

Taxing Energy Use 2019: Country Note – Slovak Republic

This note explains how the Slovak Republic taxes energy use. The note shows the distribution of effective energy tax rates – the sum of fuel excise taxes, explicit carbon taxes, and electricity excise taxes, net of applicable exemptions, rate reductions, and refunds – across all domestic energy use. It also details the country-specific assumptions made when calculating effective energy tax rates and matching tax rates to the corresponding energy base.

The note complements the Taxing Energy Use 2019 report that is available at <http://oe.cd/TEU2019>. The report analyses where OECD and G20 countries stand in deploying energy and carbon taxes, tracks progress made, and makes actionable recommendations on how governments could do better to use taxes to reach environmental and climate goals.

The general methodology employed to calculate effective energy tax rates and assign tax rates to the energy base is explained in Chapter 1 of the report. The official energy tax profile for the Slovak Republic can be found in Chapter 2 of the report. Chapter 3 additionally shows effective carbon tax rates per tonne of CO₂, and presents the corresponding carbon tax profiles for all countries. The report also contains StatLinks to the official data.

Structure of energy taxation

Energy taxes in Slovakia are levied within the framework of the 2003 European Union (EU) Energy Tax Directive, which sets minimum rates for the taxation of energy products in EU member states. Within this framework, as at 1 July 2018, the main taxes on energy use in the Slovak Republic are the following:

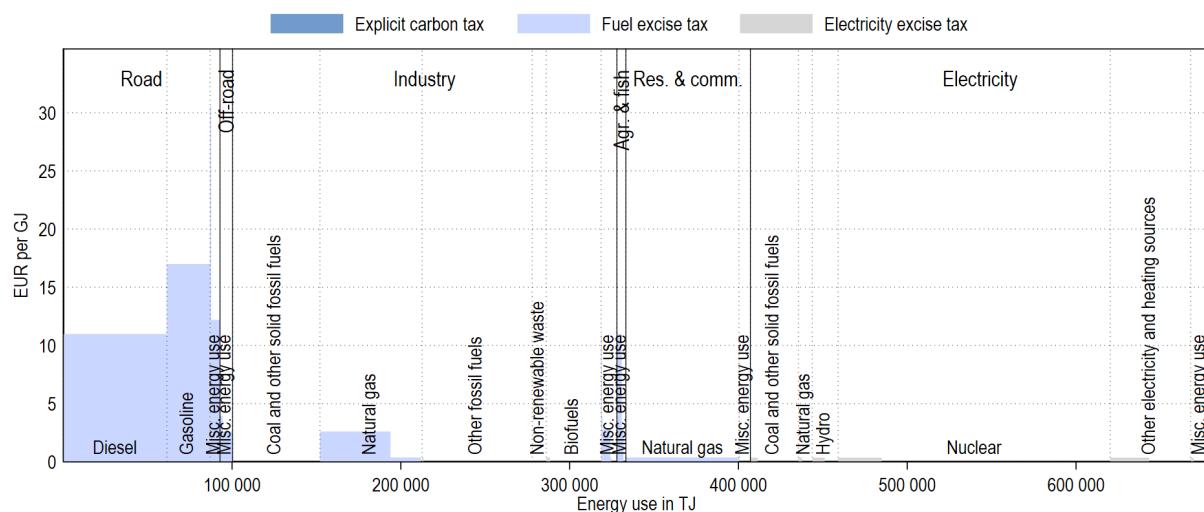
- An excise tax applies to certain forms of fuel use, but not to the fuels used to generate electricity;
- Electricity use is taxed (per MWh) when consumed by businesses

The Slovak Republic participates in the EU emissions trading system (ETS) (OECD, 2018^[1]). Permit prices are not shown in the energy tax profiles.

Effective tax rates on energy use in the Slovak Republic

The taxes result in effective tax rates that can differ across energy products and uses, as described below. Figure 1 provides an overview of how energy and carbon taxes apply across the economy. The remainder of this document discusses details on tax rates and tax bases for each of the six economic sectors.

