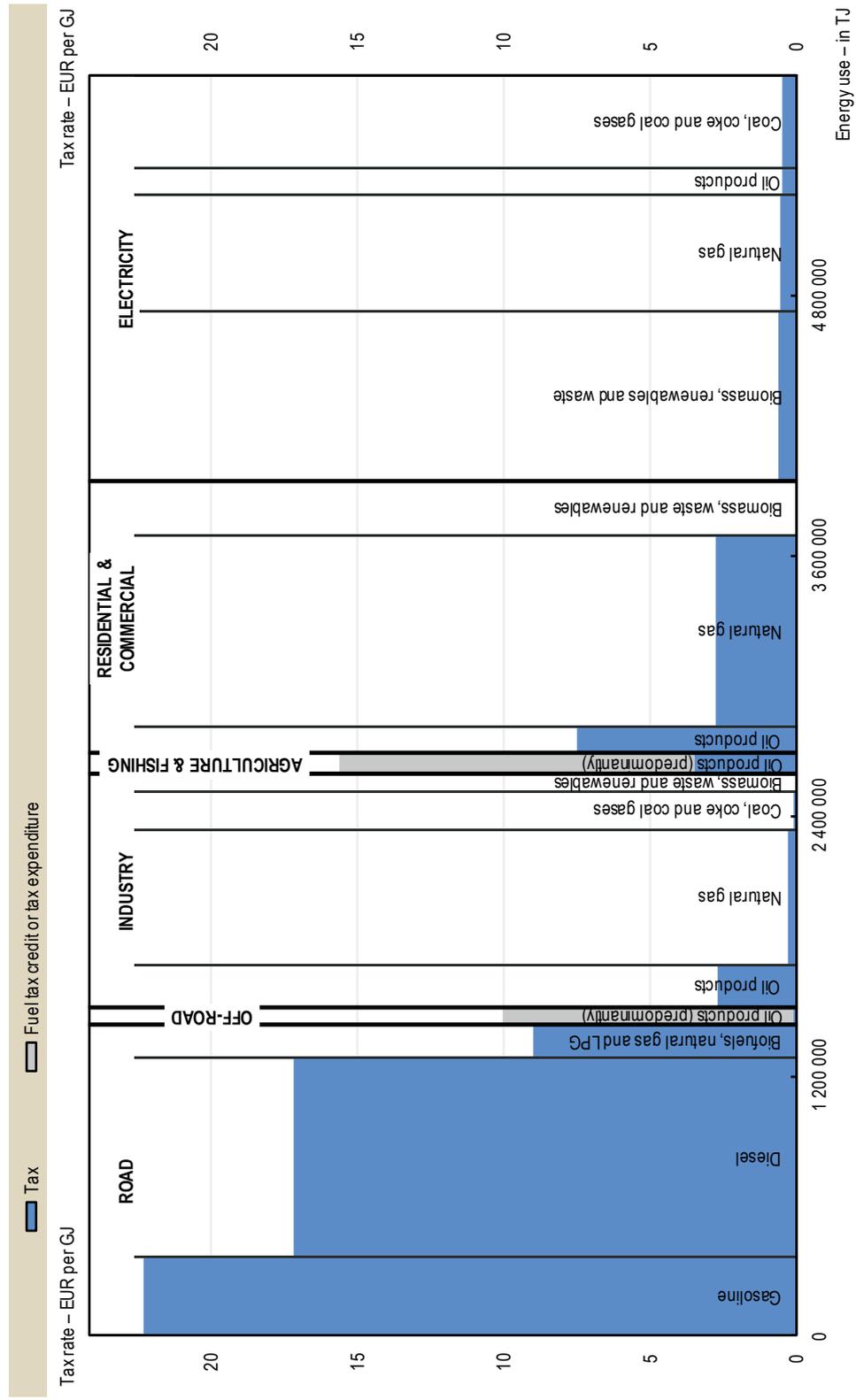


Figure 2. Effective tax rates on energy use in EUR/tCO₂, 2015, including electricity output taxes and carbon emissions from biomass

