Taxing Energy Use 2018

Czech Republic

This note describes the taxation of energy use in the Czech Republic. 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 the Czech Republic:

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_2, 2015, including electricity output taxes and energy use from biomass

Figure 3: Effective tax rates on energy use in national currency and EUR/tCO_2, 2015, excluding taxes on electricity output, including carbon emissions from biomass

Figure 4: Effective tax rates on energy in national currency and EUR/tCO_2, 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 The Czech Republic

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

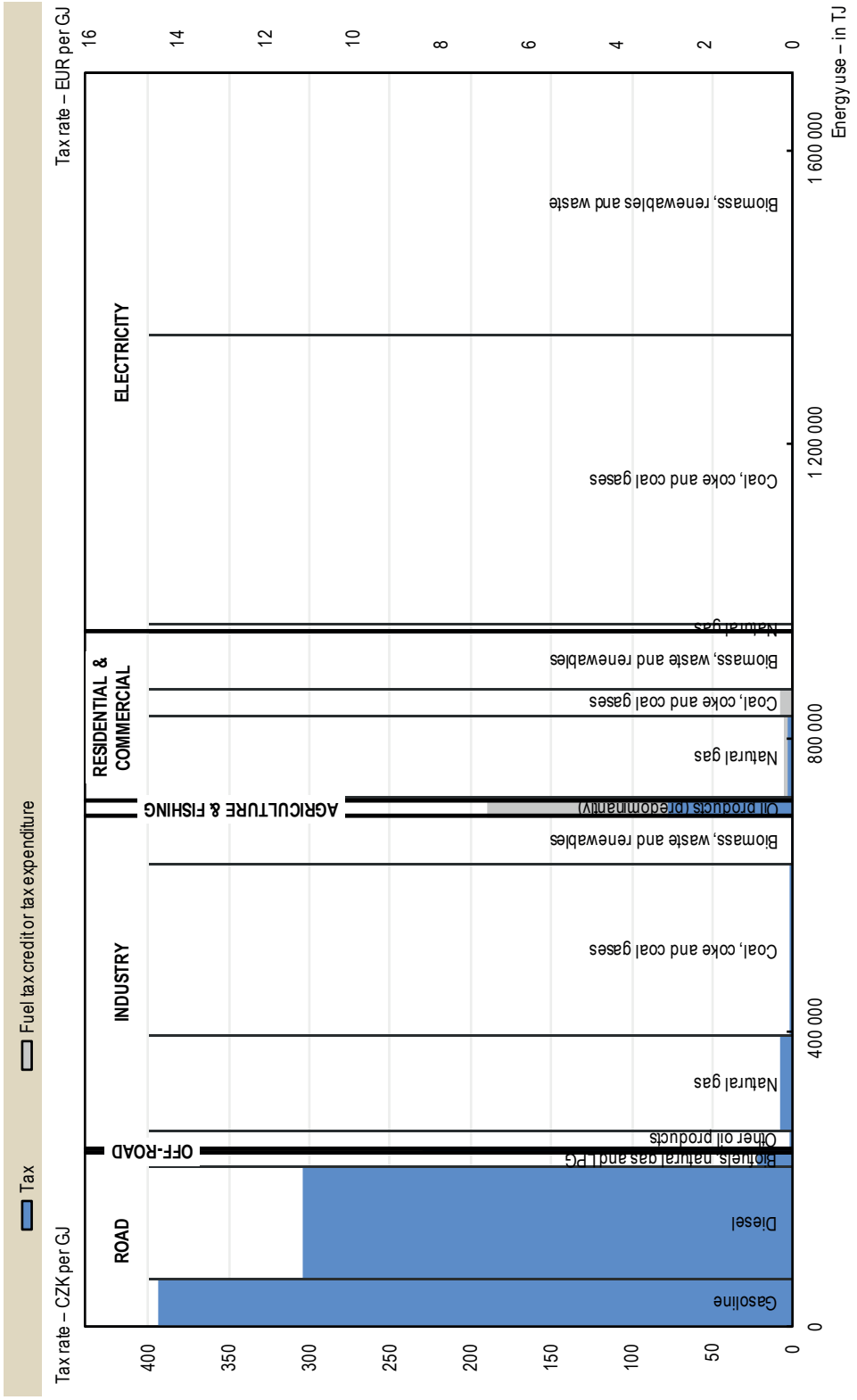


Figure 2. **Effective tax rates on energy use in national currency and EUR/tCO_2, 2015, including electricity output taxes and carbon emissions from biomass**

