

Carbon Tax on Fossil Fuels

In the 2009 Budget it was announced that a carbon tax at a rate €15 per tonne would be introduced on fossil fuels. This carbon tax came into effect on 10 December 2009 in respect of petrol and auto-diesel and from 1 May 2010 has been applied to kerosene, marked gas oil (also known as 'green diesel' or 'agricultural diesel'), liquid petroleum gas (LPG), fuel oil and natural gas. The application of the tax to coal and commercial peat is subject to a Commencement Order. The carbon tax does not apply to Electricity, as the cost of carbon is already built in to the price.

The impact on individual fuels in terms of nominal and percentage price changes *** is illustrated below:

Fuel Type	Unit	Current Price €	Carbon Tax @ €15 (VAT incl.)	% change in price
Petrol	Litre	1.19*	4.2 cents	3.5%
Auto-diesel	Litre	1.10*	4.9 cents	4.4%
Kerosene	1,000 Litres	600	€43.14	7.2%
Marked Gas Oil	1,000 Litres	626	€46.87	7.5%
LPG	1,000 Litres	690	€27.97	4.1%
Fuel Oil	1,000 Litres	660	€52.15	7.9%
Natural Gas	13,800 kwh**	685	€47.86	7.0%
Peat Briquettes	Bale	3.85	39 cents	10.1%
Coal	40kg	15.20	€1.79	11.8%

* Price of petrol and auto-diesel in December 2009 when carbon tax was introduced for that fuel.

** Average annual household consumption

Reference: Department of Finance response to PQ Ref Nr. 17022/10, April 2010.

What can Tourism Businesses do?

As the Carbon Tax applies directly to the amount of fuel the consumer uses, the more energy efficient a business is, the less impact the carbon tax will have on fuel costs of that business. By monitoring and measuring the amount of energy used, a business can begin to identify where, how and why energy is used, and take steps to reduce the amount of fuel consumed.

There are numerous supports available to tourism businesses from both the Environment Unit in Fáilte Ireland, and other government agencies such as the Environmental Protection Agency (www.greenbusiness.ie) and the Sustainable Energy Authority of Ireland (www.seai.ie) which will help businesses to become more energy efficient, thereby reducing the impact of the Carbon Tax on their fuel costs. In fact supports available from the SEAI could help a business to reduce their energy usage by up to 20%. Information on the supports available from general tips and advice to on-site mentoring and auditing can be downloaded at the following link <http://www.failteireland.ie/Business-Supports/Environmental-Guidelines>, Businesses are also encouraged to contact the Environment Unit of Fáilte Ireland for further advice and support.