

Current tax system does not reflect PNEC requirements, says APREN study

This is one of the main conclusions of the APREN study on Green Taxation, launched today. The document has already been delivered to the State Secretariats for Energy and Tax Affairs, together with detailed measures that would allow the collection of an additional 1,180 million euros in the period 2022 - 2030 in comparison the maintenance of the current tax regime.

The current tax regime does not adequately promote the necessary transformations in the energy system that are required by the National Energy and Climate Plan 2030. This is one of the main conclusions of the study on Green Taxation carried out by the consultant Deloitte for [Portuguese Renewable Energy Association \(APREN\)](#).

The conclusions of the study were presented today, at an event led by the **President of APREN's Board**, Pedro Amaral Jorge, and with the presence and participation of the **Assistant Secretary of State and Tax Affairs**, António Mendonça Mendes, and the **Assistant Secretary of State and Energy**, João Galamba, as well as Afonso Arnaldo and Bruno Marques Morais, from the consultant **Deloitte**.

Regarding the study, the analysis proves that, in order to fulfill the PNEC objectives, a profound reform of the Portuguese energy model is necessary with regard to the final consumption of energy and the penetration of renewables in the generation of electricity, which requires taxation conducive to this ambition so that it is materialized.

“Looking at the current scenario, energy taxation raises around 11 billion euros a year. However, the charges associated with the different energy sources are not in line with external environmental factors they generate, nor with their energy levels. On the other hand, the current tax regime does not encourage the necessary changes in the energy system that are required by PNEC 2030”, stated Pedro Amaral Jorge, President of APREN's Board.

Based on this study, APREN has already proposed to the Portuguese Government, in the figure of the State Secretariats for Energy and Tax Affairs, key measures that will result in the expected collection of an additional € 1,180 billion in the period 2022-2030 (in comparison with the taxation registered in 2019).

The proposed measures do no cause deficits at different levels of administration (central and local), and make the electricity system maintain a balance between revenues and costs. They are meant to:

- **Generate incentives** for users to change energy consumption habits;
- **Remove excessive charges for electricity production** not related to this activity;
- **Identify other external environmental factors** that are currently not adequately taxed.

On the other hand, and with regard to the impact on the final consumer, the study indicates that a middle-income family that does not adopt any measure would have an increase in its costs of around 60 euros per year, whereas, having made an investment in energy transition measures, savings of up to 40% could be achieved. With regard to **low-income families**, in this case there

would be a **decrease in their annual expenses in any circumstance** (between 3 and 15%) mainly due to the reduction in the price of electricity.

In the package of measures with the objective of generating incentives for users to change their consumption, there are proposals for the area of **Transport**. Gradually match the tax on petroleum products applicable to diesel to the tax applicable to gasoline (for private transport); apply deductions to income taxes of natural and legal persons for the purchase of electric vehicles with battery (BEV), during a reduced period of time (2022-2025); and modify the vehicle tax so that older, more polluting vehicles pay more than new ones (exemptions for cars with low annual mileage and electric vehicles).

APREN also proposes to reduce the VAT rate by 13% for the fixed and variable components of the **electricity tariff**, to eliminate the audiovisual contribution on the electricity bill, and to reduce the cost of the electricity system to reduce the tariffs paid by final consumers.

With regard to buildings, it is suggested to increase the addition on CO₂ emissions from heating fuels (+20 € / tCO₂ in 2022, +30 € / tCO₂ in 2025, +40 € / tCO₂ in 2030), as well as deductions from the personal income tax for the installation of heat pumps, self-consumption PV and solar thermal collectors, and create a tax on the purchase of low-efficiency appliances (A ++: + 10%, A +: + 15%, B and lower: + 25%) to encourage the sale of equipment with high energy efficiency.

In the **industry**, the document suggests deductions of 30% on corporate income tax on investments related to electrification and energy efficiency. Finally, and with regard to **Green Hydrogen**, the study recommends deductions of 20% on corporate income tax for investments related to this renewable technology for raw materials and industrial use, and 10% for investments related to transportation (from 2025 to 2030).

The measures proposed by [APREN](#) are in line with the position of the European Commission and with existing taxation in other European countries.

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About APREN

The [Portuguese Renewable Energy Association \(APREN\)](#) is a non-profit association, founded in October 1988, with the mission of coordinating and representing the common interests of its Members in the promotion of Renewable Energies in the electricity sector.

APREN develops work together with official bodies and other similar entities, at national and international level, as an instrument of participation in energy and environmental policies through the use and valorisation of natural resources for electricity production, namely in water, wind, solar, geothermal, biomass, biogas and solid urban waste.