Figure 1. Effective tax rates on energy use by sector and energy category

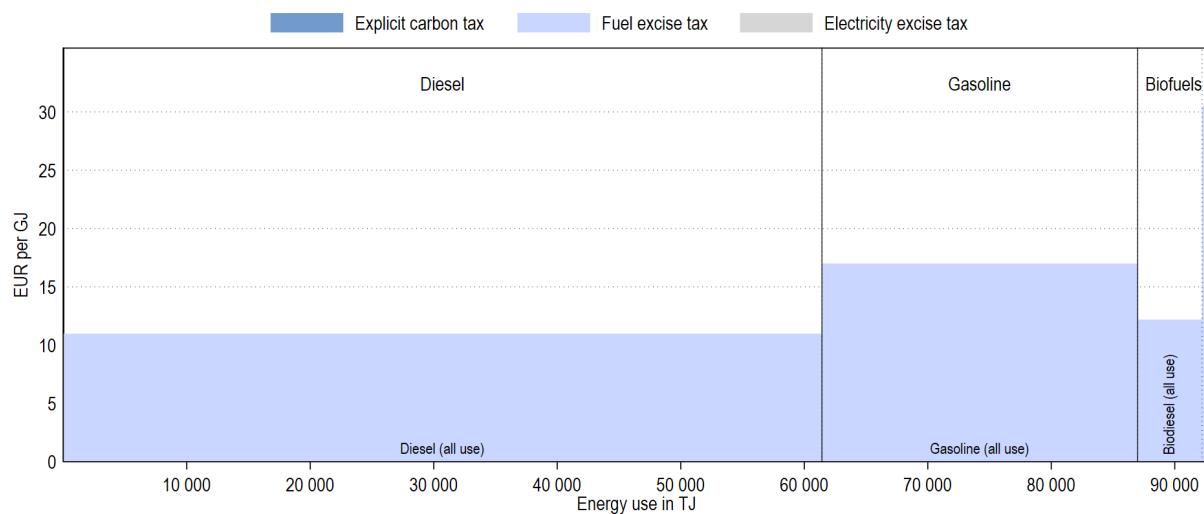


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the bottom) that represent less than 1% of a country's energy consumption are grouped into "misc. energy use" and may not be labelled.

Road

In the road sector, gasoline is taxed at the highest rate, followed by diesel. LPG and natural gas use (not labelled in the figure) are taxed at significantly lower rates than gasoline and diesel. Biodiesel and biogasoline (grouped under misc. rates) are taxed at lower statutory rates than their fossil fuel equivalents. However, considering their lower heating value, effective tax rates per GJ are higher.

