

## *Taxing Energy Use 2018*

### **New Zealand**

This note describes the taxation of energy use in New Zealand. 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 New Zealand:

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

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

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

Figure 4: Effective tax rates on energy in national currency and 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 New Zealand

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

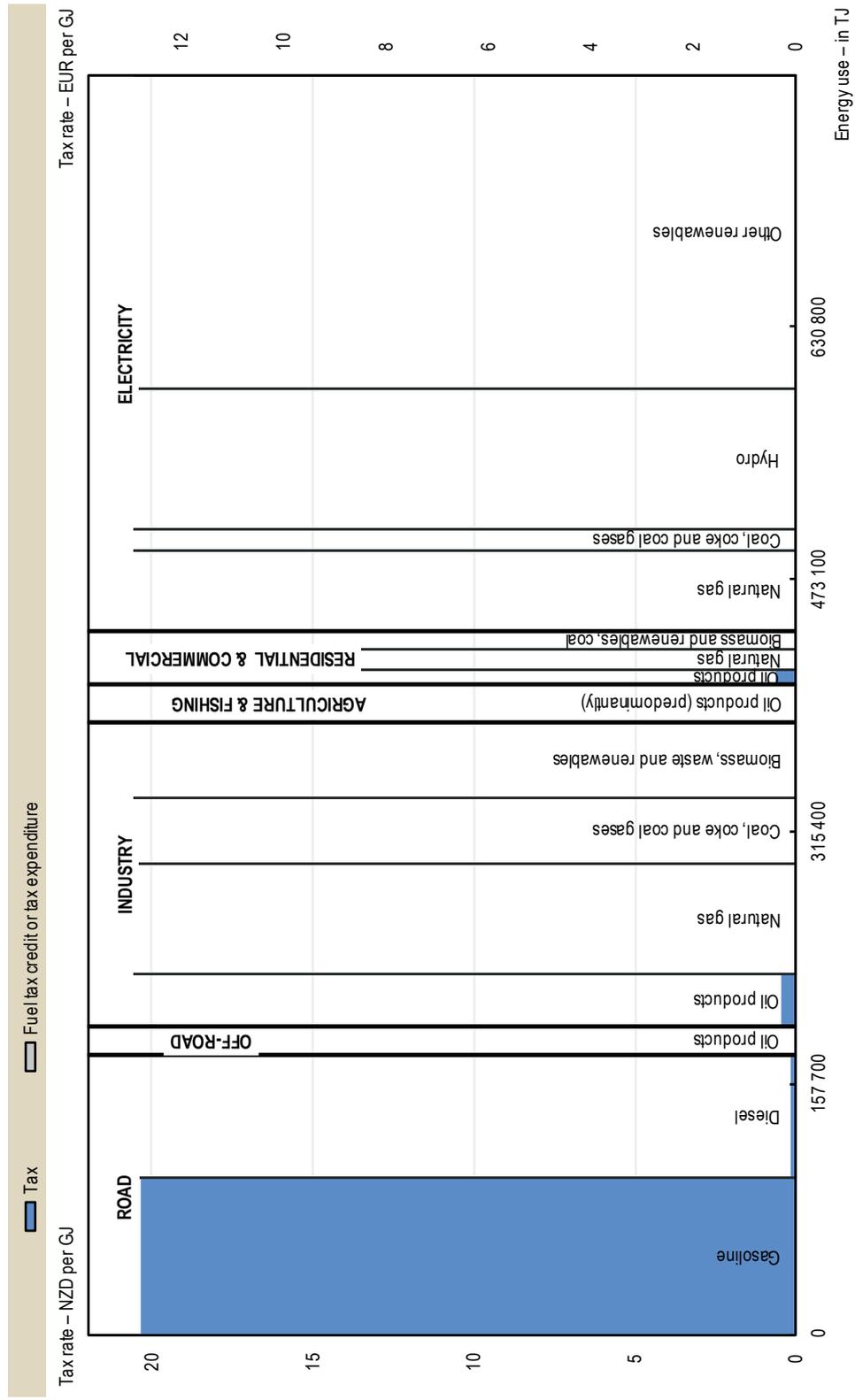


Figure 2. Effective tax rates on energy use in national currency and EUR/tCO<sub>2</sub>, 2015, including electricity output taxes and carbon emissions from biomass