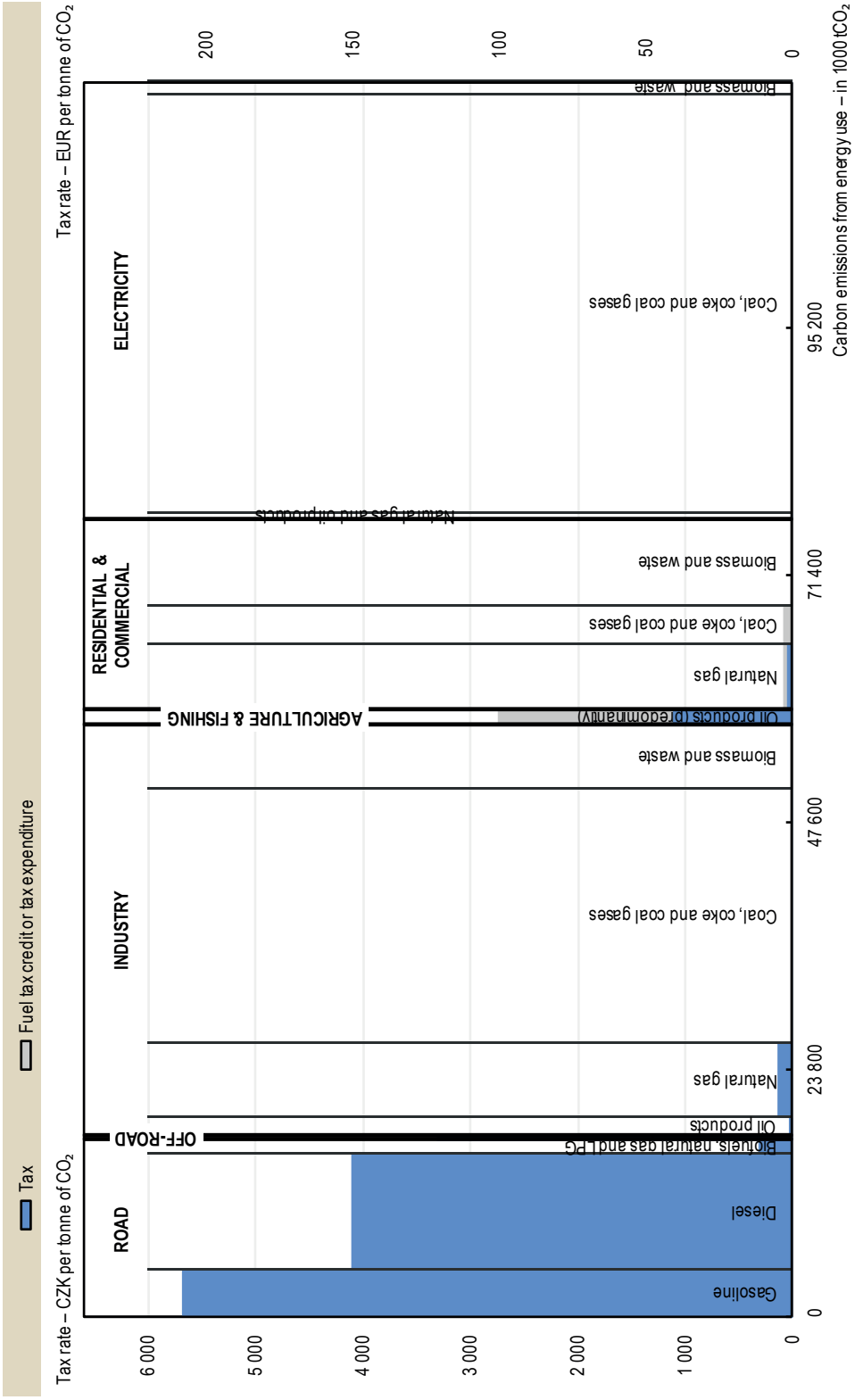


Figure 3. **Effective tax rates on energy use in national currency and EUR/tCO$_2$, 2015, excluding taxes on electricity output, including carbon emissions from biomass**

