

Austria's Klimabonus

Question:

What is Austria's Klimabonus?

Answer:

In autumn 2021, the Austrian government introduced an “eco-social tax reform” with a goal to achieve Net Zero by 2040. The main tool of this package is a national carbon fee applied to fossil fuels. The national scheme does not replace energy taxes, it is in addition. It prices emissions outside the pre-existing EU ETS by covering transport and buildings which accounts for a further 40% of GHG emissions.

Carbon pricing structure follows the logic of the EU Energy Taxation Directive (ETD). It is an “upstream” tax on production and importation. Products include petrol, diesel, heating oil, coal, and natural gas. The list could be expanded. Electricity is not subject to the policy because power plants above 20 MW of thermal output are covered by the existing EU ETS.

Initially it will increase as follows: €30 per tonne in 2022; €35 in 2023; €45 in 2024; and €55 in 2025. By 2026 it will align with the EU wide policy. This might become a market with allowances, like the EU ETS, or may be allowed to continue if it meets acceptable criteria. This will likely be defined in 2025.

The Income (Dividend) is called “Klimabonus”. It has a great website for public explanation that directly promotes the financial benefit of choosing “climate friendly behaviour”:

<https://www.klimabonus.gv.at/en/>. The Klimabonus is paid to all residents in Austria and rebates 100% of the carbon tax. In 2022 this is an equal payment of €500 per adult and €250 per child; this includes a 2022 anti-inflation payment of €250. In 2023 regional access to public transport will be factored in. The bonus will increase as the carbon tax revenue increases.

There are some compensations for industry including agriculture and forestry, sectors exposed to carbon leakage, energy intensive industries identified in the EU as “at risk”, and industries able to make a particular “hardship” case.

There are a set of related policy and tax changes to help with the transition that include:

- Lowering of labour taxes,
- Reduced burden on families with children,
- Reducing corporate income tax in 2024,
- Reduced tax for ecological measures for corporations from 2023,
- Home heating and insulation tax benefits,
- Home-produced electricity tax benefits,
- All public transport in Austria with a single KlimaTicket.

The Austrian Klimabonus (Climate Income) is a model policy for other EU Member States to copy under the EU Green Deal (Fit for 55 legislation).

Key points:

- A strong and repeatable example of Climate Income (Carbon Fee & Dividend).
- A rising Carbon Tax applied to an extra 40% of emissions in Austria.
- Cash payments back to households for the full amount.
- Partial refunds for exporters like a mini border carbon adjustment.
- There are several very sensible additional policy elements.

Key links:

- Government website facing the public:
<https://www.klimabonus.gv.at/en/>
- Blog article by employee of Ministry of Finance:
<https://kluwertaxblog.com/2022/02/03/austrias-ecological-tax-reform-a-model-for-other-eu-member-states/>
- Information on extra payment in 2022 (Google Translate):
https://www-bmk-gv-at.translate.goog/themen/klima_umwelt/klimabonus/oekosoziale-steuerreform.html? x tr sl=de& x tr tl=en& x tr hl=en-UK
- Map of access to public transport in Austria:
https://www.statistik.at/atlas/?mapid=topo_urt_oev