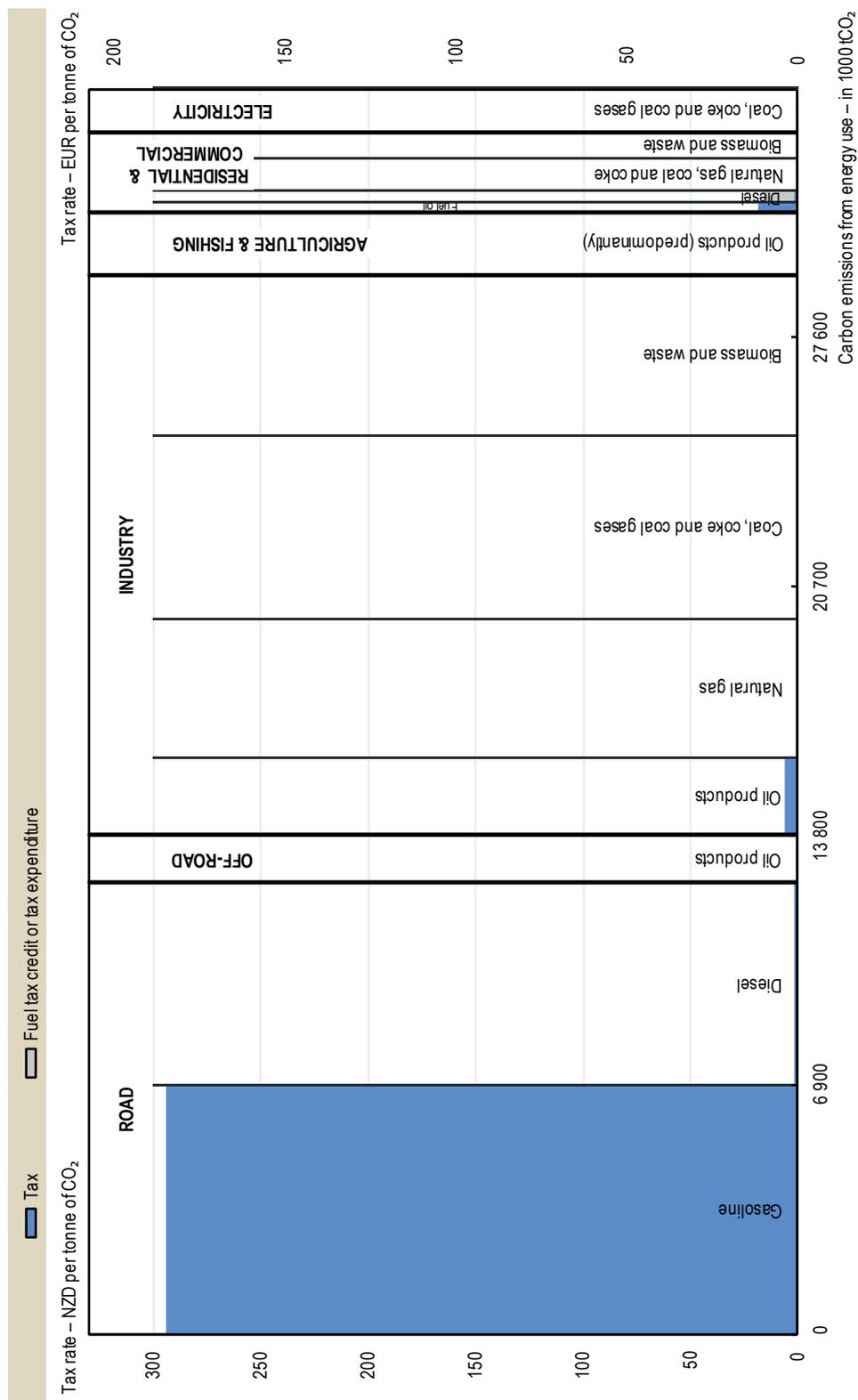


Figure 3. Effective tax rates on energy use in national currency and EUR/tCO<sub>2</sub>, 2015, excluding taxes on electricity output, including carbon emissions from biomass

