

22nd Annual Gas Tax Honesty Report

Canadian Taxpayers Federation
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About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation is a federally incorporated, not-for-profit citizens' group dedicated to lower taxes, less waste and accountable government.

The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national organization. At the end of 2019, the CTF had 235,000 supporters nationwide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (Saskatchewan and Manitoba), Ontario, Québec and Atlantic Canada. Regional offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries, online postings and publications to advocate on behalf of CTF supporters. CTF representatives speak at functions, make presentations to government, meet with politicians and organize petition drives, events and campaigns to mobilize citizens to effect public policy change. Each week CTF offices send out Let's Talk Taxes commentaries to more than 800 media outlets and personalities across Canada.

Any Canadian taxpayer committed to the CTF's mission is welcome to join at no cost and receive emailed Action Updates. Financial supporters can additionally receive the CTF's flagship publication *The Taxpayer* magazine, published three times a year.

The CTF is independent of any institutional or partisan affiliations. All CTF staff, board members and representatives are prohibited from donating to or holding a membership in any political party. In 2018-19 the CTF raised \$5.1 million on the strength of 30,517 donations. Donations to the CTF are not tax deductible as a charitable contribution.



Canadian Taxpayers Federation

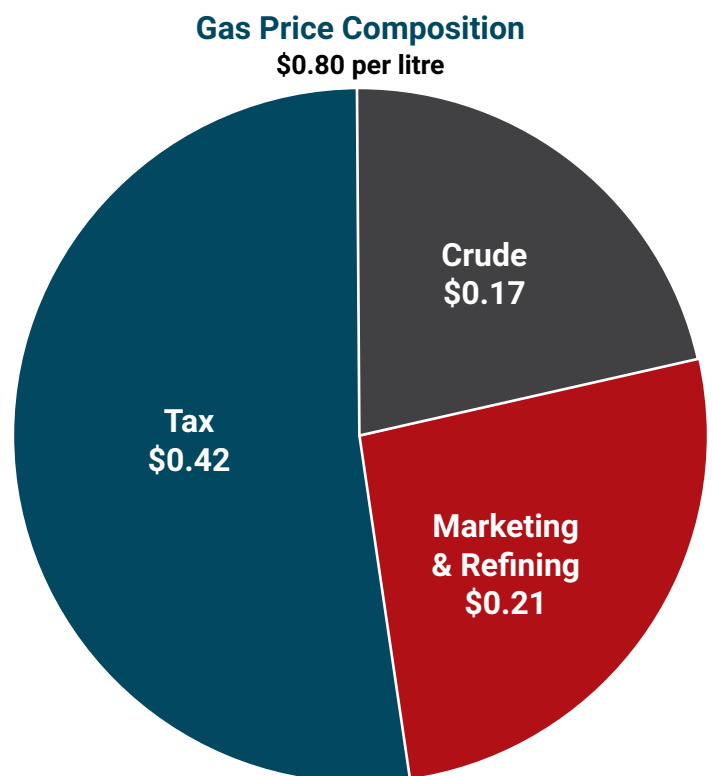
PO Box 14043 Richmond Road PO,
Calgary, AB T3E 7Y7

Overview

Gas Tax Honesty Day highlights the hidden taxes Canadians pay every time they fill-up. Gas taxes include the sales taxes you see on your receipt, but also federal excise tax, provincial excise tax, and carbon taxes you don't see. In some cities, you also pay a hidden transit tax. In Ontario, Manitoba, Saskatchewan and Alberta, the federal government is imposing its own carbon tax. In all other provinces, carbon taxes are a provincial matter.

Despite the ongoing pandemic, the federal government is requiring carbon taxes to reach at least a [\\$30 per tonne](#) tax as of April 1, 2020, going up to \$50 per tonne by 2022. In most provinces, that means the carbon tax on gasoline went up by 2 cents per litre. Quebec and Nova Scotia are using cap and trade carbon tax schemes, which both charge lower amounts per tonne than the federal backstop, but were approved by the federal government. British Columbia has [suspended](#) its planned carbon tax hike, leaving it at \$40 for the moment. Newfoundland and Labrador kept its carbon tax steady at \$20 per tonne.

While the federal government chose to hike its carbon tax in the middle of a pandemic, most jurisdictions around the world do not have carbon taxes and those that do have chosen to freeze or reduce them during this pandemic. Jurisdictions using a cap-and-trade carbon tax scheme have seen secondary market prices for emissions permits plummet during the COVID-19 crisis. All the gas and diesel price information in this report is from Kent Marketing Services Limited's [price information](#) for April 2020.



