

## Taxing Energy Use 2019: Country Note – Poland

*This note explains how Poland taxes energy use. The note shows the distribution of effective energy tax rates – the sum of fuel excise taxes, explicit carbon taxes, and electricity excise taxes, net of applicable exemptions, rate reductions, and refunds – across all domestic energy use. It also details the country-specific assumptions made when calculating effective energy tax rates and matching tax rates to the corresponding energy base.*

*The note complements the Taxing Energy Use 2019 report that is available at <http://oe.cd/TEU2019>. The report analyses where OECD and G20 countries stand in deploying energy and carbon taxes, tracks progress made, and makes actionable recommendations on how governments could do better to use taxes to reach environmental and climate goals.*

*The general methodology employed to calculate effective energy tax rates and assign tax rates to the energy base is explained in Chapter 1 of the report. The official energy tax profile for Poland can be found in Chapter 2 of the report. Chapter 3 additionally shows effective carbon tax rates per tonne of CO<sub>2</sub>, and presents the corresponding carbon tax profiles for all countries. The report also contains StatLinks to the official data.*

### Structure of energy taxation in Poland

Energy and carbon taxes in Poland are levied within the framework of the 2003 European Union (EU) Energy Tax Directive, which sets minimum rates for the taxation of energy products in EU member states. Within this framework, as at 1 July 2018, the main taxes on energy use in Poland are the following:

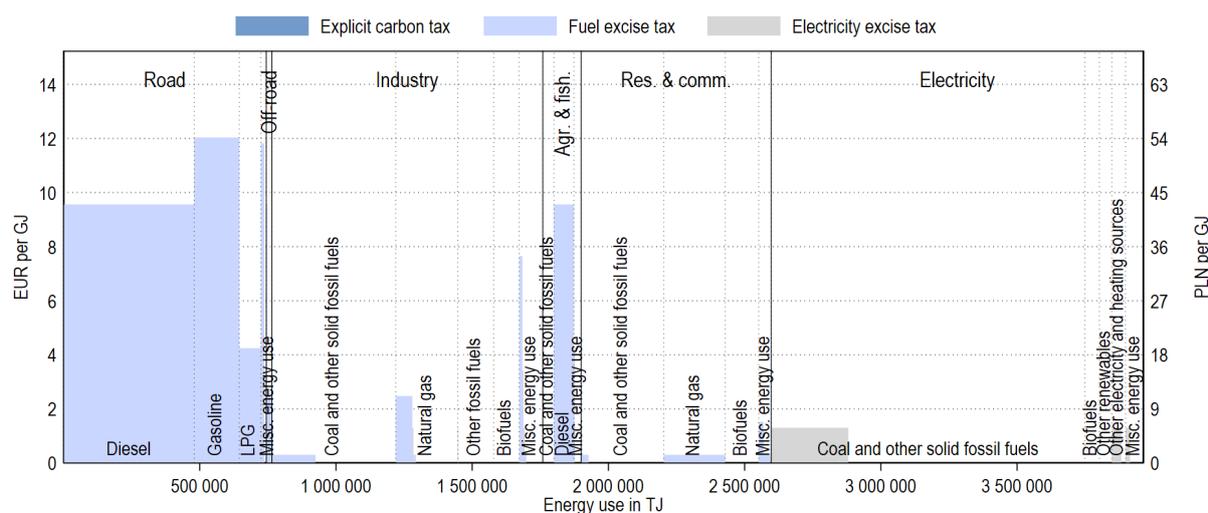
- Excise duties apply to liquid, gaseous and solid fossil fuels and biodiesel, as well as to electricity.
- The Fuel Surcharge (*Oplata paliwowa*) applies to gasoline, diesel, biodiesel, natural gas and LPG when used for automotive purposes.

Poland participates in the EU emissions trading system (ETS) (OECD, 2018<sup>[1]</sup>). Permit prices are not shown in the energy tax profiles.

