

## *Taxing Energy Use 2018*

### **Ireland**

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

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/tCO<sub>2</sub>, 2015, including electricity output taxes and energy use from biomass

Figure 3: Effective tax rates on energy use in EUR/tCO<sub>2</sub>, 2015, excluding taxes on electricity output, including carbon emissions from biomass

Figure 4: Effective tax rates on energy in EUR/tCO<sub>2</sub>, 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 Ireland

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

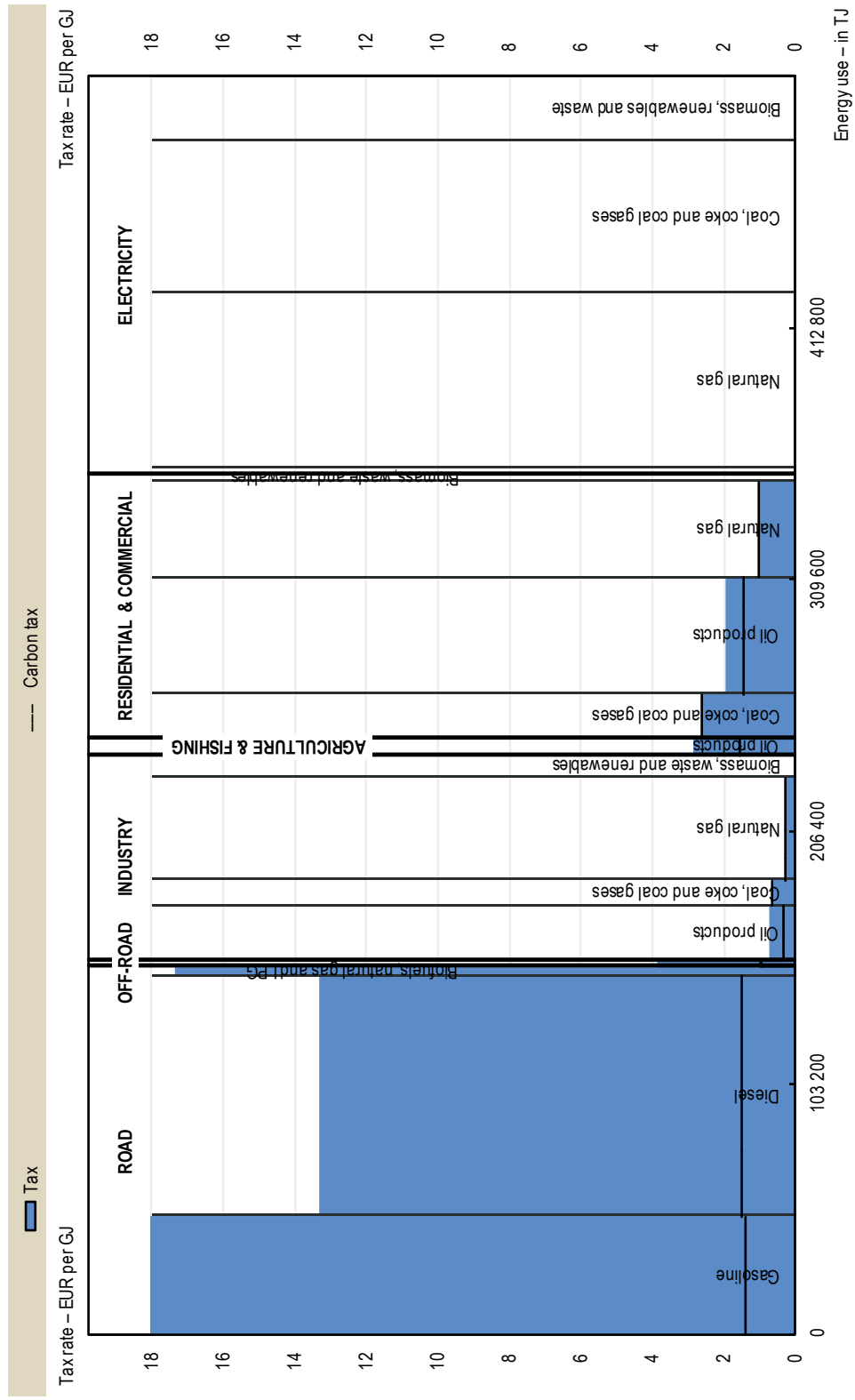


Figure 2. Effective tax rates on energy use in EUR/tCO<sub>2</sub>, 2015, including electricity output taxes and carbon emissions from biomass