Figure 2. Effective tax rates on energy use in the road sector

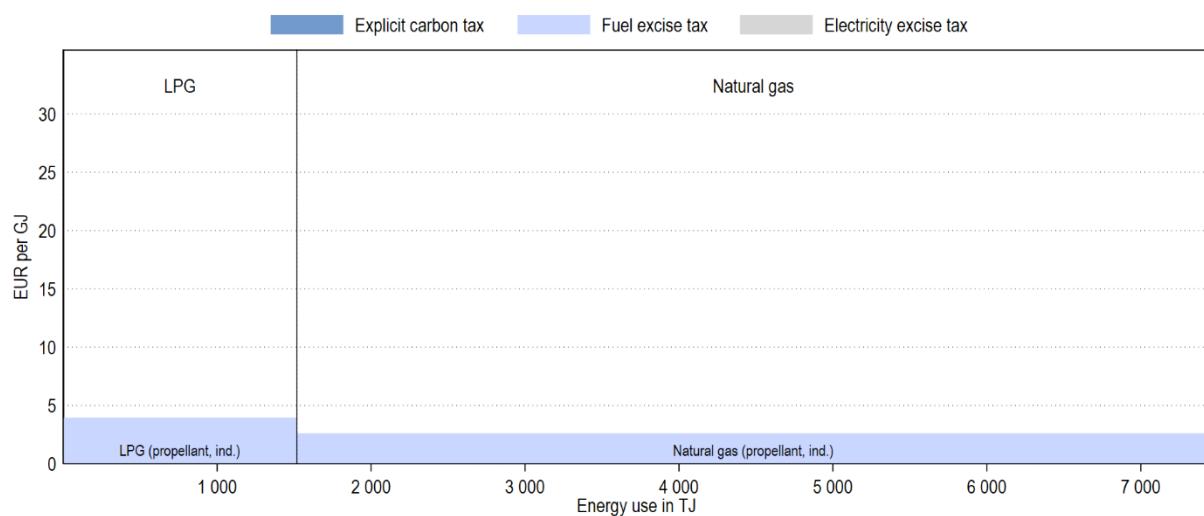


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

Off-road

Fuels used in the off-road sector are taxed. In the Slovak republic, the only fuels used in off-road transport are LPG and natural gas.

Figure 3. Effective tax rates on energy use in the off-road sector



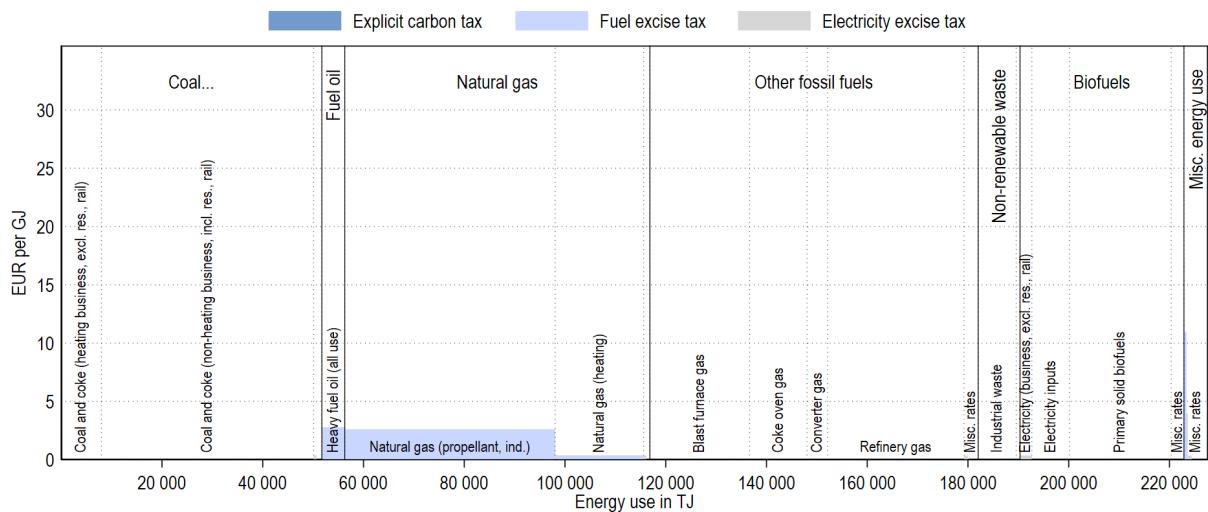
Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

Industry

Coal and coke products are taxed when used for business heating, albeit at a low-rate that is not visible in the figure. Coal and coke products are untaxed when used for business purposes other than heating. Fuel oil is taxed as in the other sectors. Natural gas is taxed unless used in autoproducer electricity plants, but its rate is lower when used for heating purposes. Other fossil fuels (mainly by-products of industrial processes such as blast furnace gas, coke oven gas, converter gas, and refinery gas) are not taxed. As in other sectors, waste and non-liquid biofuels are not taxed.

Inputs into autoproducer electricity plants are untaxed. Electricity produced by autogeneration plants is subject to electricity excise taxes under the same conditions as main-producer electricity plants (see electricity section below).