## Effective tax rates on energy use in Poland

Tax rates can differ across energy products and users, as described below. Figure 1 provides an overview of how energy and CO<sub>2</sub> taxes apply to different energy categories across the economy. The remainder of this document discusses details on tax rates and tax bases for each of the six economic sectors.

**Figure 1. Effective tax rates on energy use by sector and energy category**

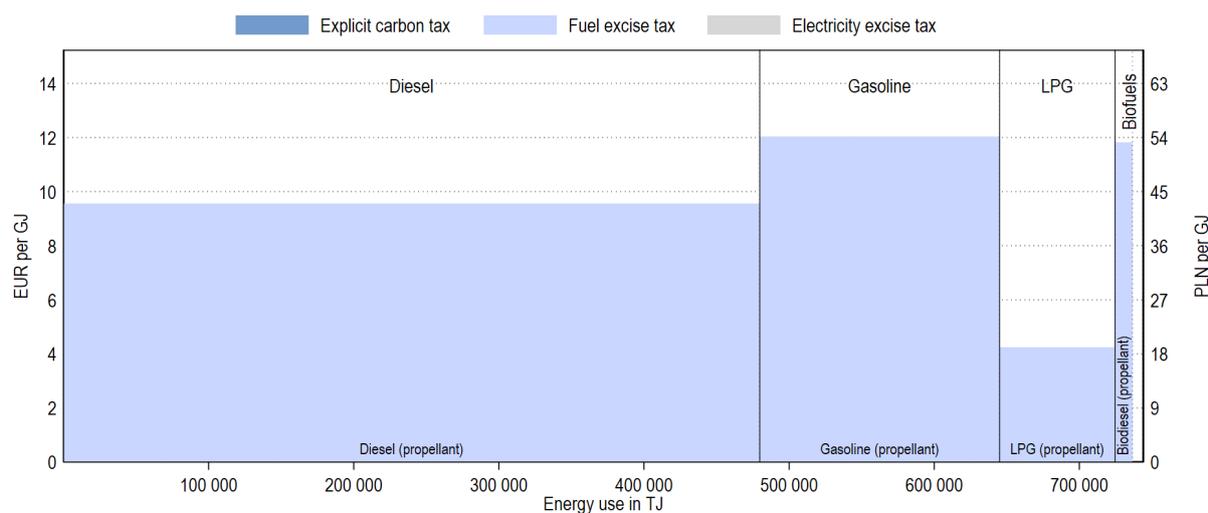


*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the bottom) that represent less than 1% of a country's energy consumption are grouped into "misc. energy use" and may not be labelled.

## Road

Figure 2 shows that within the road sector, gasoline is taxed at a higher effective tax rate than diesel. LPG is also taxed. Biodiesel is taxed at the same statutory rates as its fossil fuel equivalent, which translates into higher effective tax rates according to the TEU methodology, given that biodiesel's energy content per litre is lower.