Canadian Gas Taxes

Gas Price Ranking

Victoria has the highest gas prices in the country at \$1.00 per litre (April 2020 average), 44 cents of that is tax. Vancouver has the second highest pump prices at \$0.97 per litre. The rest of British Columbia comes in third. The difference between those three regions of the same province can be partly explained by the transit taxes that are being applied in Vancouver (18.5 cents per litre) and Victoria (5.5 cents per litre).

Gas Price Ranking					
	Province/ City	Pump Price	Pre-tax Price	Tax Bill	Tax Portion
1	Victoria	\$1.00	\$0.56	\$0.44	44%
2	Vancouver	\$0.97	\$0.46	\$0.51	52%
3	BC outside of Vancouver and Victoria	\$0.86	\$0.49	\$0.38	43%
4	Montreal	\$0.86	\$0.37	\$0.49	57%
5	Newfoundland and Labrador	\$0.82	\$0.38	\$0.44	53%
6	Quebec with regular rate	\$0.82	\$0.36	\$0.45	56%
7	Ontario	\$0.79	\$0.39	\$0.40	51%
8	New Brunswick	\$0.74	\$0.37	\$0.37	50%
9	PEI	\$0.74	\$0.39	\$0.35	47%
10	Nova Scotia	\$0.69	\$0.34	\$0.35	51%
11	Saskatchewan	\$0.69	\$0.34	\$0.35	51%
12	Manitoba	\$0.68	\$0.37	\$0.32	46%
13	Alberta	\$0.65	\$0.32	\$0.33	50%

*Dollars per litre

Gas Tax Ranking

Vancouver pays the highest gas tax in the country in terms of nominal value, at 51 cents per litre. It is followed by Montreal, at 49 cents per litre, and the rest of Quebec with 45 cents per litre. Both cities in the top spot have transit taxes.

Gas Tax Ranking					
	Province/ City	Pump Price	Pre-tax Price	Tax Bill	Tax Portion
1	Vancouver	\$0.51	\$0.46	\$0.97	52%
2	Montreal	\$0.49	\$0.37	\$0.86	57%
3	Quebec with regular rate	\$0.45	\$0.36	\$0.82	56%
4	Newfoundland and Labrador	\$0.44	\$0.38	\$0.82	53%
5	Victoria	\$0.44	\$0.56	\$1.00	44%
6	Ontario	\$0.40	\$0.39	\$0.79	51%
7	BC outside of Vancouver and Victoria	\$0.38	\$0.49	\$0.86	43%
8	New Brunswick	\$0.37	\$0.37	\$0.74	50%
9	Nova Scotia	\$0.35	\$0.34	\$0.69	51%
10	Saskatchewan	\$0.35	\$0.34	\$0.69	51%
11	PEI	\$0.35	\$0.39	\$0.74	47%
12	Alberta	\$0.33	\$0.32	\$0.65	50%
13	Manitoba	\$0.32	\$0.37	\$0.68	46%

*Dollars per litre

Year-over-year, while gas prices have gone down drastically, down nearly 50 per cent in some jurisdictions, tax bills have remained largely the same. This is explained by the fact most taxes on gasoline are calculated based on volume sold, and not on commodity prices. The only taxes on gasoline which are calculated based on its price are sales taxes such as the GST, HST, PST and QST. This explains the fact the lion's share of pump prices in most jurisdictions is currently going to one level of government or another in the form of tax revenue.

Tax Changes Since Last Year

New Brunswick cut gas taxes significantly on April 1, 2020, in accordance to what was presented in the [budget](#) a few weeks prior. The gasoline excise tax was reduced from 15.5 cents per litre to 10.87 cents per litre. This change was made to offset the impact of New Brunswick's new carbon tax.

Prince Edward Island did something similar by cutting its gas tax from 13.1 cents per litre, down to 8.47 cents per litre. This change was also made to offset the cost of its carbon tax increase.

On April 1, the federal carbon tax backstop went up from \$20 per tonne to \$30 per tonne. This translates into an additional 2.21 cents increase to gas taxes in all jurisdictions outside British Columbia, Quebec, Nova Scotia and Newfoundland. This translates into an increase from 4.42 cents per litre of gasoline to 6.63 cents per litre of gasoline.

