

## Features and consequences of implementation of eco-labour tax reform in the EU

**Ozerchuk O.V.**

Candidate of Economic Sciences,  
Senior Instructor at Department of Banking,  
Kyiv National University of Trade and Economics

The article is dedicated to the study of the European experience in introducing eco-labour tax reform (ELTR). The experience, stages and effects of ELTR in Europe are overviewed and analyzed. Applicability of the reform in Ukraine is defined.

One of the goals of reforming the tax system, which will create favourable conditions for economic growth, is to change the structure of the tax burden by transferring it from taxes on labour to environmental taxes. Such a change of the tax system was the basic idea of eco-tax reform in the EU in the late 90s of the twentieth century. In particular, were analyzed the experience of countries such as Denmark, the Netherlands, Sweden, Finland, France, Germany, Italy, Switzerland, Austria, Slovenia, Norway, Belgium, the UK.

Implementation of economic and labour reforms in these countries has contributed to improving the quality of the environment, promotion of economical use of natural resources and introduction of effective technologies, development of labour-consuming industries and reducing unemployment, manufacturing new products and launching new activities.

The negative consequences of ELTR are: 1) distortion of the competitive environment (artificially increase of the competitiveness of economic agents, who are not engaged

in activities that entail the payment of environmental taxes); 2) energy taxes' regressive character (one of the varieties of environmental taxes), which greater burden falls on households with low income and necessitates giving them subsidies, leading to counter the cash flow; 3) implementation within the ELTR by almost all countries of special incentives for certain industries, especially energy intensive, which have the greatest potential to reduce harmful impacts on the environment, while households have no privileges; 4) reducing the competitiveness of tax regimes in countries carried ELTR. As a result, the activities of companies could be transferred abroad, and in the border areas «fuel tourism» can develop.

Given the successful European experience in implementing ELTR the author proposes to reform the tax system of Ukraine according to the following principle: expanding the tax base on resource consumption and environmental pollution and reducing the tax burden on income.

This will not only broaden the tax base by increasing the flow of resources while reducing the load on the payroll, but can become the basis for strategy to increase the competitiveness of the national economy under globalization.