**Figure 2. Effective tax rates on energy use in the road sector**

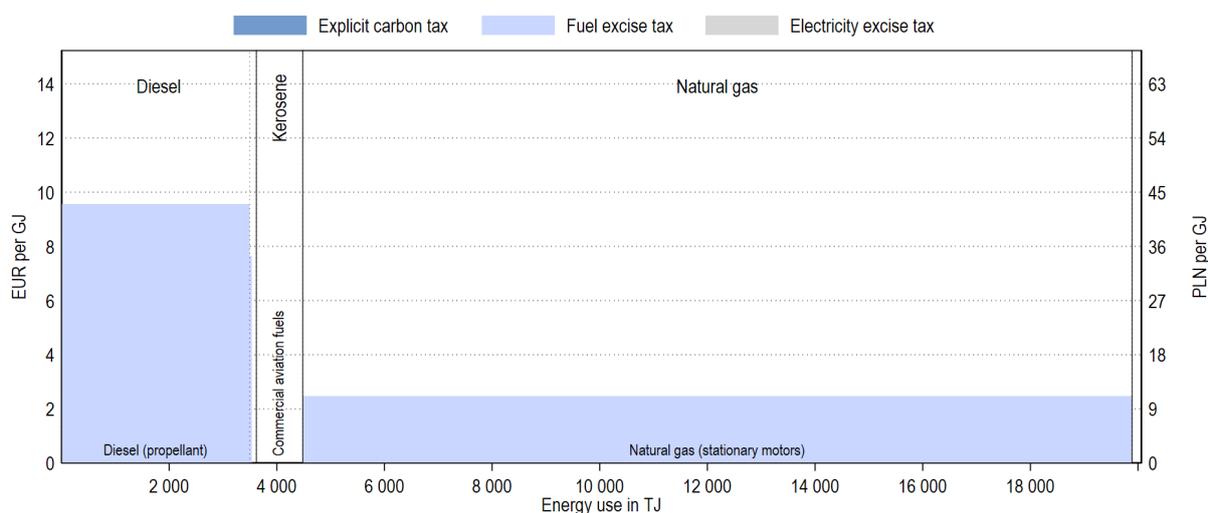


*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

### Off-road

Fossil fuels used in the off-road sector are generally taxed, unless when used for commercial navigation of commercial aviation, as shown in Figure 3.

**Figure 3. Effective tax rates on energy use in the off-road sector**

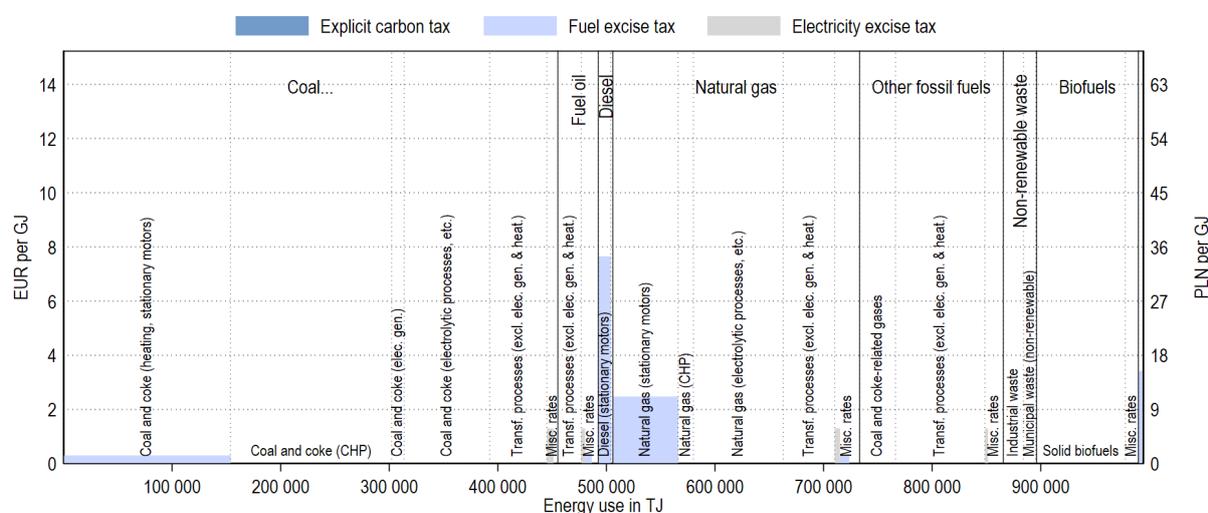


*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

## Industry

Coal and coke products, fuel oil, diesel and natural gas are taxed in principle. However, if these fuels are used in industrial processes they are not taxed if the conditions for non-taxation of the EU Energy Tax Directive are fulfilled (“electrolytic processes, etc.”). Coal and coke-related gases are not taxed. Non-renewable waste and biofuels are not taxed. Fuels used in combined heat and power (CHP) plants are not taxed. Electricity from industrial cogeneration is subject to the general electricity tax (called “electricity excise tax” in TEU) (see electricity section below).