On Jan. 1, the federal government started imposing its carbon tax on Alberta, which had repealed its own carbon tax in late May 2019. Alberta's carbon tax used to be 6.73 cents per litre before it was repealed. The federal carbon tax applied on Jan. 1, which then rose on April 1. While there is little difference between Alberta's carbon tax exactly a year ago and Alberta's carbon tax today, it is worth noting the variation it went through over the course of the last twelve months from 6.73 cents per litre, to 0 cents per litre, to 4.42 cents per litre and now 6.63 cents per litre.

Unlike the federal government, British Columbia chose to suspend its planned carbon tax hike amidst the COVID-19 pandemic. Its carbon tax was already higher than the federal government's backstop, at \$40 per tonne.

Newfoundland and Labrador chose not to hike its carbon tax either. Newfoundland and Labrador's carbon tax plan's indexation is based on the evolution of carbon taxes across all Atlantic provinces. Its carbon tax currently sits at \$20 per tonne, lower than the current \$30 per tonne federal backstop.

Quebec's cap-and-trade carbon tax went up slightly since last year in the primary auction market.

The remaining tax reduction are because of reduced sales tax as a result of lower pre-tax gas prices.

Changes Since Last Year

	Province/ City	Pump Price (\$/L)	Tax Bill (\$/L)
1	Saskatchewan	-\$0.58	\$0.00
2	Vancouver	-\$0.71	-\$0.02
3	BC outside of Vancouver and Victoria	-\$0.48	-\$0.02
4	Manitoba	-\$0.57	-\$0.03
5	Victoria	-\$0.58	-\$0.03
6	Alberta	-\$0.56	-\$0.03
7	Ontario	-\$0.47	-\$0.03
8	Newfoundland	-\$0.51	-\$0.04
9	Quebec with regular rate	-\$0.48	-\$0.06
10	PEI	-\$0.52	-\$0.06
11	Montreal	-\$0.51	-\$0.06
12	Nova Scotia	-\$0.60	-\$0.08
13	New Brunswick	-\$0.57	-\$0.10

*Dollars per litre

Canadian Carbon Taxes

Since 2018, the federal government is imposing a minimum carbon tax on the provinces. Should provincial governments have carbon taxes lower than the federal minimum, it will step in and impose its own carbon tax. This is what has been done in Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick. Since April 1, 2020, New Brunswick is no longer subject to Ottawa's carbon tax, having adopted its own.

Between 2018 and 2022, the federal carbon tax backstop is poised to rise by \$10 per tonne per year until it reached \$50 in 2022. Despite the COVID-19 pandemic, the federal government chose to keep going with its planned carbon tax hike, raising its backstop to \$30 per tonne on April 1, 2020. This led Prince Edward Island to raise its own carbon tax.

At this moment, it is unclear what will happen with the carbon tax after 2022. [Secret federal government documents](#) indicate that, in order to reach Canada's climate targets, the carbon tax would have to increase to \$300 per tonne by 2050. This means motorists would pay 66.3 cents of carbon tax per litre of gasoline, or a bit over \$42 of carbon tax per 64-litre fill up.

For comparison purposes, only primary auction prices are listed for jurisdictions using a cap-and-trade system. A further section of this report will look at the evolution of secondary market prices in cap-and-trade systems as well as carbon taxes in international jurisdictions as the world faces the COVID-19 pandemic.

Current Carbon Taxes

Province/ City	Per Tonne	Per Litre of Gas
British Columbia	\$40	\$0.0889
Quebec*	\$24	\$0.0559
New Brunswick	\$30	\$0.0663
Prince Edward Island	\$30	\$0.0663
Nova Scotia	\$4	\$0.0094
Newfoundland and Labrador	\$20	\$0.0442
Federal Minimum	\$30	\$0.0663

**Final sale price in primary auctions*

Federal Minimum Carbon Tax

Year	Carbon Price per Tonne	Carbon Tax on Gasoline
2018	\$10	\$0.02
2019	\$20	\$0.04
2020	\$30	\$0.07
2021	\$40	\$0.09
2022	\$50	\$0.11
2050	\$300	\$0.66

Tax-on-Tax

Every time you buy gasoline you are charged tax-on-tax. The government calculates the sales taxes after all the per-litre taxes are added. That means you pay taxes on all the per-litre taxes the government just added to the price. That costs the average Canadian driver an extra 3.3 cents per litre.

