

Design on the Framework of China Environmental Taxation Policy and Its Implementation Strategy¹

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Abstract: The paper proposes the framework of China environmental taxation policy, put forward schemes for environmental taxes in China and implementation strategy for environmental tax policy in China.

Key Words: Environmental taxation policy, framework, scheme, implementation strategy

Environmental tax policy is used as a kind of economic means to regulate pollution and to protect environment. In a broad sense, it includes to establish environmental tax, fiscal and preferential policies related with environment and natural resources, as well as to eliminate subsidy and environmental charge policies, which are harmful for environmental protection. From this point of view, many countries have their environmental tax policies. In a narrow sense, environmental tax means to collect or reduce taxes from impersonal entities or individuals which are engaged in developing, protecting or utilizing environmental resources, according to the degrees of the exploitation, pollution, destroy or protection of the environmental resources. Therefore, few countries regard environmental tax as one of categories of taxes to implement.

With the establishment and perfection of Chinese market economy system and the rise of requirement for environmental management, new means of management are urgently needed for china's environmental protection. As a kind of new management means, environmental tax arouses the interests of relevant government departments, scholars and experts. On the other hand, environmental protection needs large amount of government investment for its commonweal, and environmental tax can raise fund for government. Although the environmental tax revenue belongs to public financial funds, it could be used as special-purpose fund for pollution control. By investigation and practices in foreign countries, it shows that environmental tax not only can change the polluter's behaviors but also could be used to protect environment and to improve tax structure with three-wins among environment, economy and society. So it is an important means to establish and implement environmental tax policy for construction of environment friendly and resources economic society.

It is a hard task to set up environmental taxation policy for three reasons. Firstly, it needs a very long for taxation system reform, which is of very complicated procedures. Secondly, as an individual tax category, the relationship with other tax categories should be cleared up. Thirdly, detailed investigation should be carried out on the collection and management of environmental tax; and due to the strong technical requirement for environmental tax collection, taxation authorities need special training for their staff or entrust environmental agencies with the task of environmental tax collection.

Based on the research fruit of study on framework of the environmental taxation policy and its implementation strategy, which belongs to the 15th National Key Technologies R&D Program, this report put forwards the framework of environmental taxation policy in China, and proposes several environmental tax schemes, and the corresponding implementation strategies as well.

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1 The Framework of Environmental Taxation Policy

Environmental taxation policy is broadly defined as a series of taxation policies with goal of achieving environmental protection, including environmental taxation and environmental charges, elimination of subsidy policy and taxation preference policy, which are adverse to environmental protection, establishment of tax preference and supplementary policies, which are in favor of construction of environment friendly society. In a narrow sense of environmental tax, this report focuses on the design of the environmental tax schemes, and put forwards three kinds of schemes, which are independent environmental tax scheme, integrated environmental tax scheme, and environmental taxation and charge scheme.