**Figure 4. Effective tax rates on energy use in the industry sector**

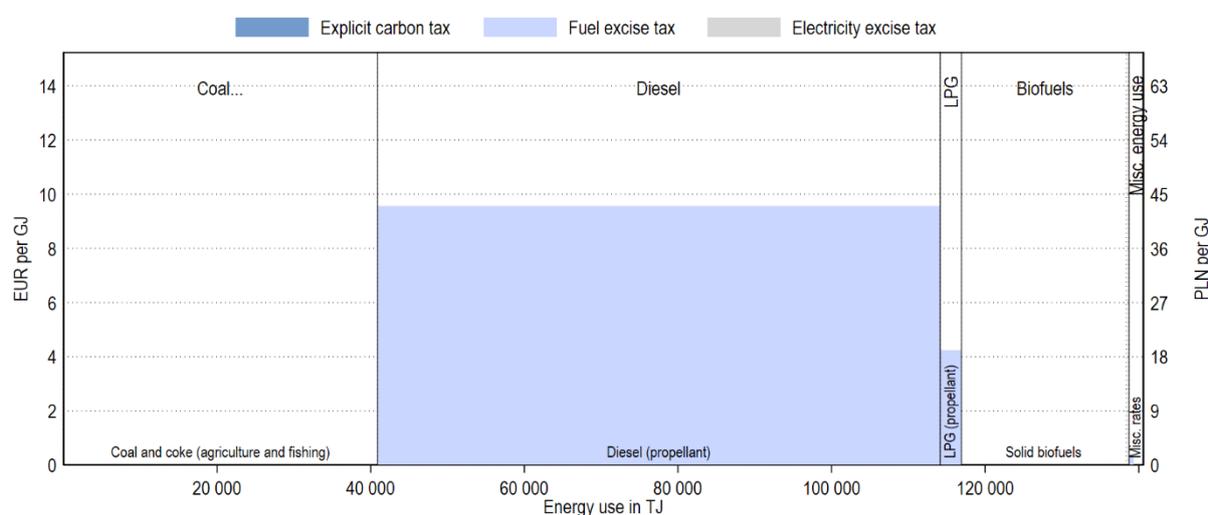


*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector’s energy consumption are grouped into “misc. energy use” and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into “misc. rates” using the same threshold.

### *Agriculture and fisheries*

Coal and coke used in agriculture and fisheries (Figure 5) are not taxed. Diesel is taxed, and so is LPG. Solid biofuels are not taxed.