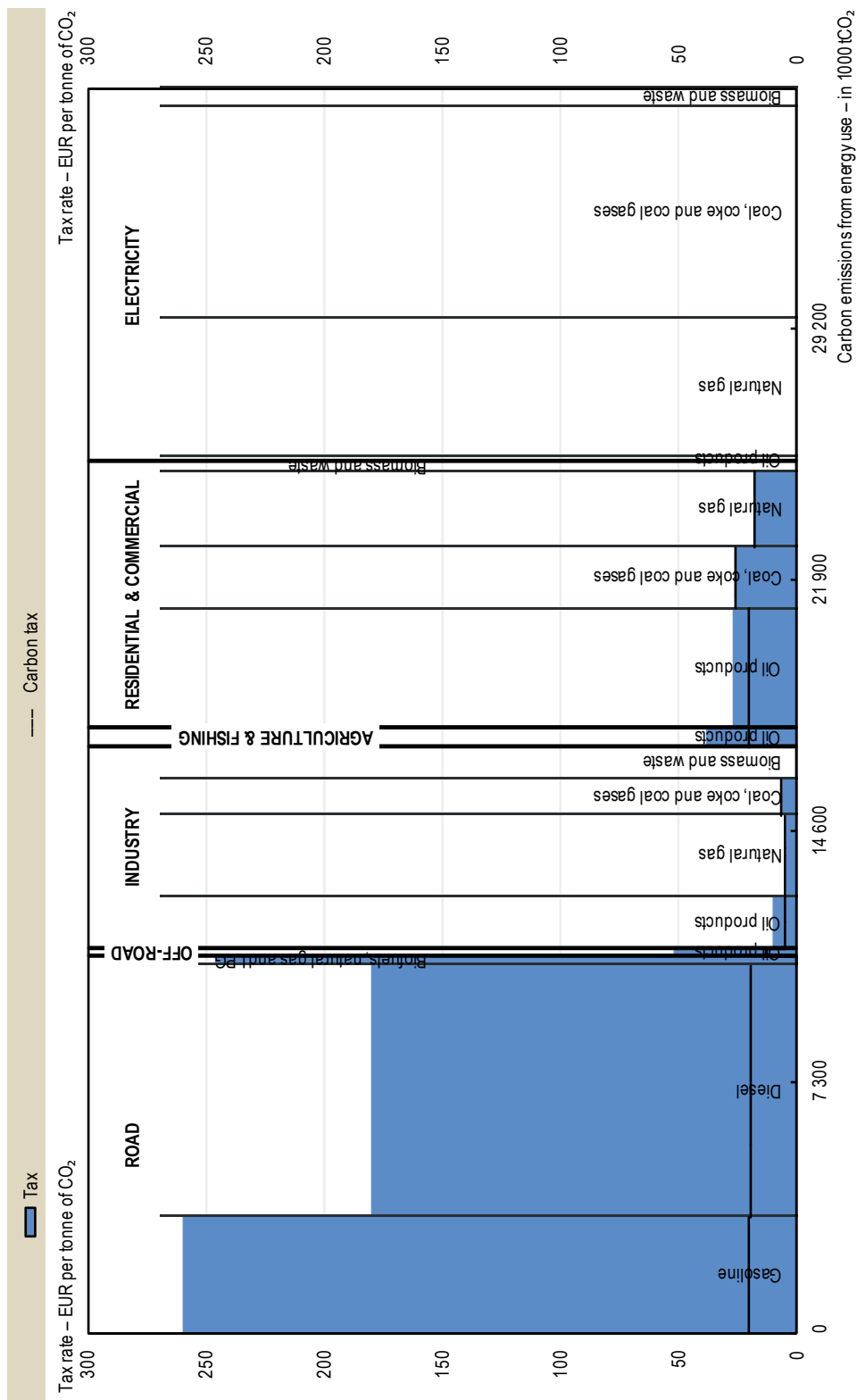


Figure 3. Effective tax rates on energy use in EUR/tCO<sub>2</sub>, 2015, excluding taxes on electricity output, including carbon emissions from biomass