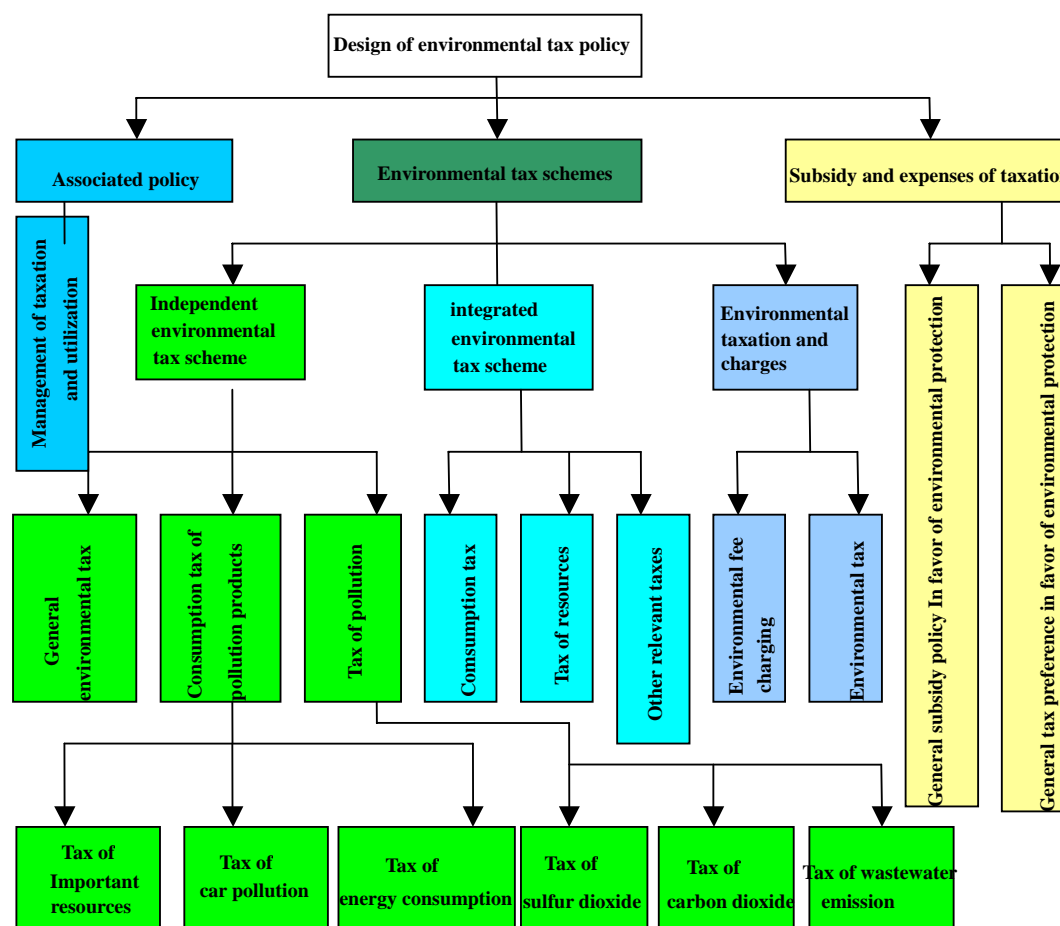


Fig.1 the Framework of Environmental Taxation Policy in China

2 Design of Environmental Taxation Options

According to the relationship between environmental tax and current tax policies and its development prospects, environmental tax schemes are divided into four categories, i.e., independent environmental tax scheme, integrated environmental tax scheme, environmental taxation and charge scheme, and environmental tax expenditure scheme. The four schemes are not absolutely independent among themselves, however new schemes can be reset by combination among them.

2.1 Independent Environmental Tax Scheme

2.1.1 General Environmental Tax

General environmental tax is based on the income with goal of collecting money for environmental protection. In another word, by keeping the existing charge for pollutants emission system and the system of users pay, general environmental tax is introduced to raise capital for environmental protection. Since the good ecological environment can be regarded as a kind of public product, and the benefits from pollution control and environmental protection are prevalent, so the government can levy taxes on beneficiaries according to beneficiaries pay principle. The income goes to public budget system for overall arrangement, which should be mainly used for infrastructure constructions for environmental quality improvement, ecological protection, and environmental management as well.

Box 1: design of general environmental tax system

Taxpayer: All impersonal entities or individuals who pay value added tax, consumption tax and sales tax (three taxes for short) are taxpayers for general environmental tax. What general environmental tax is different with city construction and maintenance tax is that foreign investment companies or foreign enterprises, which have paid three taxes, will pay the general environmental tax as well, according to fair play doctrine and beneficiary pay principle.

Tax base: General environmental tax is based on the amount of normal taxes to be paid for three taxes by taxpayer, excluding the surcharge for overdue tax payment and fines etc, which are imposed by tax authorities.

Tax rate: The tax rate of general environmental tax is intended to be 1%~4% of that of three taxes.

Regulation of tax concession: Tax concession is not allowed in environmental tax. So taxpayer should pay the general environmental tax on the basis of the amount of tax to be paid for three taxes, even the taxpayer avoids paying three taxes because of preferential taxation policy. However, general environmental tax will be exempted when custom levy circulating tax on import goods.

2.1.2 Direct Pollution Tax

Under polluter pay principle, direct pollution tax is based on the amount of pollutants' discharge, with stimulation function for abatement. With the purpose to encourage environmental friendly behavior and to restrict discharge of pollutants directly, the direct pollution tax is accordant with the theoretical principle of environmental tax. Whereas this kind of pollution tax is of direct correlation with the amount of pollutants, it could be called direct pollution tax or pollution discharge tax.

