

# Carbon Taxes: International Experiences

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British Columbia has done it—and  
very simply.

Tax base

x

Tax rate

=

Revenue

Tax base

x

Tax rate

=

Revenue

Fossil fuels  
CO<sub>2</sub>-e

Limited  
exemptions

**Tax base**

x

**Tax rate**

=

**Revenue**

Fossil fuels  
CO<sub>2</sub>-e

\$10/ton 2008



\$30/ton 2012

Limited  
exemptions

## “Upstream” tax collection

$$\boxed{\text{Tax base}} \times \boxed{\text{Tax rate}} = \boxed{\text{Revenue}}$$

Fossil fuels  
CO<sub>2</sub>-e

\$10/ton 2008



\$30/ton 2012

Limited  
exemptions

**Tax base**

x

**Tax rate**

=

**Revenue**

Fossil fuels  
CO<sub>2</sub>-e

\$10/ton 2008



\$30/ton 2012

Revenue  
neutral  
tax relief

Limited  
exemptions

Tax rate

x

Tax rate

=

Revenue

Comprehensive

Simple

Quick

Effective

Here to stay

“The CO<sub>2</sub> tax is a good idea.”

Swedish Prime Minister Fredrik Reinfeldt  
EU President  
June 9, 2009

Sweden

Ireland

Denmark

Norway

Australia

Japan

China?

Italy?

IRS

EPA

New  
commodities

price

trading market

taxpayers

covered  
entities







Exchanges  
Brokers



Trading  
market

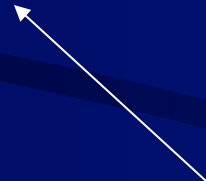
Allowances  
Derivatives



Allowance  
Registry

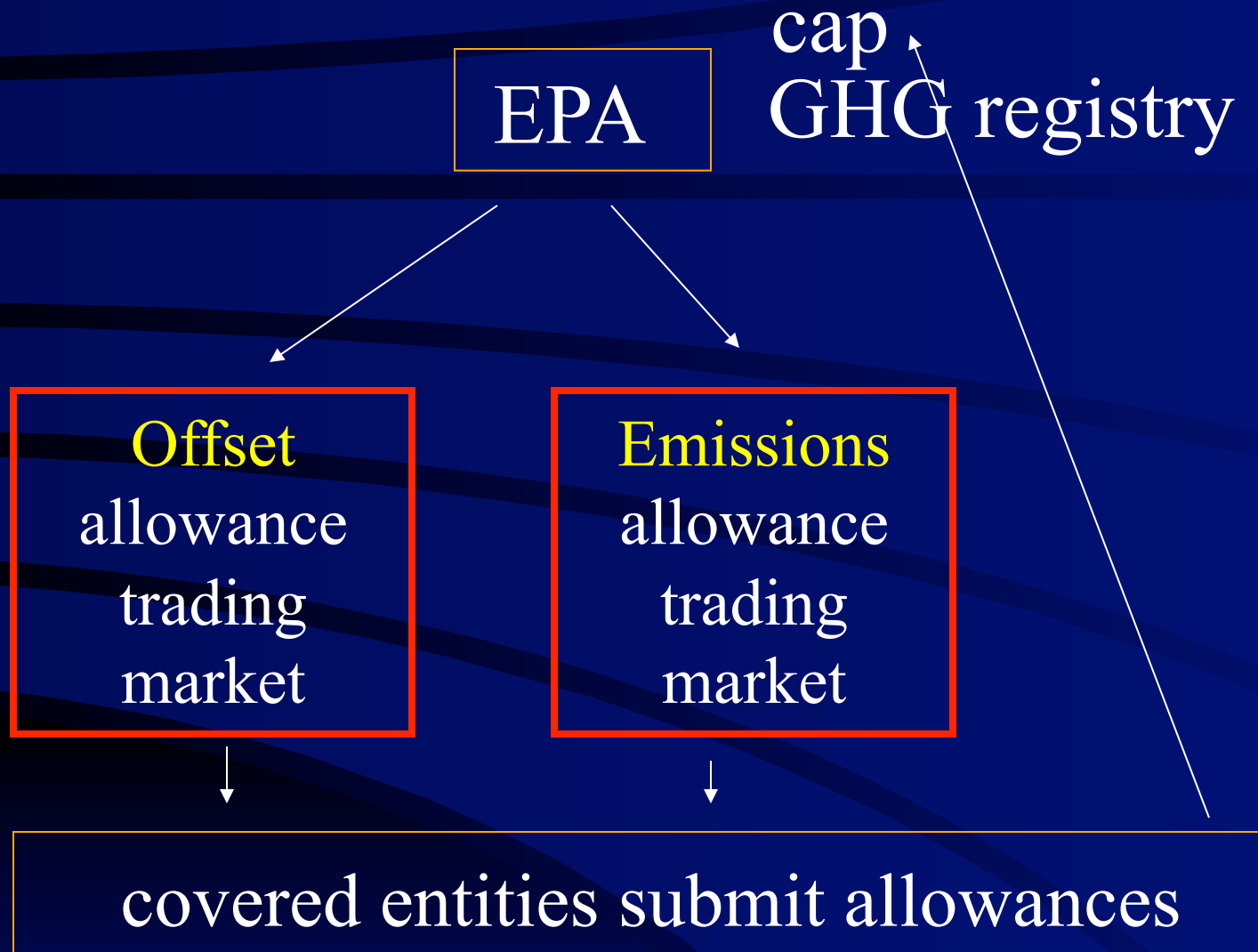


Market oversight



Covered entities  
Other holders  
Public





A carbon tax can be elegantly simple.