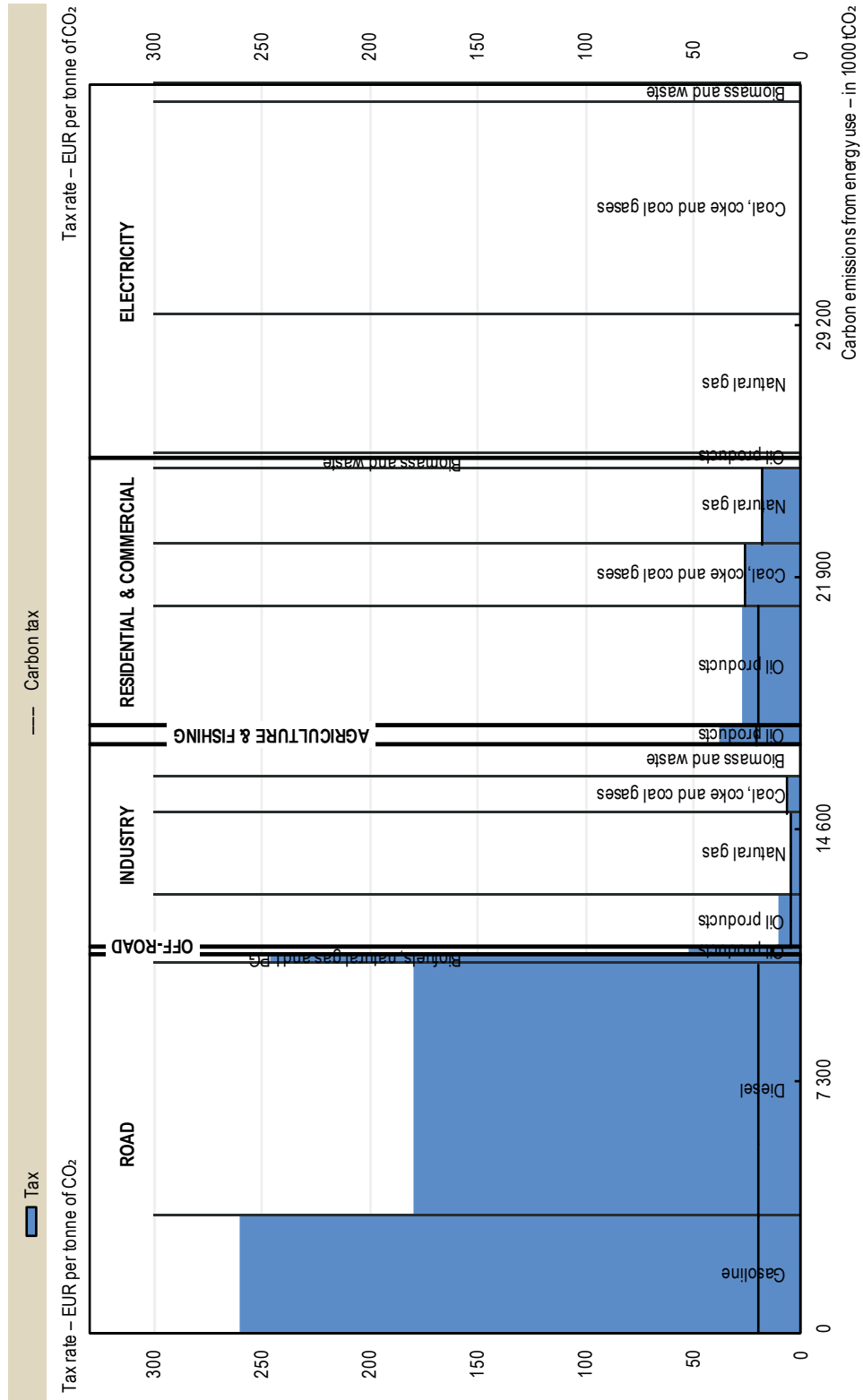