The key to design environmental tax is to put tax base directly over the amount of pollutants discharged by polluters, and the tax rate should be higher enough to create stimulation function, by which polluters will adopt measures to reduce the amount of pollutants emission. Because of the stimulation function of this environmental tax, the tax income will decrease with time going on at least for a specified polluter. Otherwise, it will lose its stimulation function, and then it will not belong to stimulating environmental tax. The directly discharged pollutants mainly consist of all kinds of exhaust gases, wastewater and solid wastes, to which the charge for pollutants emission system have been carried out at present, so the government can consider to change the charge for sulfur dioxide emission and nitrogen oxides emission into taxation.

Box 2: Design of sulfur dioxide tax system

Object of taxation: the behavior of sulfur dioxide emission

Taxpayer: The taxpayers of sulfur dioxide are polluters who discharge sulfur dioxide into atmosphere, including industrial enterprises, institutions, business companies, service companies and other units. In order to reduce operation cost, taxpayer should be concentrated on the coal and petroleum users, however administration institutions and residents could be exempted from sulfur dioxide tax temporarily.

Tax base: Sulfur dioxide tax is based on the real emission amount of sulfur dioxide. If there is monitoring data, the sulfur dioxide tax should be levied according to the actual numerical values. For those emission sources with large amount and wide coverage, small scale and hard to monitor, sulfur dioxide tax could be collected by sulfur content of fuels or by the degree of corresponding measures adapted. If the emission amount is hard to be determined, it could be collected by calculated emission amount according to production capability of the taxpayer's plant and the real output.

Tax rate: The tax rate of sulfur dioxide of coal is listed in table 1, with reference to study on how to make environmental tax policy in Beijing by Chinese Research Academy of Environmental Sciences.

Collection: Environmental supervision departments could be entrusted with task to collect sulfur dioxide tax.

Table 1 Sulfur Dioxide Tax rate of Coal /Yuan/ton coal

Low-sulfur coal		Medium-sulfur coal	
Sulfur content (%)	Tax rate	Sulfur content (%)	Tax rate
0.4	8.4	1.2	25
0.6	12.6	1.4	29
0.8	16.6	1.6	33.4
1.0	20.85	1.8	37.6

Box 3: Design of nitrogen oxides tax system

Taxpayer: Major taxpayers of nitrogen oxides are end users of coal-fired boiler and owners of motor vehicles.

Tax base: Nitrogen oxides tax is based on the real emission amount of nitrogen oxides. The source of nitrogen oxides is somewhat different with others, part of which come from the fuels and raw materials, larger part of which came from chemical combination of nitrogen and oxygen during burning process, i.e., from combustion source. Combustion source is classified into mobile combustion source and stationary combustion source. Mobile combustion source mainly consists of vehicles, airplanes etc, and stationary combustion source mainly includes boilers and other facilities.

Tax rate: 1200 RMB / ton according to the sulfur dioxide tax rate and the charging standards for nitrogen oxides emissions established by Chinese Academy of Environmental Sciences in 1997.

Imposition: Environmental supervision departments could be entrusted with task to collect nitrogen oxides tax.

2.1.3 Polluting Product Tax

Polluting product tax is another environmental tax category based on stimulation, with user pay principle. The subject of product tax is the product with potential pollution. Considering its tax base is relevant to the product, which causes pollution, so it is called pollution product tax. It will stimulate consumers to reduce the amount of consumption of products with potential pollution, or encourage consumers to select products with no pollution or less pollution.

Box 4: Design of carbon and fuel environmental tax system

Imposition Object: fuels such as carbon and oil fuel (oil fuel mainly consists of gasoline and diesel oil)

Taxpayer: enterprises, units and individuals who use coal and oil fuel as fuels.

Tax base: It is based on the amount of usage of carbon and oil fuel. For enterprises with carbon as fuels, it is based on the real quantity of carbon consumed; for individuals with carbon as fuels, it is based on the real quantity of carbon purchased; for oil fuel, it is based on the real quantity of oil fuels purchased by taxpayer.

Tax rate: The tax rate of carbon environmental tax is 20 RMB per ton of carbon according to the sulfur dioxide tax rate; the tax rate of oil fuel is 0.20RMB/L for gasoline, 0.15RMB/L.