**Figure 5. Effective tax rates on energy use in the agriculture & fisheries sector**

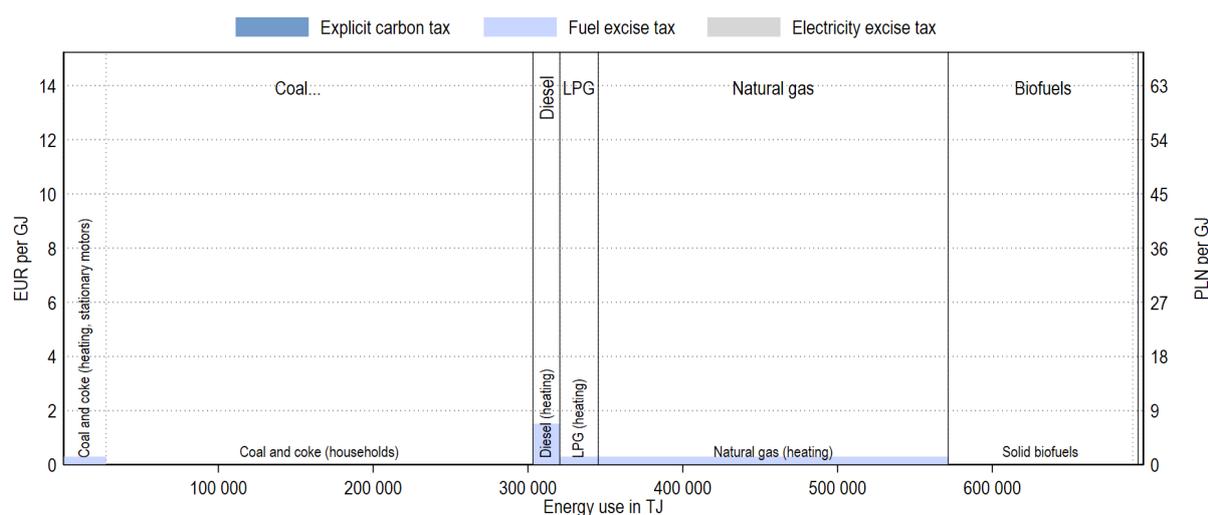


*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

### *Residential and commercial*

Coal and coke used by businesses is taxed. Poland does not tax coal and coke products consumed by households. Diesel and LPG are taxed, and so is natural gas. Biofuels are not taxed. Notice that TEU reports the energy use associated with electricity and district heating consumption in the industry and electricity sector as that is where the primary energy consumption occurs.

**Figure 6. Effective tax rates on energy use in the residential & commercial sector**



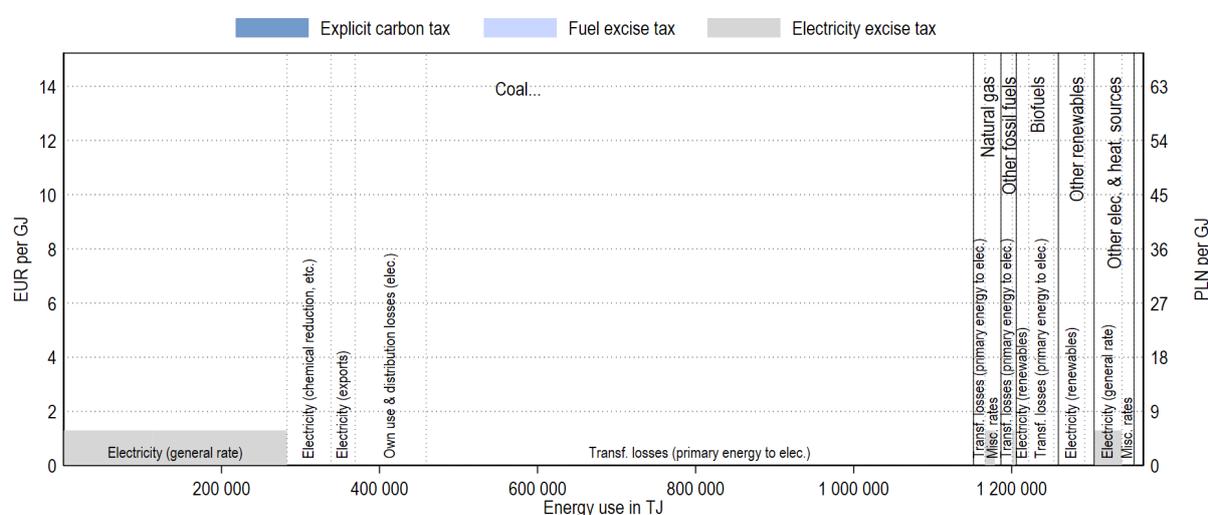
*Note:* Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018<sup>[2]</sup>), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

## Electricity

Figure 7 shows how the electricity sector, as defined in TEU, is taxed in Poland. The fuels used to generate electricity are not taxed, but the electricity sector is covered by the EU ETS (OECD, 2018<sup>[1]</sup>).

The use of electricity, on the other hand, is subject to an electricity tax. Electricity used in certain industrial processes (e.g. chemical reduction) is not taxed. As is standard, electricity exports are not subject to the electricity tax in Poland, but may be subject to electricity taxes elsewhere.

**Figure 7. Effective tax rates on energy use in the electricity sector**



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## References

- IEA (2018), "Extended world energy balances", *IEA World Energy Statistics and Balances* (database), <http://dx.doi.org/10.1787/data-00513-en> (accessed on 16 October 2018). [2]
- OECD (2018), *Effective Carbon Rates 2018: Pricing Carbon Emissions Through Taxes and Emissions Trading*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264305304-en>. [1]