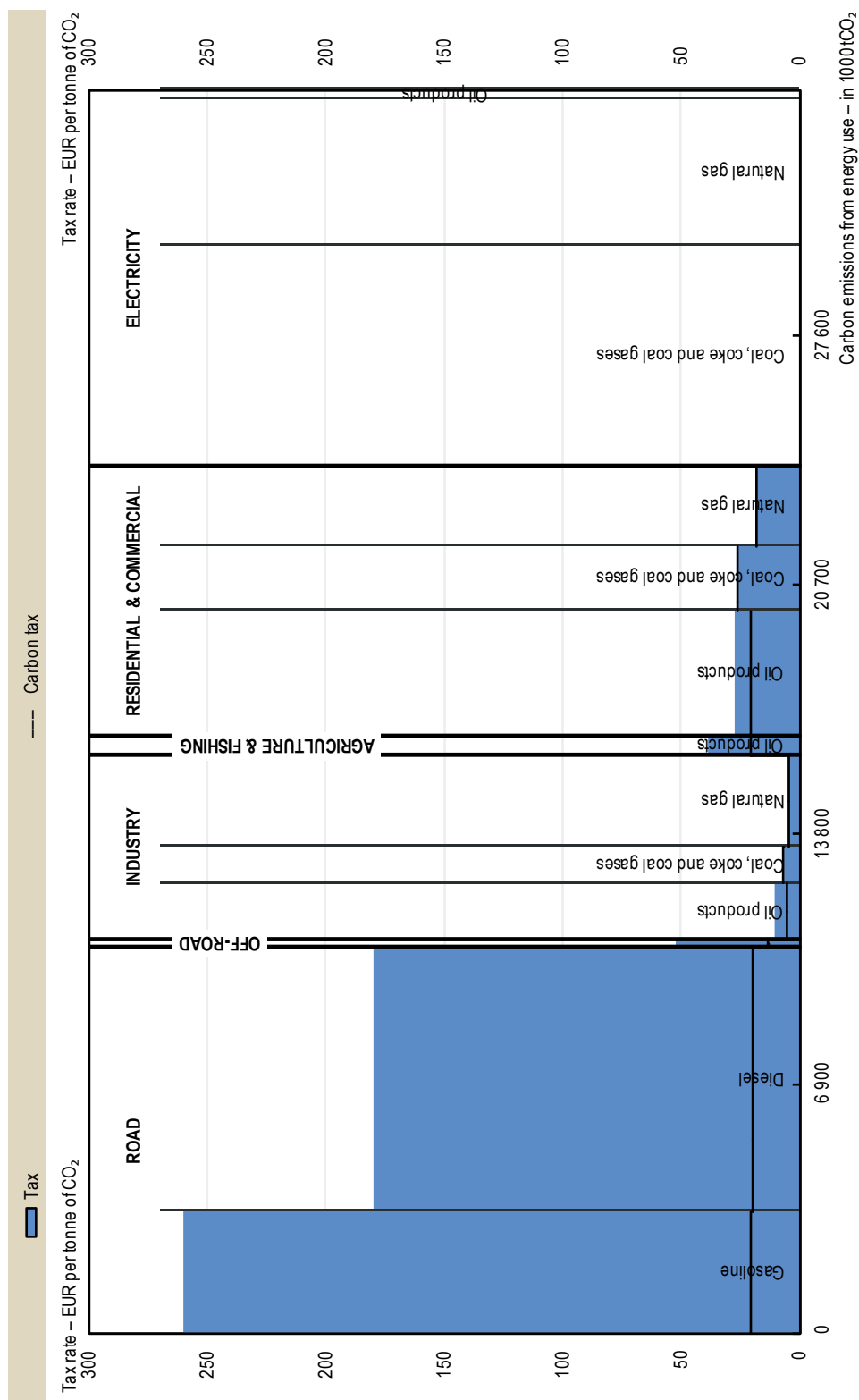