Collection: By selecting carbon distribution links, the government can entrust carbon administration department or sales agencies with task to collect or pay carbon environmental tax; petrochemical industry companies or gas station should be the withholding agent for gasoline environmental tax, if gas stations are withholding agents, they should be installed with tax control instruments.

Considering carriers of pollutant, the major products, which can cause pollution, are energy fuel, ozone spoilage substance, chemical fertilizer, pesticide, phosphoric detergent, battery containing mercury and chrome etc. All kinds of pollution product taxes should be levied upon the products above, such as fuel environmental tax, specialty products pollution tax etc.

Box 5: Design of special polluting product tax system

Object of taxation: all kinds of products or consumer goods, which can cause environmental pollution, including chemical fertilizer, pesticide, phosphoric detergent, disposable woody tableware, battery with mercury and chrome etc.

Taxpayer: consumers or users of the above-mentioned products.

Tax base: the amount of consumption and value of pollution products

Tax rate: the government should make out tax items according to the pollution produced by specialty products, and implement differential tariff by 1%~3%.

Collection: to collect specialty products pollution tax at consumption link.

2.2 Integrated Environmental Tax Scheme

Although there are no independent environmental tax categories in integrated environmental tax scheme, it will function as independent environmental tax does by reform and improvement of current tax categories, as well as with the cooperation of environmental charge system.

2.2.1 Consumption Tax

For environmental protection purpose, the government adjusts petroleum products and their substitute products (vehicles and cars), which accounts for lower proportion in energy consumption in current consumer tax. However, carbon, which accounts for higher proportion in energy consumption, and other consumer goods, which are easy to cause environmental pollution, are all excluded from the incidence of taxation, which result in the ineffective environmental protection.

Box 6: Proposal for adjustment of consumption tax

New tax items: (1) New tax items of products with heavy pollution and large resource consumption are added, such as phosphatic detergent, battery containing mercury and cadmium, disposable tableware and plastic bag etc. Their tax rates could be referred to that of specialty pollution tax of independent environmental tax. (2) Differential tax rate is implemented for tax items of carbon and clean energy. Environmental cost should be considered in carbon consumption tax, While the tax rate of clean energy is low differential tax rate.

The adjustment of tax rate: (1) to increase consumption tax rate of gasoline and diesel oil, meanwhile considering the environmental cost; (2) for cars with the same exhaust volume, differential treatments should be carried out according to whether if purifier to tail gas is installed; (3) the tax rate of clean vehicles is low differential tax rate or exempted.

2.2.2 Resource Tax

The current resource tax is a tax category to adjust grading income and to promote rational exploitation and utilization of natural resources, but has little effect in resources saving and pollution reduction. Because it may be energy product that is relevant to pollution in resource tax of mineral products,

however, collection of consumption tax at consumption link has more obvious effect in reducing pollution than collection of resource tax at resource exploitation link. Resource exploitation could be affected by adjusting consumption, because when consumers refuse to use a kind of resources products, which will produce environmental pollution, mining industry companies would not exploit such mineral resources. So resource tax should be used to protect resources and to promote reasonable exploitation of natural resources in china.

Box 7: Proposal for adjustment of resources tax

New tax items: (1) tax item of freshwater resources includes the development and utilization of ground water and surface water. The tax rate of freshwater resource tax should be made out under thorough consideration on the scarcity of water resource and ecological compensation; (2) tax item of forest resources, which means to levy tax on deforestation; (3) tax item of grassland resources is added to levy tax on grassland development and utilization. But natural graze will be exempted from this tax item.

The adjustment of tax rate: government should adjust tax rates of natural resources such as coal, petroleum, natural gas and raw ore of ferrous metal, and put the scarcity of those resources and costs of ecological compensation and restoration into tax rate.

2.2.3 Environmental Tax of Water Resources

Although there is no close correlation between production of water pollutants and consumption of water resources, the control of water resource consumption can stimulate to decrease the water pollutants to some extent because water is a kind of carrier for water pollutants. So the environmental tax of water resources can be determined according to the scarcity of water resources and the cost for water pollution control.

Box 8: Design of water resources tax system

Object of taxation: water used as raw material or for living purpose.