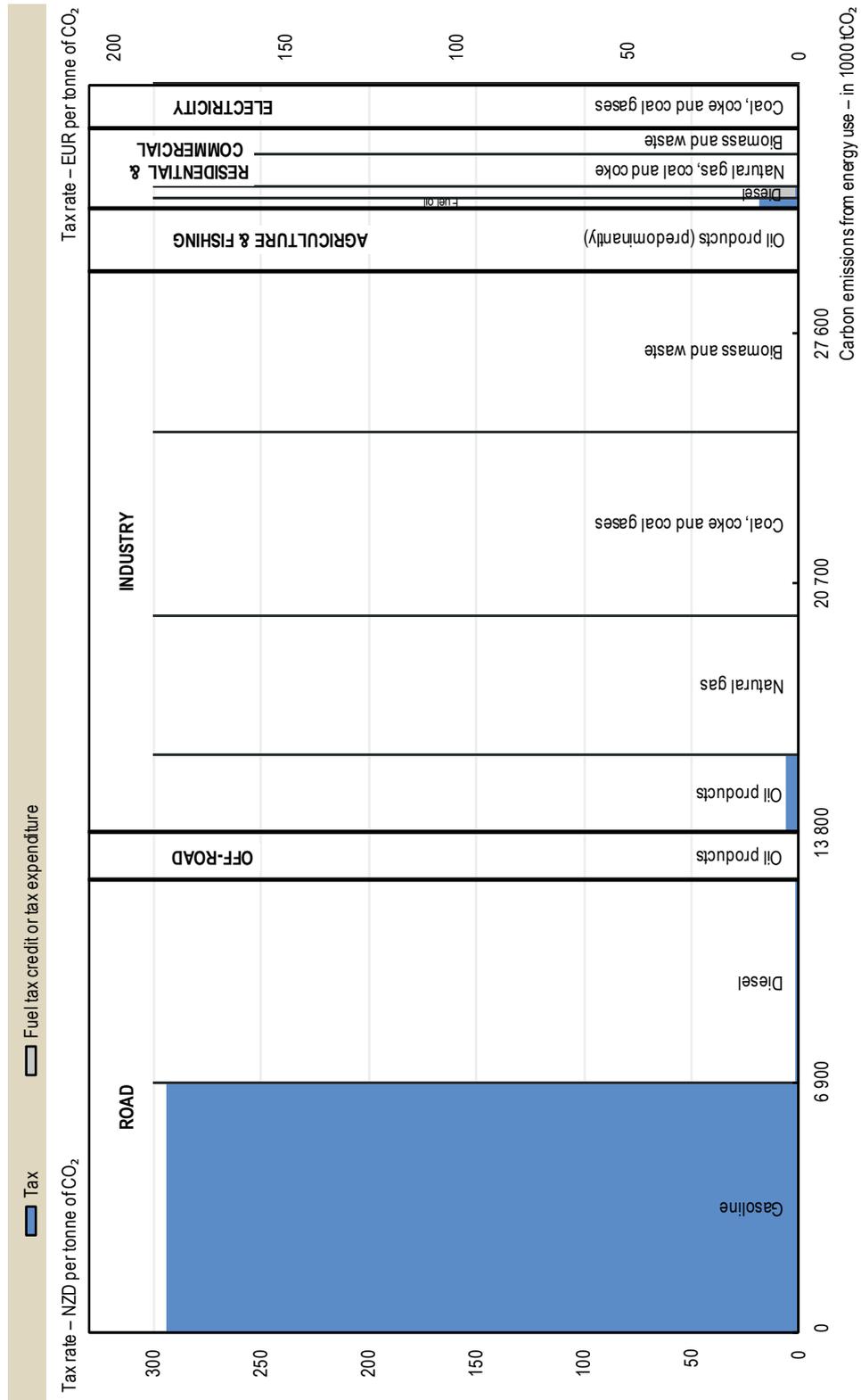