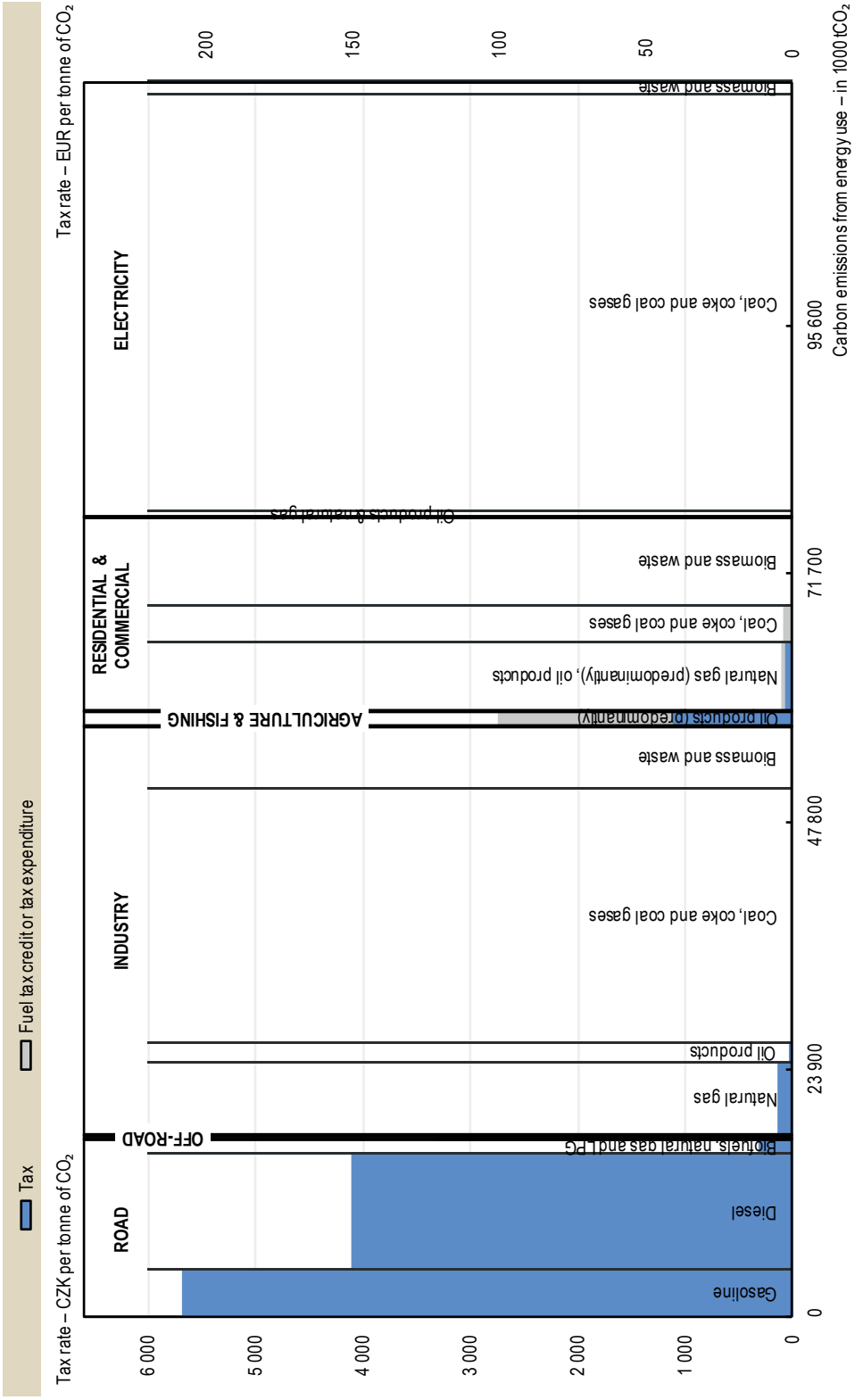
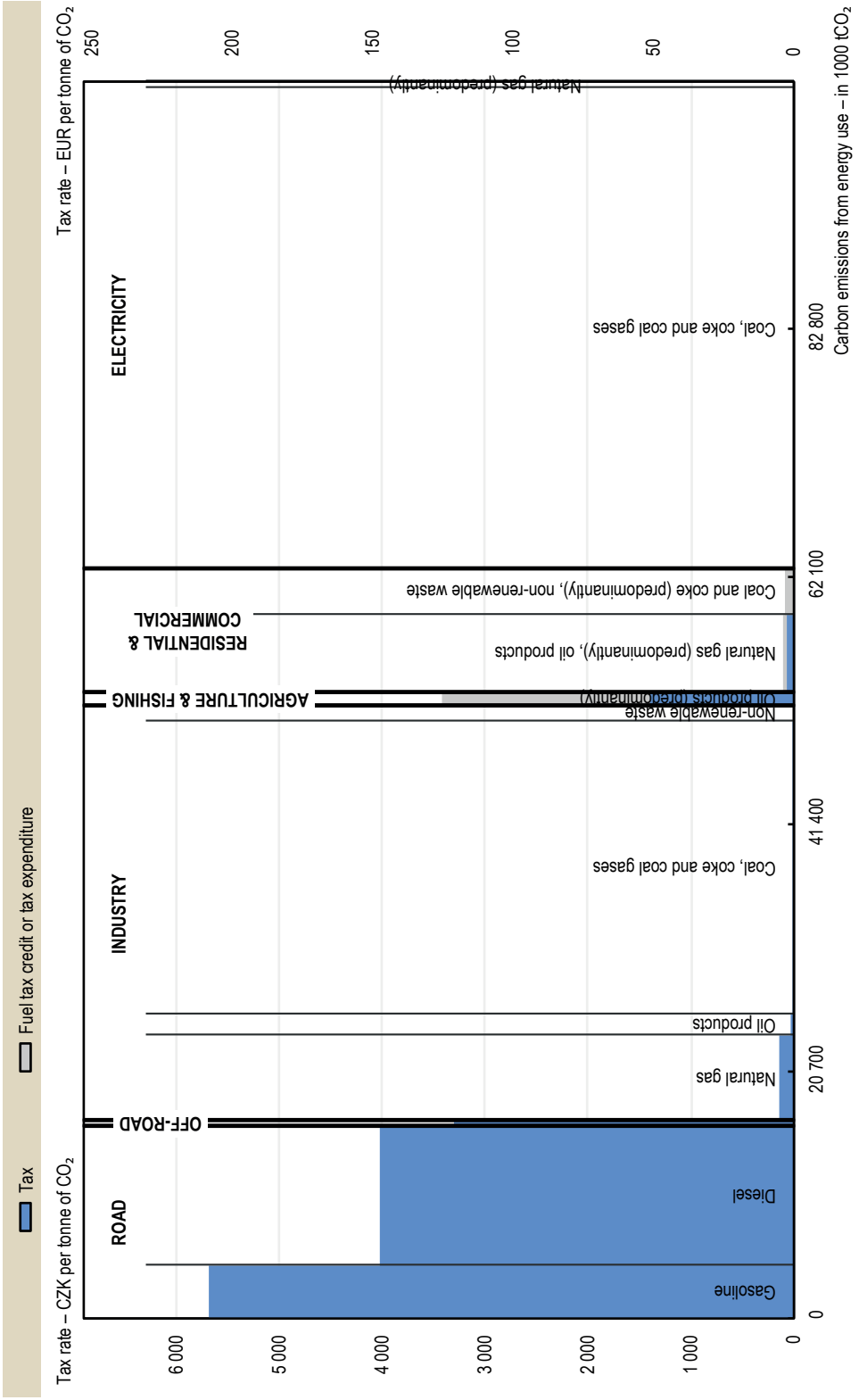