Figure 4. Effective tax rates on energy use in EUR/tCO<sub>2</sub>, 2015, excluding taxes on electricity output and carbon emissions from biomass



## 2. Country-specific notes

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

Ireland participates in the European Union emissions trading system (ETS), not shown in the energy tax profiles.<sup>1</sup>

### *Energy and carbon taxes*

Energy taxes in Ireland 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 Ireland are the following:

- The Mineral Oil Tax applies to oil products and biofuels, with the exception of natural gas, coal and coke and peat, across all sectors except for electricity generation.
- A CO<sub>2</sub> tax applies to oil products, coal, coke and coal products, and natural gas when used outside of road transport, at rates varying in proportion to fuels' carbon content. The CO<sub>2</sub> tax applies across all sectors, except when fuels are used to generate electricity.
- Electricity consumption is taxed, at a higher rate when used in the commercial sector than for industrial use, and untaxed when used by households.

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 Ireland, 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 Ireland's energy use<sup>2</sup> to calculate effective tax rates on energy use (in EUR/TJ) or CO<sub>2</sub> emissions from energy use (in EUR/tCO<sub>2</sub>). Energy use and the CO<sub>2</sub> 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 Irish 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

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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.

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 and in terms of CO<sub>2</sub>. Natural gas and LPG are also taxed, but at substantially lower rates than gasoline and diesel. Biofuels are taxed at roughly the same rates as their fossil fuel equivalents.
- All fuels used in the **off-road** sector are taxed, but at lower rates than fuel use in road transport. In line with data from the OECD's *Effective Carbon Rates*, the EU ETS covers 16% of the domestic **off-road** transport sector, which is correspondingly shown as untaxed under the carbon tax.
- Except for biomass and waste, which account for a minor proportion of fuel use, all fuels used in the **industry** and the **residential and commercial** sector are taxed under the mineral oil and the carbon tax. Since the entities which participate in the ETS do not pay the CO<sub>2</sub> tax, a corresponding amount of carbon emissions from energy use is shown as untaxed under the CO<sub>2</sub> tax in the energy tax profiles. In line with the OECD's data on *Effective Carbon Rates*, the EU ETS covers 60% of the industry sector, and less than 1% of the residential and commercial sector.
- Fuel use in **agriculture and fishing** is taxed at the same rates as in other sectors, but a reduced rate applies to diesel and fuel oil use in horticulture. Due to the small size of the tax base and due to a lack of data, this reduced rate is not included in the data. Fuel use in agriculture is shown as taxed at the same rates as other energy products outside the road sector.
- Fuels use to generate **electricity** are untaxed, but **electricity output** is taxed, at a higher rate when used in the commercial sector than for industrial use, and untaxed when used by households.

### ***Reported tax expenditures and rebates***

Ireland does not report any tax expenditures with respect to the taxes on energy use included in the *Taxing Energy Use* database.

## *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 sources were used:

Irish Tax and Customs (2016), “Table of Excise Duty Rates”, [www.revenue.ie/en/tax/excise/duties/excise-duty-rates.html](http://www.revenue.ie/en/tax/excise/duties/excise-duty-rates.html).

Irish Tax and Customs (2017) “Electricity Tax”, [www.revenue.ie/en/companies-and-charities/excise-and-licences/energy-taxes/electricity-tax/rates.aspx](http://www.revenue.ie/en/companies-and-charities/excise-and-licences/energy-taxes/electricity-tax/rates.aspx).