Tax-on-Tax			
Province/ City	Pump Price	Pre-tax Price	Tax Bill
British Columbia	\$0.017	\$0.000	\$0.017
Alberta	\$0.015	\$0.000	\$0.015
Saskatchewan	\$0.016	\$0.000	\$0.016
Manitoba	\$0.015	\$0.000	\$0.015
Ontario	\$0.016	\$0.025	\$0.041
Quebec	\$0.016	\$0.032	\$0.048
New Brunswick	\$0.014	\$0.028	\$0.041
PEI	\$0.015	\$0.030	\$0.038
Nova Scotia	\$0.013	\$0.026	\$0.040
Newfoundland	\$0.017	\$0.033	\$0.050
Canada	\$0.016	\$0.016	\$0.033

Tax Breakdown

Gasoline

Taxes can account for up to 52.5% of the pump price. You won't see all the taxes on your receipt, but you may be paying up to six different taxes. This is the tax breakdown you won't see on your receipt.

Gasoline Tax Breakdown (\$/L)								
Province/ City	Provincial Excise Tax	Carbon Tax	Transit Tax	Provincial Sales Tax	Federal Excise Tax	Federal Sales Tax	Total Tax	Tax-On-Tax
British Columbia	\$0.145	\$0.089	\$0.000	\$0.000	\$0.100	\$0.041	\$0.375	\$0.017
Vancouver	\$0.085	\$0.089	\$0.185	\$0.000	\$0.100	\$0.046	\$0.505	\$0.023
Victoria	\$0.145	\$0.089	\$0.055	\$0.000	\$0.100	\$0.047	\$0.436	\$0.019
Alberta	\$0.130	\$0.066	\$0.000	\$0.000	\$0.100	\$0.031	\$0.327	\$0.015
Saskatchewan	\$0.150	\$0.066	\$0.000	\$0.000	\$0.100	\$0.033	\$0.349	\$0.016
Manitoba	\$0.140	\$0.066	\$0.000	\$0.000	\$0.100	\$0.032	\$0.339	\$0.015
Ontario	\$0.147	\$0.066	\$0.000	\$0.056	\$0.100	\$0.038	\$0.407	\$0.041
Quebec	\$0.173	\$0.056	\$0.000	\$0.069	\$0.100	\$0.039	\$0.437	\$0.049
Montreal	\$0.192	\$0.056	\$0.030	\$0.074	\$0.100	\$0.041	\$0.493	\$0.057
New Brunswick	\$0.109	\$0.066	\$0.000	\$0.064	\$0.100	\$0.035	\$0.374	\$0.041
PEI	\$0.085	\$0.066	\$0.000	\$0.064	\$0.100	\$0.035	\$0.350	\$0.038
Nova Scotia	\$0.155	\$0.009	\$0.000	\$0.060	\$0.100	\$0.033	\$0.357	\$0.040
Newfoundland	\$0.165	\$0.044	\$0.000	\$0.071	\$0.100	\$0.039	\$0.442	\$0.050
Canada	\$0.145	\$0.065	\$0.015	\$0.041	\$0.100	\$0.038	\$0.404	\$0.035

Diesel Tax Breakdown (\$/L)								
Province/ City	Provincial Excise Tax	Carbon Tax	Transit Tax	Provincial Sales Tax	Federal Excise Tax	Federal Sales Tax	Total Tax	Tax-On-Tax
British Columbia	\$0.150	\$0.102	\$0.015	\$0.000	\$0.040	\$0.048	\$0.355	\$0.015
Vancouver	\$0.090	\$0.102	\$0.185	\$0.000	\$0.040	\$0.051	\$0.468	\$0.021
Victoria	\$0.150	\$0.102	\$0.055	\$0.000	\$0.040	\$0.049	\$0.396	\$0.017
Alberta	\$0.130	\$0.081	\$0.000	\$0.000	\$0.040	\$0.044	\$0.295	\$0.013
Saskatchewan	\$0.150	\$0.081	\$0.000	\$0.000	\$0.040	\$0.045	\$0.316	\$0.014
Manitoba	\$0.140	\$0.081	\$0.000	\$0.000	\$0.040	\$0.048	\$0.309	\$0.013
Ontario	\$0.143	\$0.081	\$0.000	\$0.067	\$0.040	\$0.045	\$0.376	\$0.034
Quebec	\$0.202	\$0.071	\$0.000	\$0.090	\$0.040	\$0.049	\$0.452	\$0.047
Montreal	\$0.202	\$0.071	\$0.030	\$0.094	\$0.040	\$0.050	\$0.486	\$0.051
New Brunswick	\$0.155	\$0.081	\$0.000	\$0.079	\$0.040	\$0.043	\$0.397	\$0.041
PEI	\$0.142	\$0.081	\$0.000	\$0.081	\$0.040	\$0.044	\$0.387	\$0.039
Nova Scotia	\$0.154	\$0.012	\$0.000	\$0.069	\$0.040	\$0.038	\$0.312	\$0.031
Newfoundland and Labrador	\$0.165	\$0.054	\$0.000	\$0.083	\$0.040	\$0.046	\$0.415	\$0.043
Canada	\$0.150	\$0.079	\$0.000	\$0.050	\$0.040	\$0.046	\$0.365	\$0.029