Figure 4. Effective tax rates on energy use in the industry sector

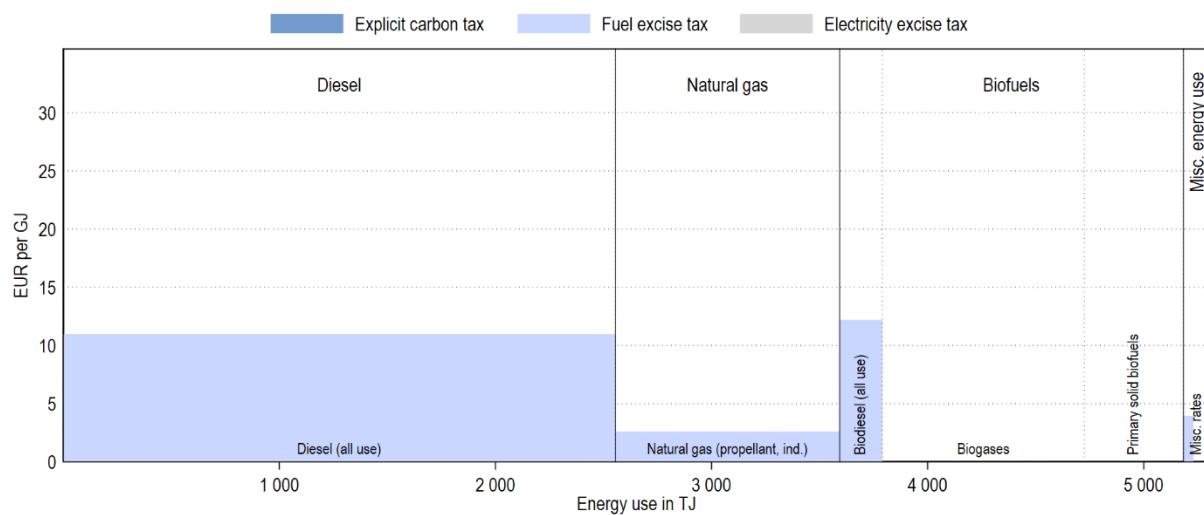


Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

Agriculture and fisheries

In agriculture and fisheries, fuels are taxed under the same conditions as in the other sectors.