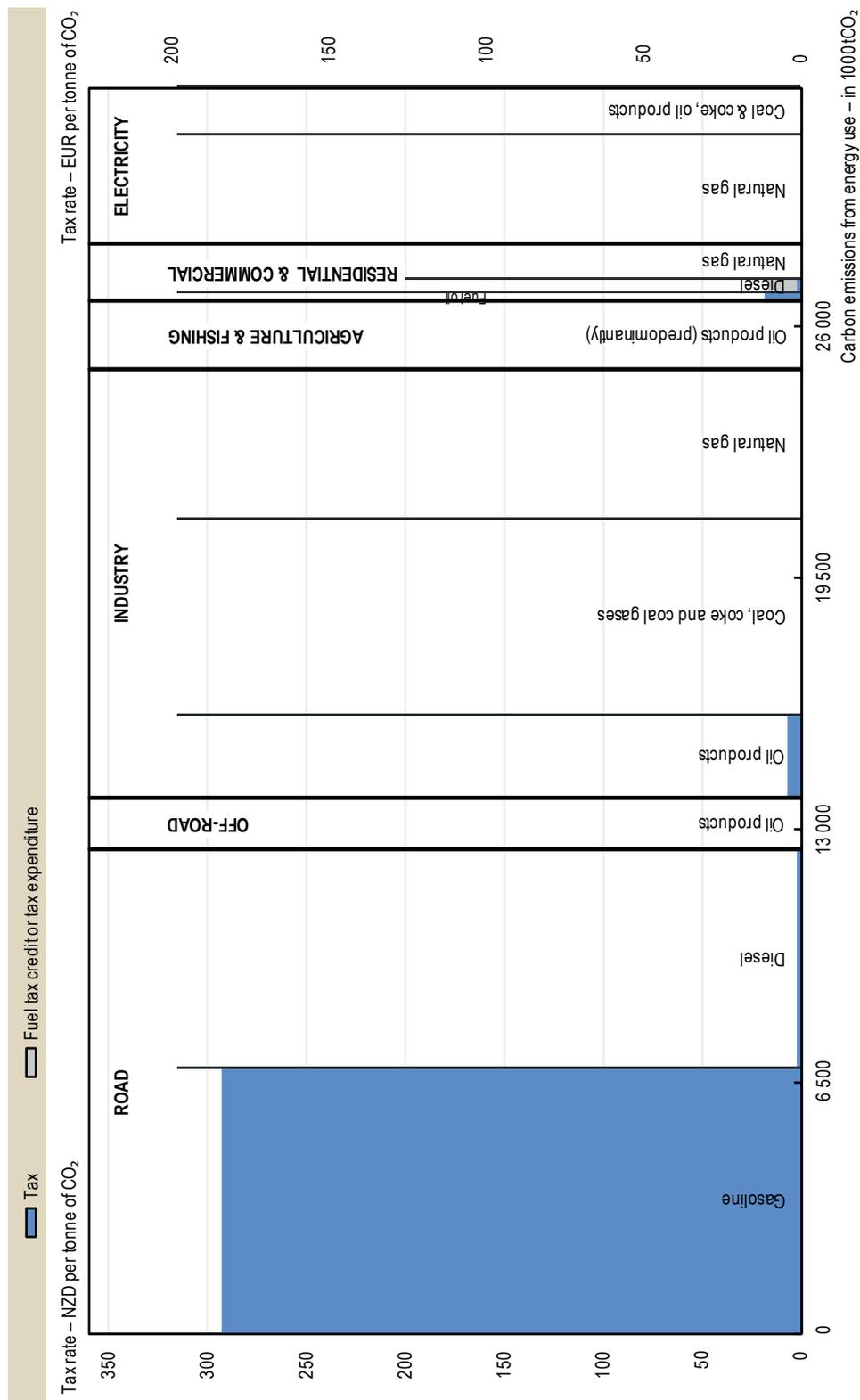