Tax per Fill-Up

The average tax for a 64-litre fill-up in Canada is a bit over \$26, including over \$2 in tax on tax.

Tax on a 64 Litre Fill-Up						
Province/City	Before Tax	Provincial Taxes	Federal Taxes	Tax-on-Tax	Total Tax	Total
British Columbia	\$31.23	\$14.97	\$9.03	\$1.07	\$24.00	\$55.23
Vancouver	\$29.50	\$22.98	\$9.34	\$1.47	\$32.32	\$61.82
Victoria	\$35.78	\$18.53	\$9.44	\$1.24	\$27.97	\$63.74
Alberta	\$20.62	\$12.54	\$8.38	\$0.95	\$20.91	\$41.53
Saskatchewan	\$21.67	\$13.88	\$8.50	\$1.01	\$22.37	\$44.04
Manitoba	\$23.37	\$11.82	\$8.48	\$0.98	\$20.30	\$43.67
Ontario	\$24.80	\$17.04	\$8.81	\$2.61	\$25.86	\$50.66
Quebec	\$23.16	\$20.17	\$8.89	\$3.15	\$29.06	\$52.22
Montreal	\$23.36	\$22.35	\$9.01	\$3.62	\$31.36	\$54.72
New Brunswick	\$23.52	\$15.15	\$8.65	\$2.64	\$23.80	\$47.32
PEI	\$24.83	\$13.57	\$8.64	\$2.41	\$22.21	\$47.04
Nova Scotia	\$21.46	\$14.18	\$8.50	\$2.54	\$22.68	\$44.14
Newfoundland and Labrador	\$24.40	\$19.12	\$8.90	\$3.18	\$28.02	\$52.42
Canada	\$24.29	\$17.77	\$8.82	\$2.25	\$26.59	\$50.88

Methodology Notes

Prices are based on Kent Marketing Services Limited's data for April 2020. <http://charting.kentgroup ltd.com/>

Carbon Taxes Around the World

Background

While there are 195 countries around the world,¹ only 45 countries (23 per cent) are covered by a carbon tax, according to the World Bank's Carbon Pricing Dashboard (a few countries such as the United States have some form of limited and regional carbon tax).²

Carbon taxes cover about 15 per cent of total emissions. About half of the emissions covered by carbon taxes are priced below US\$10/tCO₂e, according to the World Bank's most recent State and Trends of Carbon Pricing (2019).³

Canada only accounts for 1.5 per cent of global emissions,⁴ so a carbon tax here won't have any meaningful impact on the global environment, something that Prime Minister Justin Trudeau has acknowledged.

"Even if Canada stopped everything tomorrow, and the other countries didn't have any solutions, it wouldn't make a big difference," Trudeau said on Tout Le Monde En Parle.⁵

While the government of Canada increased its carbon tax during the COVID-19 health and economic crisis, the CTF has identified the following jurisdictions where carbon taxes have been frozen or reduced:

- British Columbia
- Estonia
- 30 European countries under the European Union's cap and trade scheme
- Manitoba
- Newfoundland and Labrador
- New Zealand
- Norway
- South Africa
- United Kingdom
- Western Climate Initiative (California and Quebec)

¹ <https://www.state.gov/independent-states-in-the-world/>

² https://carbonpricingdashboard.worldbank.org/map_data

³ <https://openknowledge.worldbank.org/handle/10986/31755>

⁴ <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/global-greenhouse-gas-emissions.html>

⁵ https://www.huffingtonpost.ca/2018/10/22/andrew-scheer-climate-plan-emissions_a_23568623/

Carbon tax action during coronavirus

Government of Canada

- Increased carbon tax by 50 per cent.