Figure 4. **Effective tax rates on energy use in national currency and EUR/tCO$_2$, 2015, excluding taxes on electricity output and carbon emissions from biomass**



2. Country-specific notes

This note describes the taxation of energy use in the Czech Republic. 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).

The Czech Republic participates in the European Union emissions trading system (ETS), not shown in the energy tax profiles.[1]

Energy and carbon taxes

Energy and carbon taxes in the Czech Republic 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 the Czech Republic are the following:

- An excise tax applies to oil products, natural gas and coal and coke consumption.
- Electricity output is taxed (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 the Czech Republic, but the levy 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 the Czech Republic's energy use[2] to calculate effective tax rates on energy use (in CZK/TJ and EUR/TJ) or CO_2 emissions from energy use (in CZK/tCO_2 and EUR/tCO_2). Energy use and the CO_2 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 the Czech Republic 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, diesel is taxed at a lower rate in terms of TJ

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.

and in terms of CO_2. Natural gas and LPG are also taxed, but at substantially lower effective rates than gasoline and diesel. Biofuels are untaxed.

- Fossil fuels used in the **off-road** sector are taxed, but at lower effective rates than fuel use in road transport. Fuels used for commercial aviation and domestic navigation are untaxed.
- Fossil fuels used in the **industry**, **agriculture and fishing** and **residential and commercial** sectors are taxed, but statutory and effective rates vary across the main non-road sectors:
  - Diesel used for industrial and commercial heating and in agriculture is taxed at a reduced rate;
  - Natural gas, LPG and coal and coke consumed for residential heating and used for combined heat and power (CHP) generation are untaxed.
- **Elecricity** output is taxed (per MWh). Fuels used to generate electricity are untaxed.

Reported tax expenditures and rebates

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

- Diesel consumed in the agriculture sector, and when used in commercial heating, is taxed at a reduced rate.
- Natural gas and coal and coke are untaxed when used for combined heat and power (CHP) generation or for residential heating.

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* (OECD, 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, no country-specific sources were used.