Taxpayer: enterprises, institution and individuals who use water resources

Tax base: the amount of water consumed, or the real amount of water supply.

Tax rate: 20%~30% of the water rate temporarily, which will changed to be differential tax rate according to the scarcity of water resources and water pollution conditions.

Collection: government can entrust the existing companies who has been entrusted to collect water rate with task to collect water resources tax according specified tax rate.

2.2.4. Other Relevant Tax Categories

There are some advices on reform of city maintenance construction tax, farmland use tax and vehicle and vessel usage tax listed in Box 9.

Box 9: primary advices on adjustment of other relevant tax categories

City maintenance construction tax

New tax item: city maintenance construction tax will be levied upon in counties.

The adjustment of tax rate: to increase tax rate for urban environmental protection only.

Farmland use tax

New tax item: farmland use tax will be levied upon wetland use. Un-agriculture land in countryside is also listed under the scope of farmland use tax, which is levied tax at low tax rate.

The adjustment of tax rate: to increase tax rate of farmland use tax to a larger extent; the tax rate of wetland use tax is high and the tax rate of un-agriculture land is low.

Vehicle and vessel usage tax

The adjustment of tax item: the current usage tax and license usage tax of vehicle and vessel are unified into vehicle and vessel tax.

The adjustment of tax rate: to increase tax rate; and to determine different tax rates according to the amount of exhaust volume

2.3 Schemes of Environmental Taxation and Charge

2.3.1 Choice between Environmental Charge and Taxation

It is referred to the problem of how to handle the problem between taxation and charge in the above discussion on independent environmental tax scheme. Under current environmental charge system, many independent environmental taxes are overlapped with environmental charges, and both have the same function mechanism. However the standard of environmental charge is far lower than average marginal disposal cost, therefore, coexistence of environmental taxation and environmental charge can increase the degree of stimulation function. So when designing environmental tax policy, we should consider how to set down a reasonable frame for environmental taxations and environmental charges.

Box 10: Key points of environmental taxation and charges

The function mechanism of environmental taxation and environmental charge is the same, which will affect production and consumption behaviors of polluters by changing price signals.

There are some problems occurred in the process of implementation of environmental charge, such as lower standards and incomplete scope, which provide an opportunity to introduce environmental taxation. The combined function will provide stronger stimulation.

The current environmental charge is relatively small scaled, with wide objects of taxation and high technical requirement. With the management becoming more and more standardization, it is impossible for government to change environmental charge into environmental taxation due to its huge operation cost.

The environmental charge and environmental taxation will coexisted for a long time in China, so the government should consider their impacts on polluting enterprises, consumers and local authorities. Several important items in environmental charge could be transformed into environmental taxation, which include charge for sewage disposal and sulfur dioxide emissions, etc. However it is hasty to change those environmental charge into environmental taxation, because the current regulation of charge for pollutants emission was implemented on July, 1,2003.

Maintaining the current environmental charge system and introducing new environmental tax become the highest priorities of Chinese government in establishing environmental tax policy, with emphasis on setting up coal tax, ecological tax and ODS tax.

2.3.2 Improvement of Chinese Environmental Charge System

Under the current situation, the environmental charge system needs to be improved. The charge for pollutants emission system should be strengthened to ensure to collect full fees. In allusion to problems occurred after implementing the newly issued regulation of charge for pollutants, reforms should be carried out in the process of administration, imposition and utilization.

To enhance charge rates to increase pollution-reduction-incentive

Theoretically, charging standards should be no less than expenses of prevention and control of pollution (environmental cost) where environmental cost curve meets with environmental benefit curve, otherwise, pollution enterprise would reluctant to prevent and control pollutions. Although gross charge and multifactor charge are clarified in the new issued regulation of charge for pollutants emission, the charging standards is far less than the optimal one calculated by environmental economics theory on account of the capacity of acceptance and endurance of enterprise's. In the other hand, the fact shows that there is opportunity to introduce environmental tax policy, or if not, charge standards should be raised higher.

To improve revenue usage of pollution levy

It is urgent to implement budgetary management in the process of charge for pollutants emission, and

to resolve financing problems faced by all-level environmental protection agencies. The administration expenditures of environmental protection agencies can be obtained from two ways, i.e. environmental protection administration fee, which is fiscal budget set by all-level finance ministries, the other one is special fee for environmental protection.