The government of Canada increased its carbon tax on April 1, 2020, by 50 per cent from \$20/tonne to \$30/tonne, which will increase the carbon tax cost on gasoline from 4.42 cents per litre to an additional 6.63 cents per litre. The federal carbon tax will now add an extra \$3.90 to the cost of filling up a sedan and add an extra \$5.29 to fill up a minivan.⁶

British Columbia

- Delayed carbon tax increase.

As part of its COVID-19 relief package, the government of British Columbia delayed its scheduled April 1 carbon tax increase. The government said it will review its carbon tax plan by Sept. 30, 2020.⁷

Estonia

- Finance minister called for Estonia to leave European Union's carbon tax scheme.
- Government reduced fuel taxes.

Estonia Finance Minister Martin Helme made a formal call for Estonia to leave the EU's cap and trade carbon tax system.⁸ Helme argued that leaving the EU's carbon tax scheme would reduce electricity prices and provide relief during the COVID-19 crisis. While the prime minister later announced that Estonia would not seek to leave the EU's carbon tax system, a finance minister calling for carbon tax relief marks a very different situation than what is happening in Ottawa.

The Estonian government also lowered the excise tax on electricity to the minimum allowed by the European Union and lowered the tax on diesel, light and heavy fuel oil, shale oil fuel and natural gas.^{9 10}

"Due to the economic downturn, both people's incomes and the revenue of companies are declining, but daily household expenses such as electricity or gas bills still need to be paid. To better cope with them, we are reducing excise duty rates on gas and electricity for two years," Finance Minister Martin Helme said.¹¹

European Union

- The European Union's cap and trade carbon tax rate fell by 32 per cent during COVID-19 crisis.

The EU's emissions trading scheme is a cap and trade system that uses the quantity of emissions allowances to set the carbon tax rate. The tax rate has dramatically fallen during the COVID-19 economic shut down, from about €25 per tonne for most of 2019 to as low as about €15 per tonne in March, according to S&P Global Platts Analytics.¹² According to the most recent data from the ICAP Allowance Price Explorer,¹³ the EU cap and trade tax rate fell €8.13 below its 2020 max price, representing a 32 per cent decrease. While the carbon tax rate has increased since its bottom, S&P Global Platts Analytics forecasts the COVID-19 shock keeping downward pressure on the cap and trade market for the rest of the year.¹⁴ The figure below shows the drop in the cap and trade carbon tax rate in the EU.¹⁵

⁶ <https://www.canada.ca/en/departement-finance/news/2018/10/background-fuel-charge-rates-in-listed-provinces-and-territories.html>

⁷ <https://globalnews.ca/news/6718250/coronavirus-horgan-stimulus-package/>

⁸ <https://news.err.ee/1074354/finance-minister-formalizes-call-to-leave-eu-co2-scheme>

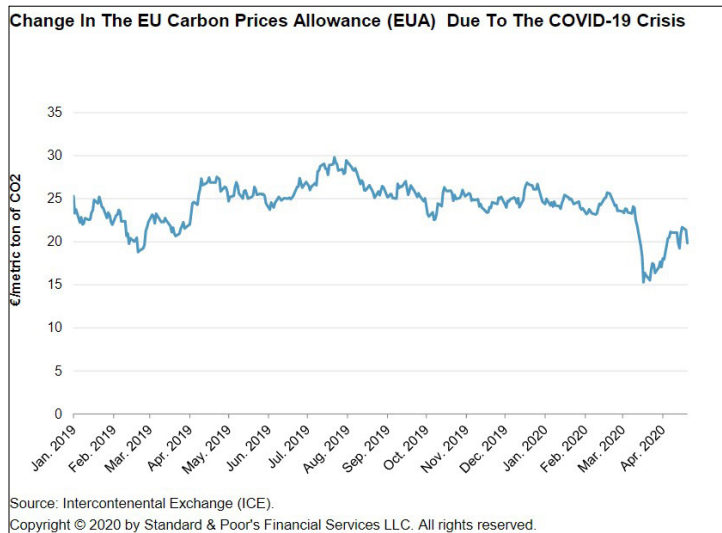
⁹ <https://news.err.ee/1084746/excise-duty-on-natural-gas-electricity-lowered-from-friday>

¹⁰ <http://www.baltic-course.com/eng/transport/?doc=155519>

¹¹ <https://news.err.ee/1084746/excise-duty-on-natural-gas-electricity-lowered-from-friday>

¹² <https://www.spglobal.com/ratings/en/research/articles/200429-the-eu-s-drive-for-carbon-neutrality-by-2050-is-undeterred-by-covid-19-11455922>

¹³ <https://icapcarbonaction.com/en/ets-prices>



The EU's cap and trade system applies to all EU countries plus Iceland, Liechtenstein and Norway.¹⁶ That means that the cap and trade carbon tax rate fell by more than 30 per cent for 30 European countries during the depth of the COVID-19 crisis.