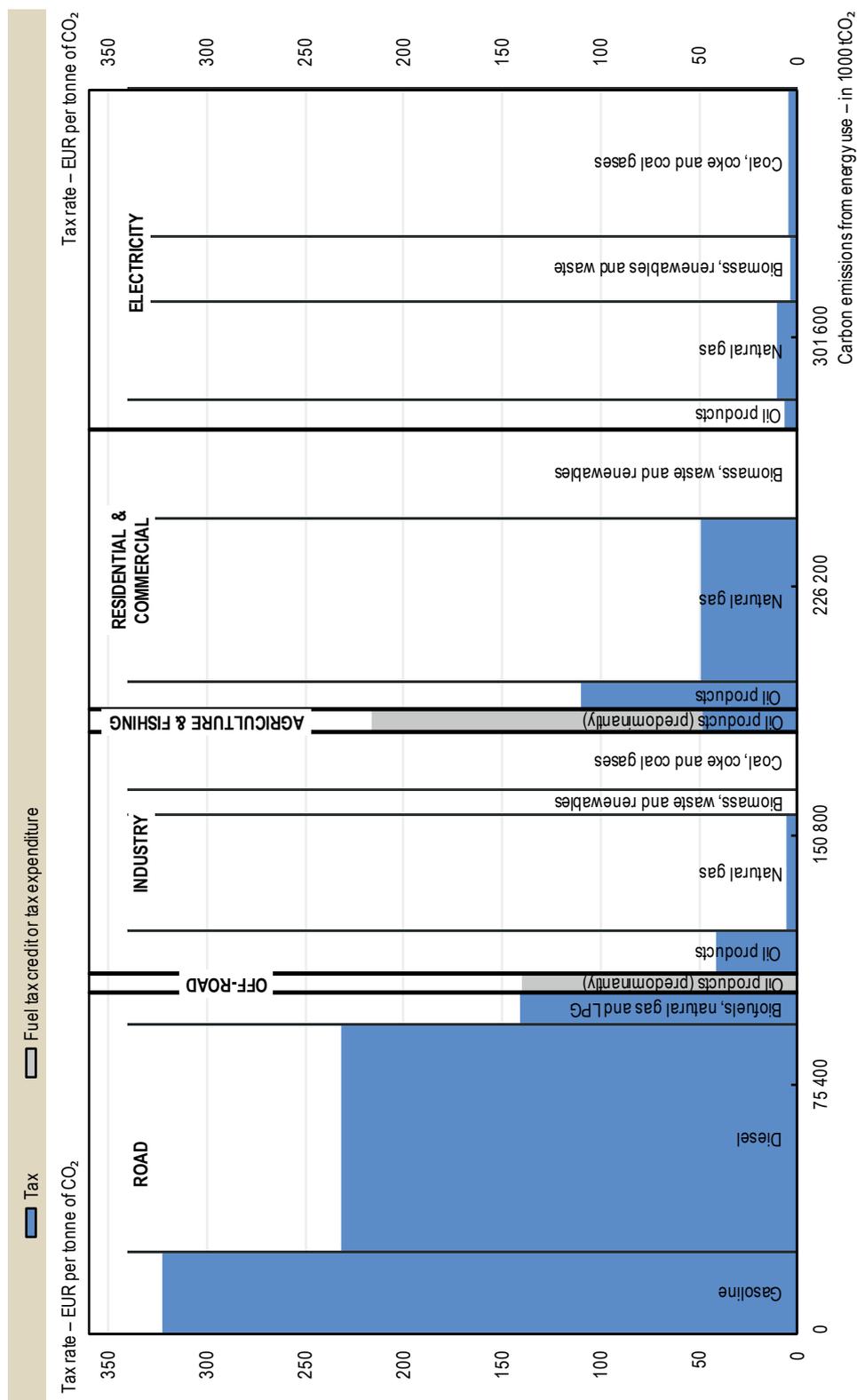


Figure 3. Effective tax rates on energy use in EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