To raise efficiency of environmental investment

The all-level special environmental protection capital should be strictly governed to determine key supporting projects such as comprehensive pollution prevention and control, pilot project of severe pollution source control, area or valley environmental quality improvement, according to project management requirement. It is forbidden to speculate and seize money for other purpose.

2.4 Environmental Tax Expenditure Policy

Government can regulate some preferential treatments in tax system to encourage environmental protection such as reduction and exemption of taxes of value added tax, consumption tax and income tax, in addition to similar regulations in independent environmental tax categories or in other relevant tax categories, and all of those tax preferences are called tax expenditure. At present, there existed some problems in environmental tax expenditure policy, for example, being too general in principle without special clarification in budget; being blurry without reinforced regulations; with fewer preferential means lacking of pertinence and feasibility; with narrow benefit coverage, all of which affect implementing effects. Therefore, corresponding environmental tax expenditure policies should be established or supplemented on time, and preferential means should be adjusted, in order to promote the improvement of environmental protection industry. The detailed measures for improvement of Chinese environmental tax expenditure policy are:

To clarify the policy coverage to strengthen its pertinence

Firstly, To set up environmental protection technical criteria to give tax incentives for R&D, transfer, introduction and use of high technology of environmental protection, such as reduction and exemption of tax to technology transfer revenue, reduction for taxation purpose to technology transfer fee, preferential duties to environmental protection technology import; secondly, to set up environmental protection industry policy to promote its development with priority. For example, environmental protection enterprises are bestowed with a certain tax preference, such as reduction and exemption of income tax, lower tax rate to environmental protection equipment; accelerated depreciation of environmental protection equipment. Environmental protection investment (including foreign capital) is encouraged by means of investment tax credit or tax reimbursement; meanwhile, government should prevent foreign pollution projects from being transferred into china; thirdly, to develop circular economy and study on the tax policy for reclaimable resources industry. Lastly, imparting tax preference to resource saving behavior and environment friendly behavior as well should be set up.

To adjust the means and forms of preferential policy

Except for maintaining reduction and exemption of taxes and zero tax, accelerated depreciation, investment tax credit, cost price deduction can be applied for different objects to promote enterprises to take measures for pollution control.

To determine the preferential degree of environmental tax expenditure policy

The preferential degree should be moderate for environmental tax preference policy functioning. But it is not easy to do, it needs analysis and evaluation on the preferential policy according to the actual situation.

To establish comprehensive tax preference policy

Tax expenditure policy includes not only environmental preferential policy, but also industry and regional preferential measures. Therefore government should consider the conditions of other preferential policies when setting up environmental tax preference policy to make them in harmony. Otherwise, if confliction occurs, their functions will be counteracted to zero. However, government should take into account of the goal of environmental protection when establishing other preferential

policies.

It should be regarded as a part of environmental tax policy to eliminate subsidy, which is harmful for environmental protection, or to adjust subsidy structures to benefit environmental protection

3 Implementation Strategy

3.1 Step by Step Approach

The principle is summarized in three slogans: easy first hard later, old first new later, integrated first independent later. The first step is to eliminate subsidy and tax preference policy, which are harmful to environmental protection. The second step is to give a comprehensive consideration on environmental tax and environmental charge. The third step is to carry out integrated environmental tax scheme. The last step is to introduce independent environmental tax.

To eliminate subsidy and tax preference policy harmful to environmental protection

China has changed from planned economy to socialist market economy for many years. Many former subsidy policies have been cleaned up and rectified. Hidden and indirect subsidies have changed to visible and direct subsidies. Although the effect of subsidy is obvious, some of subsidies will put negative effect on environment. There are all kinds of tax preference policies in China, which are set up for certain objects. Even though those objects could be achieved by implementing some tax preference policies, which would indirectly encourage enterprises to utilize resource and destroy environment. Therefore, government should adjust those subsidy policies and tax preference policies; furthermore, take overall considerations on the effects on economy, society and environment, when setting up new subsidy policies and preferential policies.

