

Taxing Energy Use 2018

Spain

This note describes the taxation of energy use in Spain. 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 Spain:

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>.

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

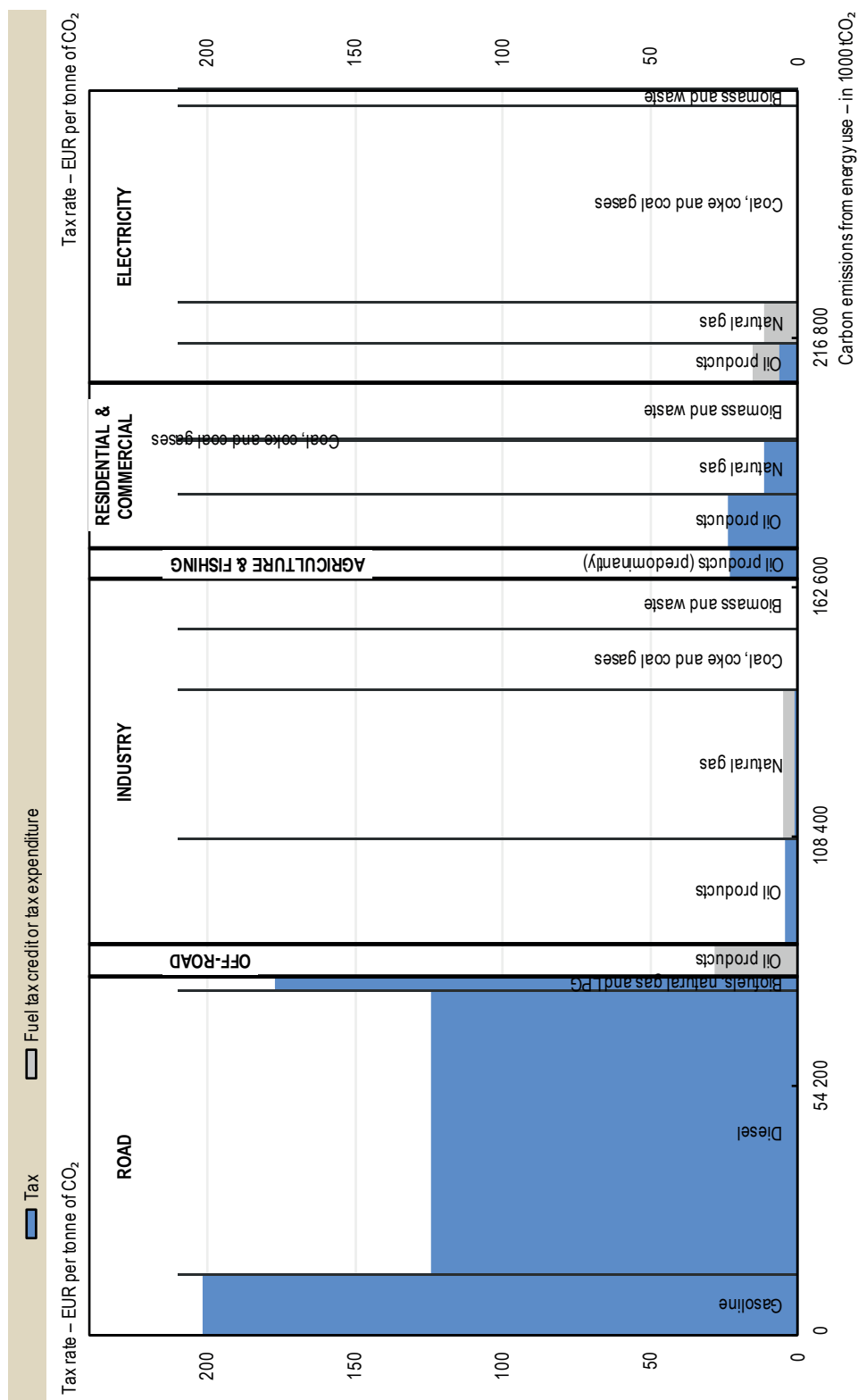


Figure 3. Effective tax rates on energy use in EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