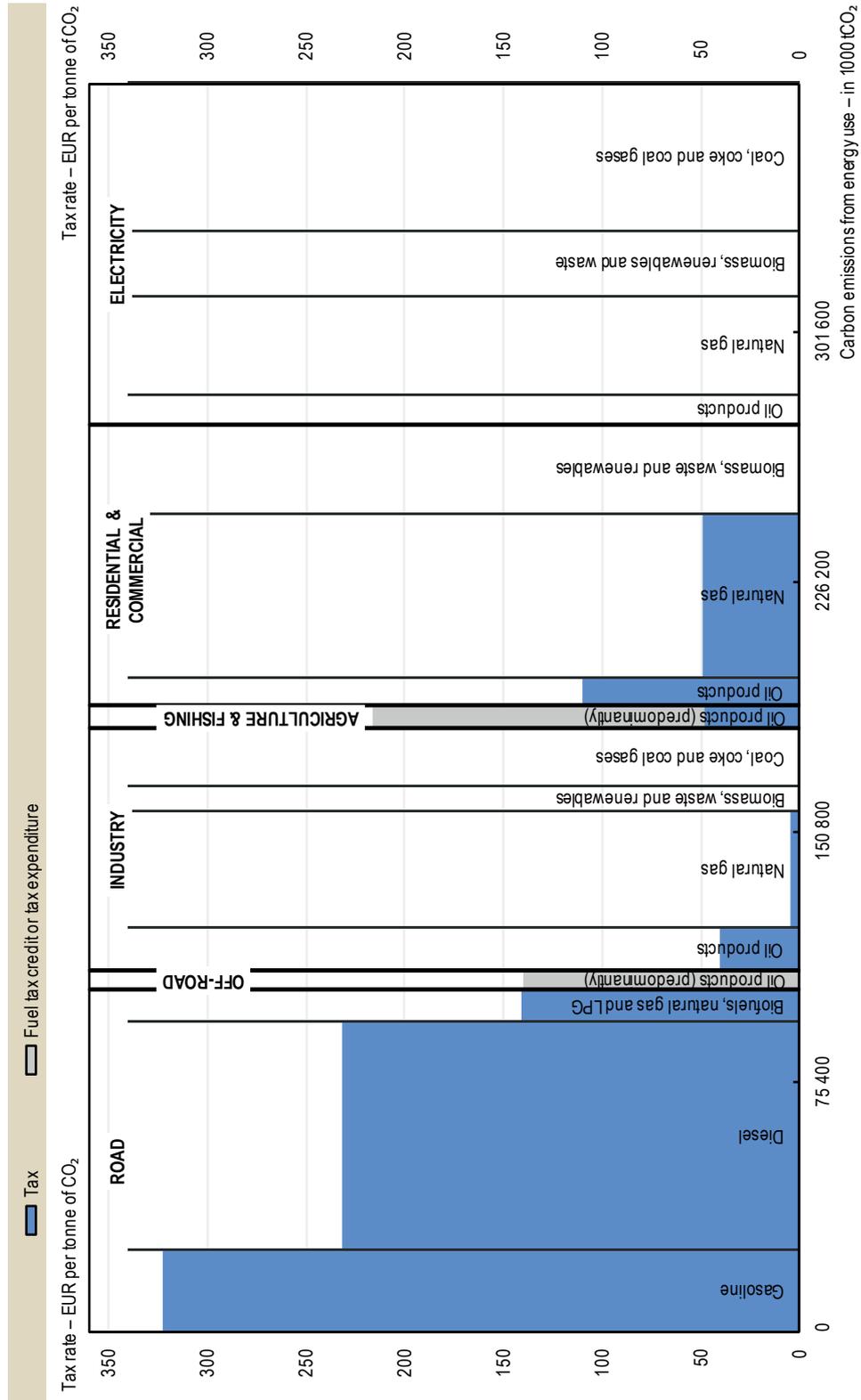
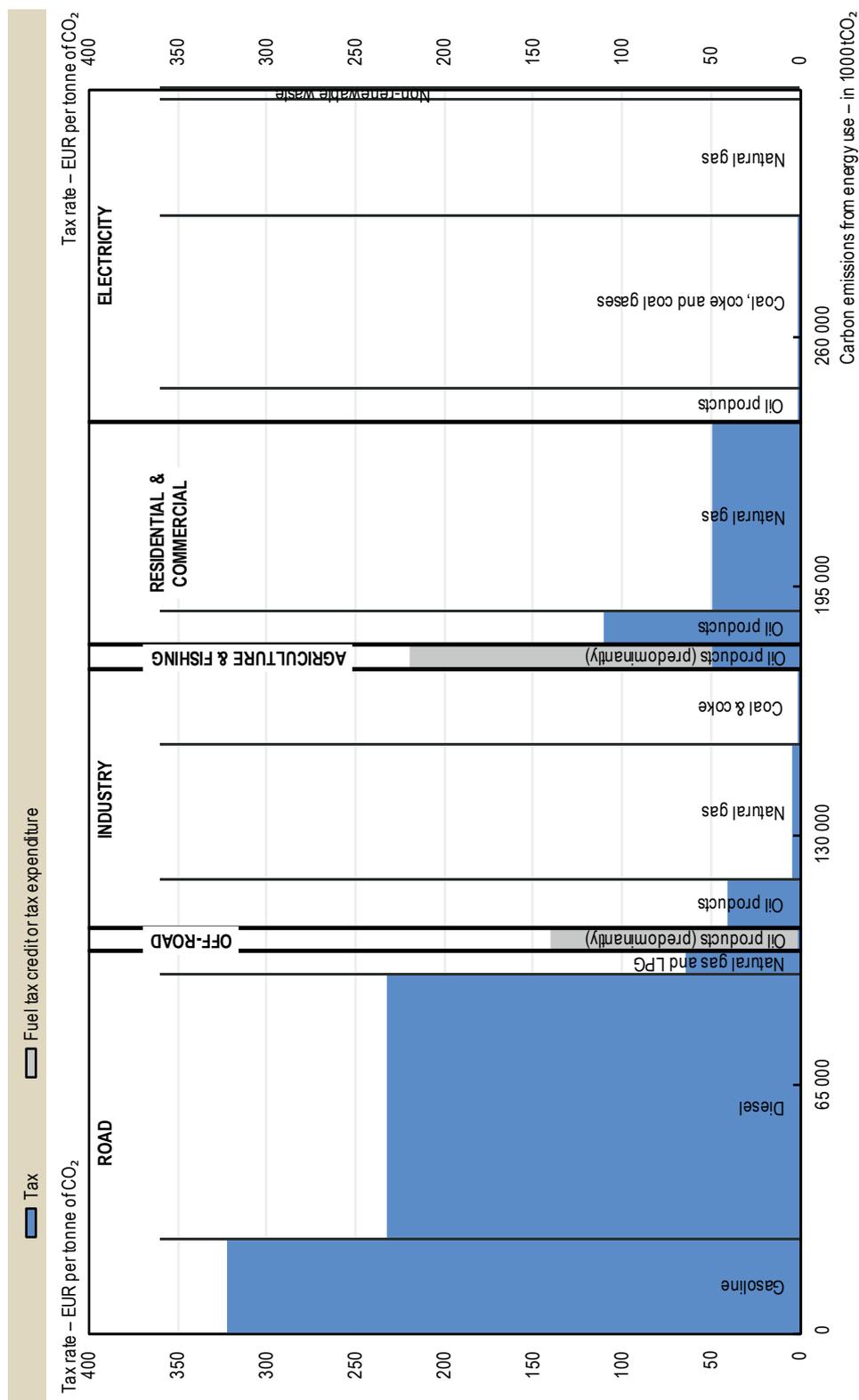


