

**El futuro
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DNP
Departamento
Nacional de Planeación

The Colombian Carbon Tax Overview

Johana Pinzón Téllez

**Environment and Sustainable Development
Direction**

National Planning Department of Colombia

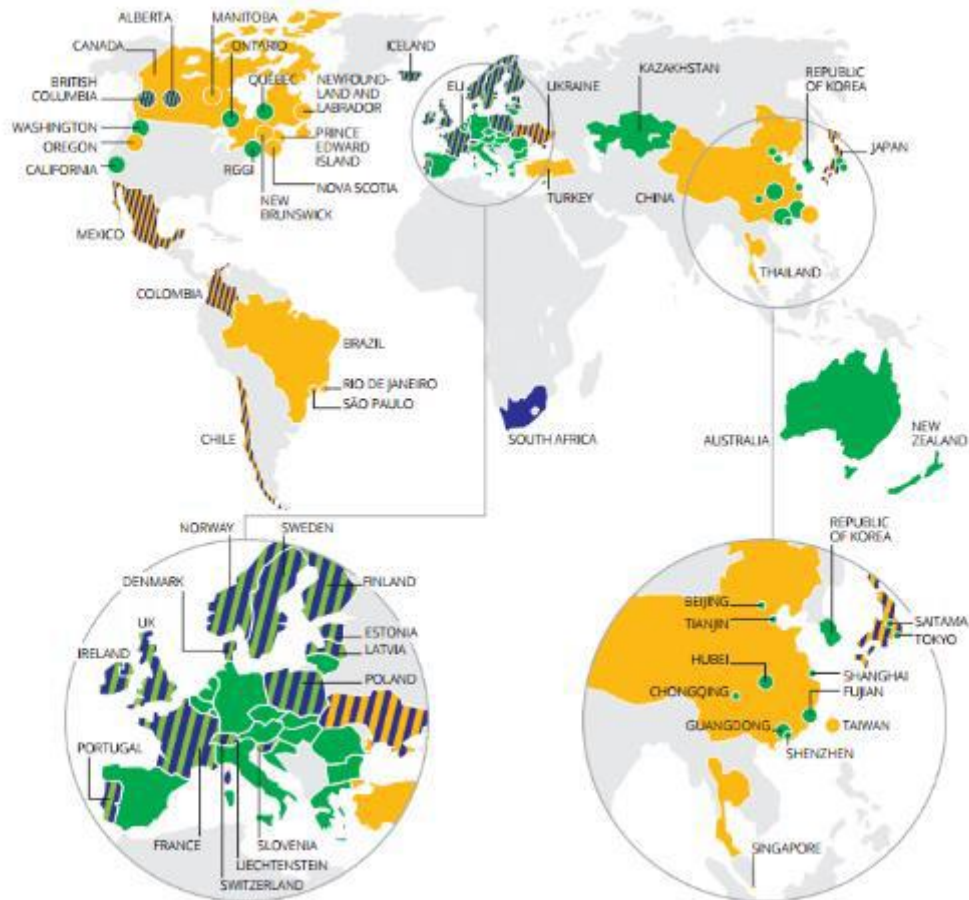


Economic Instruments

Carbon Tax – Carbon Market

The world is already establishing economic instruments for emission reduction of GHG

46 initiatives of economic instruments exist in the world



Carbon tax

certainty of the price

Carbon market

certainty in reducing emissions

- ETS implemented or scheduled for implementation
- Carbon tax implemented or scheduled for implementation
- ETS or carbon tax under consideration
- ETS and carbon tax implemented or scheduled
- Carbon tax implemented or scheduled, ETS under consideration

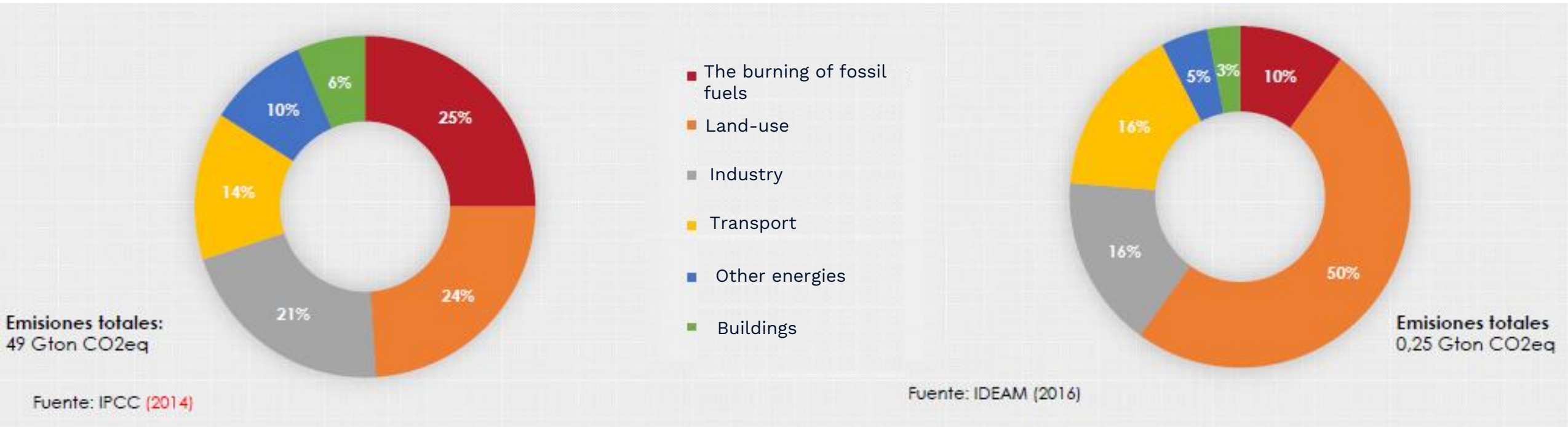
Greenhouse gas emissions (GHG)

GHG emissions in the **world** are concentrated in the sectors:

- Energy, transportation and land-use change

GHG emissions in **Colombia** are concentrated in the sectors:

- Land use-change and transportation



Colombian Carbon Tax

Simulations of instruments tributaries: National Planning Department "Effects on the economy and on GHG reduction "

- Effects on the composition of the energy matrix
- Effects on household welfare
- Double dividend tax usage scenarios



Colombian Carbon Tax

Tax on carbon - green tax. Law 1819 of 2016

The rate: USD\$ 5 per ton of CO₂

- The tax for the carbon content of all fossil fuels:
- The tax is the sale, withdrawal, importation for the own consumption or for sale
- Passive subjects are not caused if certify that they are neutral carbon
- The collection of the national carbon tax is destined to the "Fund Colombia in Peace" (Investments of rural and environmental development projects)

Colombian Carbon Tax

Tax on carbon - green tax. Law 1819 of 2016

- 24% of the total GHG emissions is covered by the tax
- The tax will help in the reduction of 4,3 million tons of CO₂ (7% of the Paris commitment)
- The specific destination is for rural and environmental development projects intensive in work
- By 2017, about USD\$ 167 Millions were collected, which represented 65,7% of the total environmental taxes in the country

Colombian Carbon Tax

Challenges

- Put into operation with the National Registry of Emissions Reduction (RENARE), which will allow monitoring of the certificates presented and calculate the progress of the Colombia NDC
- Creation and implementation of the emissions trading system that will expand the impact with respect to emissions compensation projects

Learned Lessons

- The prior analyzes to the implementation of the regulations allowed to anticipate the effects of the Carbon Tax on the economy.
- The private sector presented a good disposition to adapt to the Carbon Tax, finding even new business opportunities in the new regulations such as investment in more efficient technologies





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