Manitoba

- Delayed its carbon tax implementation.

Prior to the release of its 2020 budget, the government of Manitoba announced that it would implement a \$25 per tonne carbon tax and cut the sales tax by one percentage point on July 1, 2020. Manitoba has put this plan on hold.¹⁷

Newfoundland and Labrador

- Carbon tax rate remained at \$20/tonne

While the federal government's backstop required carbon taxes to increase to \$30/tonne on April 1, 2020, Newfoundland and Labrador's carbon tax has remained at \$20/tonne.¹⁸

New Zealand

- New Zealand's cap and trade carbon tax rate fell by 23 per cent during COVID-19 crisis.

Similar to the EU's cap and trade system, New Zealand's cap and trade tax rate has fallen from a high of 29.20 NZ\$ this year to a low of 22.50 NZ\$, representing a 23 per cent reduction. The latest data available through the ICAP Allowance Price Explorer shows that the carbon tax rate was still dropping, so the tax rate drop could be even larger.¹⁹ The New Zealand ETS allows the permanent banking of emission allowances, so companies can purchase carbon allowances at lower prices during recessions and use them later.²⁰

Norway

- Eliminated carbon tax on natural gas and liquefied petroleum gas.
- Deferred payments of fuel taxes.

On April 1, the Norwegian government reduced its carbon tax rate to 0 NOK for natural gas and liquefied petroleum gas for chemical reduction or electrolysis, metallurgical and mineralogical processes.²¹ The tax rates will remain lower than the previous carbon tax rate until 2024.²²

¹⁴ <https://www.spglobal.com/ratings/en/research/articles/200429-the-eu-s-drive-for-carbon-neutrality-by-2050-is-undeterred-by-covid-19-11455922>

¹⁵ <https://www.spglobal.com/ratings/en/research/articles/200429-the-eu-s-drive-for-carbon-neutrality-by-2050-is-undeterred-by-covid-19-11455922>

¹⁶ https://ec.europa.eu/clima/policies/ets_en

¹⁷ <https://winnipegstar.com/news/news-news/manitoba-delays-sales-tax-cut-and-carbon-tax-plan-due-to-covid-19>

¹⁸ The Government of Newfoundland and Labrador confirmed this through email correspondence with the Canadian Taxpayers Federation.

¹⁹ <https://icapcarbonaction.com/en/ets-prices>

²⁰ <https://static1.squarespace.com/static/53e333ee4b08ed4322ef199/t/5bc94383eef1a1a7f492afd2/1539916853430/A+Guide+to+the+New+Zealand+Emissions+Trading+Scheme.pdf>

²¹ <https://www.skatteetaten.no/tiltakspakker/>

²² <https://www.skatteetaten.no/bedrift-og-organisasjon/avgifter/saravgifter/om/mineralske-produkter/midlertidig-fritak-for-co2-avgift-pa-naturgass-og-lpg-brukt-i-visse-prosesser/>

The government is also deferring the reporting and payments of its road usage gas tax, basic tax on mineral oil, tax on lubricating oil and carbon tax on mineral products until June 18.

The Norwegian government has taken other measures to reduce the burden of COVID-19, such as removing the airline fare excise tax between January and November. Any payment of the airline excise tax which has already been paid is being rebated back to airlines.²³

South Africa

- Deferred carbon tax payment.

As reported by KPMG, the government of South Africa is delaying its collection of carbon tax payments from July 31 to Oct. 31, in response to the COVID-19 economic crisis. According to KPMG, “The three-month extension relating to the carbon tax may provide relief for a number of taxpayers—not just those with cash flow constraints, but also those that have experienced administrative delays with carbon tax registrations.”²⁴

United Kingdom

- Froze its carbon tax top-up rate (which was scheduled to increase).
- Froze fuel tax.