Figure 4. Effective tax rates on energy use in EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass



2. Country-specific notes

This note describes the taxation of energy use in Italy. It contains the country's energy tax profiles, accompanied by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). Tax rates are those applicable in April 2015, energy use data are for 2014.

The data shown in the energy tax profiles is from the OECD's *Taxing Energy Use* (TEU) Database. More detail on the TEU Database, the calculation of effective tax rates on energy use and the interpretation of the energy tax profiles can be found in *Taxing Energy Use 2018* (OECD, 2018).

Italy participates in the European Union emissions trading system (ETS), not shown in the energy tax profiles.¹

Energy and carbon taxes

Energy taxes in Italy are levied within the framework of the 2003 EU Energy Tax Directive, which sets minimum rates for the taxation of energy products in member states. Within this framework, the main taxes on energy use in Italy are the following:

- An excise tax on energy applies to oil products, natural gas and coal and coke across all sectors. Fuels used to generate electricity are also taxed, but at much lower statutory rates.
- Electricity output is taxed (per MWh) except when used for transport purposes.

The rates at which these taxes apply can further differ across fuels and different users, as described below.

These taxes are included in the energy tax profiles of Italy, but the tax on electricity output is only included when separately indicated (see below). Where more than one tax rate applies to an energy user or fuel, the energy tax profile shows their sum.