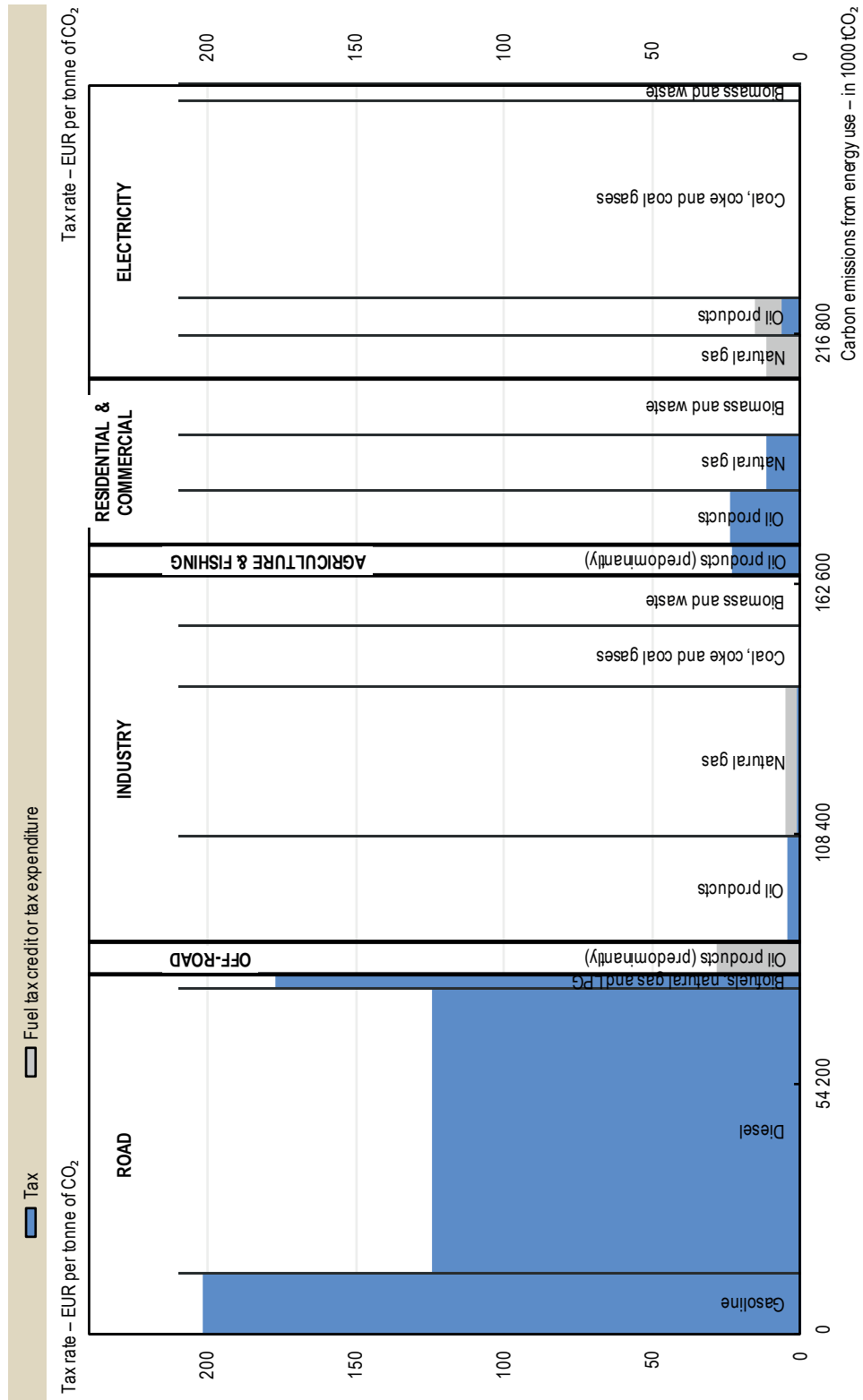
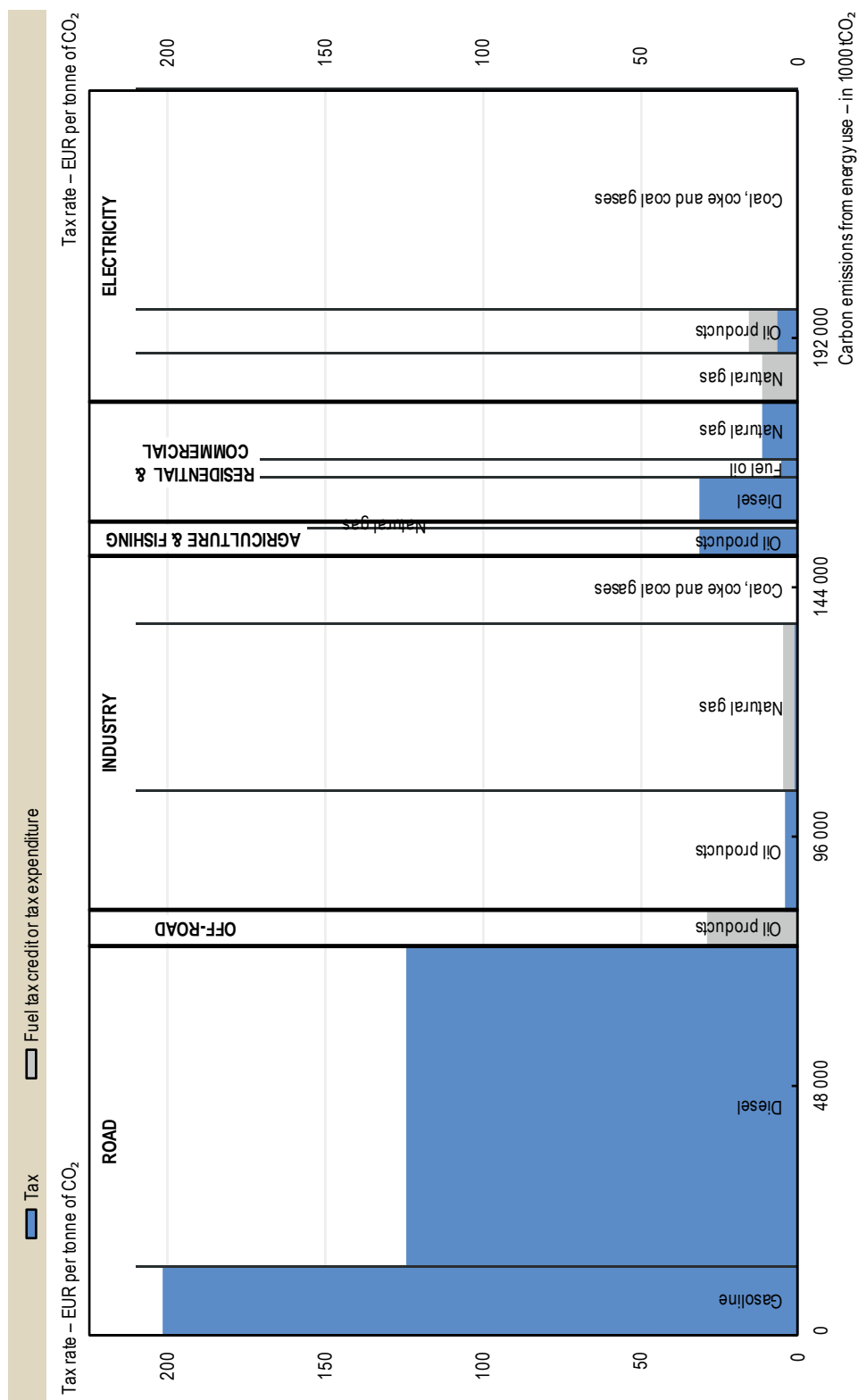