The U.K. government announced that it’s freezing its carbon tax top-up at £18 t/CO₂ in 2020 and 2021.²⁵ This carbon tax top-up was intended to increase with inflation beginning this year (up from £18 t/CO₂).²⁶ The government estimates that

it will collect between £15 and £20 million per year less than the previously assumed rate increase.²⁷ The government also froze its fuel tax for a tenth year in a row, cumulatively saving the average driver £1,200 compared to the pre-2010 escalator.²⁸

Western Climate Initiative – California and Quebec cap and trade

- Cap and trade carbon tax rate falls during COVID-19 crisis

Under California and Quebec’s cap and trade system, facilities must purchase carbon allowances to account for their annual emissions. The price of these carbon allowances represents the carbon tax rate, which has dramatically fallen during the COVID-19 economic downturn.

“In the last month, over-the-counter prices for California carbon allowances have dropped like a rock due to a combination of heavy selling and bearish macroeconomic sentiment brought on by the coronavirus pandemic,” wrote S&P Global Analytics on April 6, 2020.²⁹

When the government auctions the carbon allowances, the minimum price is US\$ 16.68 (about CA\$ 23),³⁰ however the California carbon allowances have recently been bought at about US \$12, according to Carbon Pulse.³¹ The lower California carbon allowances can also be used by Quebec companies, according to the International Carbon Action Partnership.³² The graph below shows the California cap and trade carbon tax rate drop.³³

²³ <https://www.skatteetaten.no/bedrift-og-organisasjon/avgifter/saravgifter/om/mineralske-produkter/midlertidig-fritak-for-co2-avgift-pa-naturgass-og-lpg-brukt-i-visse-prosesser/>

²⁴ <https://home.kpmg/us/en/home/insights/2020/04/tmf-south-africa-carbon-tax-return-filing-payment-deadline-extended.html>

²⁵ <https://www.carbonbrief.org/budget-2020-key-climate-and-energy-announcements>

²⁶ <https://www.gov.uk/government/publications/autumn-statement-2016-documents/autumn-statement-2016>

²⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/871948/Budget_2020_policy_costings.pdf

²⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/871799/Budget_2020_Web_Accessible_Complete.pdf

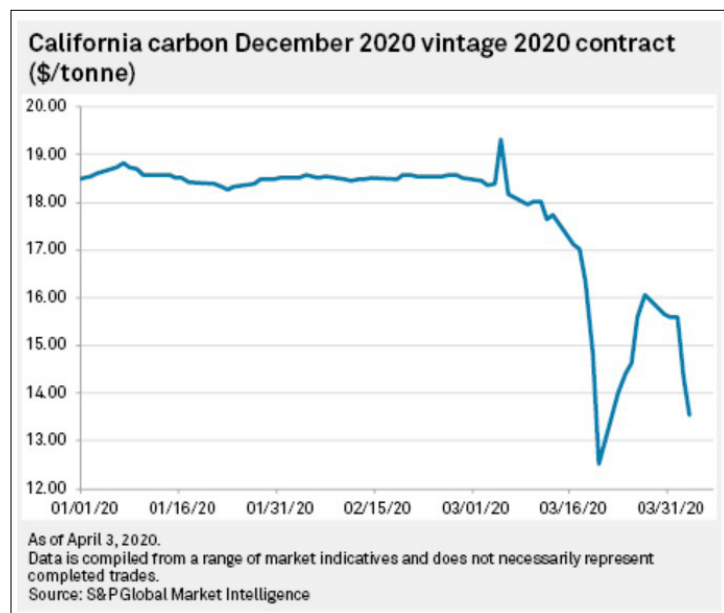
²⁹ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/calif-carbon-allowance-prices-crumble-amid-coronavirus-fallout-57920277>

³⁰ https://icapcarbonaction.com/en/?option=com_etsmap&task=export&format=pdf&layout=list&systems%5B%5D=73

³¹ <https://carbon-pulse.com/94889/>

³² <https://icapcarbonaction.com/en/news-archive/703-etss-around-the-world-respond-to-coronavirus>

³³ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/calif-carbon-allowance-prices-crumble-amid-coronavirus-fallout-57920277>



Facilities under the WCI rules can bank a certain amount of allowances so firms can buy these allowances at lower prices and use them in the future.³⁴

Note: This section of the report analyzes the Western Climate Initiative's secondary market because the primary market's last auction occurred prior to the COVID-19 health and economic crisis.³⁵

³⁴https://www.cigionline.org/sites/default/files/documents/Guide%20to%20Emissions_Carmody_Special%20Report_lowres_0.pdf

³⁵https://ww3.arb.ca.gov/cc/capandtrade/auction/2020_auction_dates.pdf