Figure 5. Effective tax rates on energy use in agriculture and fisheries

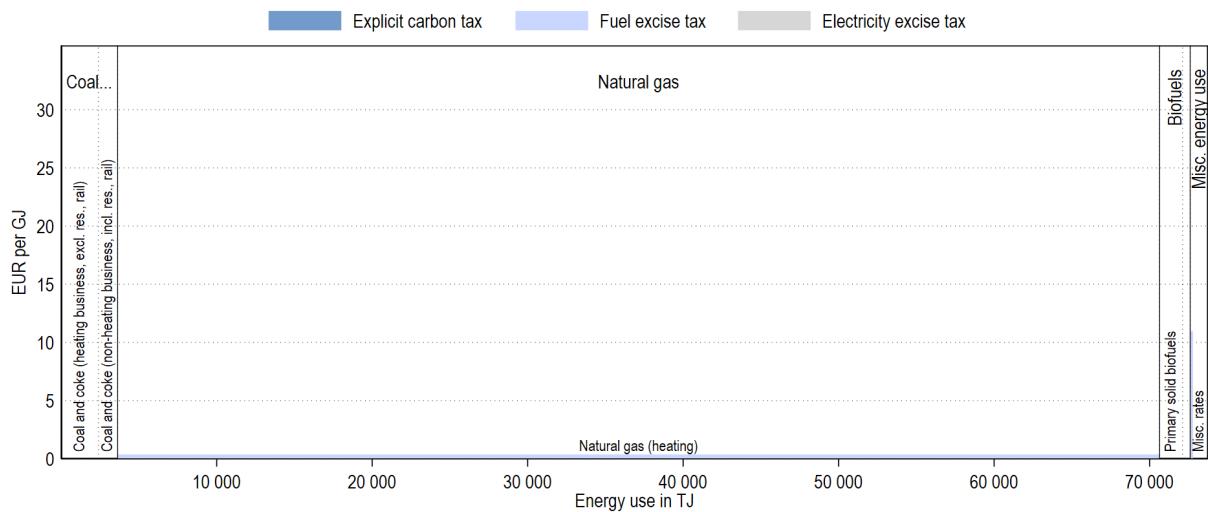


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Residential and commercial

In the residential and commercial sector, coal and coke products are taxed when used commercially, albeit at a low-rate that is not visible in the figure. Coal and coke are not taxed when used by households (res.). Natural gas is taxed. Non-liquid biofuels are not taxed as in the other sectors.

Figure 6. Effective tax rates on energy use in the residential and commercial sector

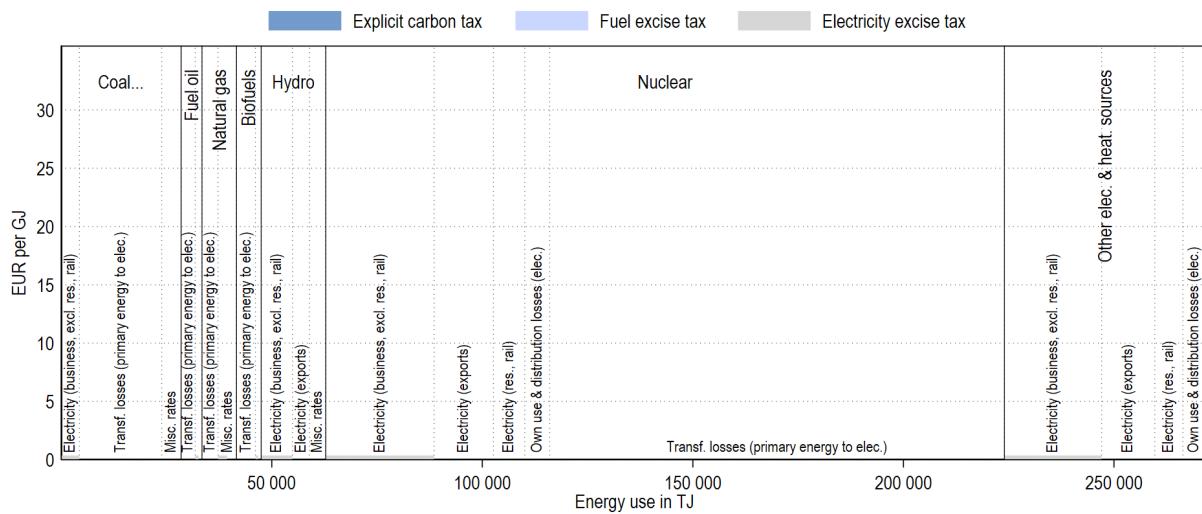


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Electricity

All energy sources used to generate electricity are untaxed. Electricity consumption, on the other hand, is subject to an electricity excise tax (per MWh), when used for business purposes other than rail transport. However, the rate is quite low and barely visible in the figure. Electricity consumption by households and rail transport is not taxed. Electricity exports are not taxed in the Slovak Republic, but may be subject to electricity taxes elsewhere.

Figure 7. Effective tax rates on energy use in the electricity sector



Note: Tax rates applicable on 1 July 2018. Energy use data is for 2016 and adapted from IEA (2018^[2]), *World Energy Statistics and Balances*. Energy categories (labelled at the top) that represent less than 1% of a sector's energy consumption are grouped into "misc. energy use" and may not be labelled. Similarly, rate labels (shown at the bottom) are grouped into "misc. rates" using the same threshold.

References

- IEA (2018), “Extended world energy balances”, *IEA World Energy Statistics and Balances* [2] (database), <http://dx.doi.org/10.1787/data-00513-en> (accessed on 16 October 2018).
- OECD (2018), *Effective Carbon Rates 2018: Pricing Carbon Emissions Through Taxes and Emissions Trading*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264305304-en>. [1]