Figure 4. Effective tax rates on energy use in EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass



2. Country-specific notes

This note describes the taxation of energy use in Spain. 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).

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

Energy and carbon taxes

Energy taxes in Spain 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 Spain are the following:

- Excise taxes apply to oil products and natural gas, and coal and coke.
- An excise Tax on Electricity (*Impuesto Especial sobre la Electricidad*) applies to electricity output (per MWh).

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 Spain, 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 Spain'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 Spanish 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, both in terms of TJ and in terms of CO₂.

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.

Diesel use, accounting for close to 80% of the road sector's total carbon emissions, is taxed at a lower effective rate than gasoline. Biofuels are taxed at the same statutory rates as their fossil fuel equivalents, LPG and natural gas are taxed at lower effective rates.

The statutory tax rate on biogasoline (bioethanol and biomethanol) is differentiated by its blend, the rate is higher when biogasoline is blended with unleaded petrol with an octane rating above 98. In consultation with national officials it has been assumed that this biogasoline blend is the one most used in Spain, and correspondingly this rate is included in the *Taxing Energy Use* data.

- Fossil fuels used in the **off-road** sector are untaxed.
- Fossil fuels used in the **industry** and the **residential and commercial** sectors are taxed at lower rates than fuel use in the road sector. Furthermore, fuels used for chemical reduction processes are untaxed, and the fuels used for combined heat and power (CHP) generation benefit from a lower statutory rate.
- Fossil fuels in **agriculture** are taxed, fuels used for **fishing** activities are untaxed.
- **Electricity** output is taxed (per MWh); fuels used for electricity generation are untaxed. Fuels used to generate electricity are untaxed, except for diesel and heavy fuel oil. Diesel and heavy fuel oil used to generate electricity are taxed at lower statutory rates compared to industrial uses of these fuels.

The energy tax profiles show tax rates on electricity output of EUR 0.5 per MWh and EUR 1 MWh for industrial and other users, respectively. These are minimum rates, as Spanish legislation stipulates the entire amount of taxes on electricity output to equal 5.11% of the billed amount. However, due to a lack of data, which would allow converting the *ad valorem* rates into per-unit rates, this provision is not included.

Reported tax expenditures and rebates

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

- Fuels used for domestic navigation and domestic aviation, for fishing purposes and for chemical reduction processes are untaxed.
- Diesel and heavy fuel oil used for electricity generation and fuels used for CHP generation benefit from a lower statutory tax rate.

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*.

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:

Agencia Estatal Boletín Oficial del Estado (2015), “Impuestos Especiales”, <https://www.boe.es/legislacion/codigos/codigo.php?id=63&modo=1¬a=0&tab=2>