Figure 4. Effective tax rates on energy use in national currency and EUR/tCO<sub>2</sub>, 2015, excluding taxes on electricity output and carbon emissions from biomass



## 2. Country-specific notes

This note describes the taxation of energy use in New Zealand. 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).

New Zealand operates a national emissions trading system (ETS), not shown in the energy tax profiles.<sup>1</sup>

### *Energy and carbon taxes*

The main taxes on energy use in New Zealand are the following:

- Fuel excise taxes apply to gasoline, LPG and other oil products. Excise duties are fully refunded when used outside the transport sector.
- The Accident Compensation Corporation Levy, the Petroleum or Engine Fuel Monitoring Levy, and the Local Authorities fuel tax apply to gasoline, diesel and LPG.
- Natural gas for transport and when used as a heating fuel is taxed at a relatively low rate.

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 New Zealand. Where more than one tax rate applies to an energy user or fuel, the energy tax profile shows their sum.

Road user charges, based on distance travelled and the type and weight of the vehicle, apply to the consumption of diesel for road use. Since road user charges affect different behavioural margins than a tax on fuel use (e.g. distance-based charges do not create a direct incentive to economise on fuel use), they are not included in the TEU database and do not show in the energy tax profiles for New Zealand.

### *Effective tax rates on energy use for different fuels and users*

The tax rates on different fuels and uses are linked to New Zealand's energy use<sup>2</sup> to calculate effective tax rates on energy use (in NZD/TJ and EUR/TJ) or CO<sub>2</sub> emissions from energy use (in NZD/tCO<sub>2</sub> and 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 energy tax profiles (Figures 1 and 2) of New Zealand 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

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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.

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, LPG is taxed at a significantly lower rate in terms of TJ and in terms of CO<sub>2</sub>. Diesel, biofuels and natural gas are taxed at lower effective rates. Biofuels are taxed at the same rates as their fossil fuel equivalents.
- Fossil fuels used in **off-road** transport are taxed, but at lower effective rates than fuel use in road transport. Fuels used for domestic aviation are untaxed, and fuels used in domestic navigation can claim a full refund on taxes paid.
- Fossil fuels used by the **industrial** and **residential and commercial** sectors are taxed, but excise taxes are almost fully refunded. As a result, fuels are shown as taxed at relatively low rates, since just the Accident Compensation Corporation Levy, the Petroleum or Engine Fuel Monitoring Levy, and the Local Authorities fuel tax apply.
- Taxes paid on the fuels used for **agriculture and fishing** are fully refunded.
- Fuels used to generate **electricity** are untaxed, as is electricity output.

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

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

- Full tax refunds apply to motor spirits used for commercial purposes, as well as to LPG and CNG used for commercial purposes and by households.

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 sources were used:

New Zealand Ministry of Business, Innovation and Employment (undated), “Duties, taxes and direct levies on motor fuels in New Zealand”, [www.mbie.govt.nz/info-services/sectors-industries/energy/liquid-fuel-market/duties-taxes-and-direct-levies-on-motor-fuels-in-new-zealand](http://www.mbie.govt.nz/info-services/sectors-industries/energy/liquid-fuel-market/duties-taxes-and-direct-levies-on-motor-fuels-in-new-zealand).

Parliament Council Office (2015) “Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004”, [www.legislation.govt.nz/regulation/public/2004/0238/latest/whole.html#DLM277702](http://www.legislation.govt.nz/regulation/public/2004/0238/latest/whole.html#DLM277702).