Effective tax rates on energy use for different fuels and users

The tax rates on different fuels and uses are linked to Italy's energy use² to calculate effective tax rates on energy use (in EUR/TJ) or CO₂ emissions from energy use (in EUR/tCO₂). Energy use and the CO₂ emissions associated with it are shown for six economic sectors: road transport, domestic offroad transport, industry, agriculture and fishing, residential and commercial, and electricity.

The Italian energy tax profiles (Figures 1 and 2) show effective tax rates for different fuels and uses in terms of the fuels' energy and carbon content, respectively. Figures 1 and 2 include energy use and carbon emissions from biomass and they show output taxes on electricity. Figure 3 is identical to Figure 2, except that taxes on electricity output are excluded. Figure 4 excludes carbon emissions from biomass and taxes on electricity output.

- Of the six economic sectors, the **road** sector is taxed at the highest rates, both in terms of the fuels' energy and carbon content. Within the road sector, gasoline is taxed at the highest effective tax rate, diesel is taxed at a lower rate in terms of TJ

1. The OECD's [Effective Carbon Rates](#) contains information on emissions trading systems.

2. Data on energy use is taken from the IEA's *Extended World Energy Balances*, see Chapter 1 of *Taxing Energy Use 2018* (OECD, 2018) for additional detail.

and in terms of CO₂. Natural gas and LPG are also taxed, but at lower effective rates than gasoline and biofuels. Biofuels are taxed at the same statutory rates as their fossil fuel equivalents.

- Fuels used in domestic **off-road** transport sector are taxed, but at substantially lower effective rates than fuel use in road transport. Fuels used for rail transport are taxed at a lower statutory rate, and fuels used for domestic navigation and domestic aviation are untaxed.
- Fossil fuels consumed in the **industry** and **residential and commercial** sector are taxed, but at lower statutory rates than fuels used in the transport sector.

The taxation of natural gas use by households in Italy is differentiated by consumption level, and households in Southern Italy pay reduced rates. This is reflected in the *Taxing Energy Use* data, in that unweighted averages of tax rates on natural gas by consumption brackets have been calculated for Northern and Central, and Southern Italy. Based on data provided for previous *Taxing Energy Use* publications, the reduced rates in Southern Italy are included as applying to 14% of total natural gas use.

- Fossil fuels consumed in **agriculture and fishing** are taxed, although gasoline, diesel and LPG use is taxed at lower effective and statutory rates when used for agriculture and fishing purposes.
- Diesel, LPG, fuel oil, natural gas and coal and coke products used to generate **electricity** are taxed at very low statutory and effective rates, and **electricity output** is taxed (per MWh). The statutory rate paid on electricity output for business purposes is lower than electricity consumed by households.

Reported tax expenditures and rebates

The following tax expenditures are included in the *Taxing Energy Use* data for Italy:

- Fuels used for domestic navigation and aviation are untaxed.
- A partial tax reduction is applied to diesel used for domestic railways, as well as to diesel, gasoline and LPG used in activities related to agriculture, horticulture, forestry and aquaculture activities.

Reported tax expenditures or rebates might be averaged with tax rates on other energy uses, in which cases they are not visibly identifiable in the graphical profile. Additional detail on the treatment of tax expenditures is available in Chapter 1 of *Taxing Energy Use 2018*.

Due to a lack of detailed data on the amounts of energy use and carbon emissions associated, the following tax expenditures have not been included in the *Taxing Energy Use* data:

- Firms with a natural gas consumption exceeding 1.2 million cubic meters per year can claim a 60% reduction on the excise tax paid.
- Certain industrial and off-road transportation users can claim a 90% tax reduction on the consumption of LPG.

Sources

The main insights from the second vintage of the *Taxing Energy Use* database are analysed in:

OECD (2018), *Taxing Energy Use 2018 – Companion to the Taxing Energy Use Database*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264289635-en>.

Apart from the sources included in *Taxing Energy Use 2018* (OECD, 2018), and consultation with national delegates, the following country-specific source was used:

Italian Customs Department (2015), “Aliquote di imposta vigenti nel settore delle accise”, <https://www.agenziadoganemonopoli.gov.it/portale/documents/20182/889198/Aliquote+nazionali+aggiornamento+al+1+gennaio+2015.pdf/9109f7b8-985a-4837-b0e0-ac09fdbbc77e>.