To give a comprehensive consideration on environmental tax and charge

According to environmental economics, the functioning mechanisms of environmental tax and environmental charge are virtually the same, which force enterprises and individuals to reduce pollutants emission by changing price signals. One policy is enough if either of the policy functions. However environmental charge standards in China is far less than that applied in developed countries at present, which provides an opportunity to set up environmental tax policy. Under the situation of coexistence of environmental charge and environmental tax, government should consider the overlapping functions of both sides, and try to apply either of them exclusively to avoid tax and charge higher than pollution control cost.

To carry out integrated environmental tax scheme

According to integrated environmental tax scheme, relevant tax categories, such as consumption tax, resources tax etc, would be reformed for environmental protection. Under this tax scheme, tax system structure needs no change, and only tax items of relevant tax categories need to be adjusted, which could be implemented only by approval of the State Council. So it is a relatively easy job to reform the current tax system by using integrated environmental tax scheme.

To introduce independent environmental tax scheme

The last one is independent environmental tax scheme, which is hard to carry out, because it must be authorized by CCPCC to take effect. The objective of independent environmental tax scheme is clear with definite tax base and stronger simulation function. Although it is hard to implement, it should be the ultimate goal for effort.

3.2 Piloting Program Ahead

China undergoes a reform of environmental tax system, so it is necessary to choose some key projects with severer environmental effects and easy to operate at important area for pilot projects.

Polluting product tax

According to current taxation system, it is feasible to add polluting product tax into consumption tax. There are lots of common grounds between them. They are both a kind of indirect tax levied upon special consumer goods and consumer behavior, which could lead the consumer requirement reasonably and investment indirectly according to national policies. They have the same tax bases and calculation of tax payable, as well as uniform invoices. They also have the same intermediate links of taxation, place and date of tax payment. Therefore product pollution tax could be considered with priority as a part of the consumption tax to be collected. And there is no need to increase a new tax category. Then the implementation cost will be reduced if product pollution tax is added into the existing taxation system.

Coal consumption tax

Coal combustion is the major source of air pollution in China, and coal exploitation results in ecological destruction, so government should lay stress on exploitation and utilization of coal resource in making tax policies. Government could raise tax rate of resource tax in the near future, and add coal resource consumption tax under appropriate situation in the long run. The amount of consumption tax is based on the quality of coal pollution.

Change from Water resource charge to water resource tax

Water shortage becomes to restrict economic development in china, and severely affect people's daily life. Although water resource tax is setup at present, it does not function well to control water waste effectively and reduce pollution. Government should also lay stress on collection of water resource tax in making tax policy, and add water resource tax into resources tax. All costs of water resource exploitation should be considered in determining tax rate, including scarcity of resource and environmental cost.

3.3 To give overall considerations on subsidy policy and taxation preferential policy

Overall effects on economy, society and environment be Considered.

Environmental protection needs support from tax preference policies. In China, government provides environmental protection industry and comprehensive utilization projects with tax preference policies. Government should consider the effects on environmental protection when designing tax preference policies with other purpose, in order to make tax preference policies with multiple purposes.

Subsidy policy should not be on the cost of environment

Subsidy is a common policy to regulate economy. During the design period, environmental issues should be considered to avoid negative effects on environmental protection.

3.4 To perfect regulations to environmental taxation

The collection and management of environmental tax

It is more complicated in the process of collection and management of environmental tax than that of traditional tax. Some of environmental taxes are based on quantity, others on price. So it needs technical support for collection of environmental tax. Technical issues could be resolved through training or by entrusting other agencies with task of tax collection. The management structure should be clearly specified to improve its capability to collect environmental tax

Public Awareness of environmental taxation

Environmental tax is a completely new career in china, which need public support. Government should utilize all kinds of media to publicize the significance, function and necessity of introduction of environmental tax. Based on investigations, more than 90% of the public is supporting for establishing environmental tax.

To strengthen the fundamental work of environmental tax

The environmental tax is based on the data of production and pollutants emission, some of which could

be obtained only after enterprise declared to relevant authorities. So it is necessary to set up an accurate and reliable pollutants emission declaration and verification system. The capabilities of relevant agencies should be strengthened with large investment and installation of facilities and instruments

To carry out further study on environmental tax

Further investigations about environmental tax should be developed such as how to determine tax rate and taxation coverage. Empirical study should be carried out with emphasis on the analysis of effect of environmental tax on government finance, polluters and beneficiaries, on international trade of relevant industries, on environmental public finance, and on national economy as well.

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