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# The fiscal revenue of the environmental tax in the Algerian tax system: Targeted allocations for environmental protection an analytical study for the period (2000-2024)

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**Abstract**---This study analyzes the allocation of the fiscal revenue of the environmental tax in the Algerian tax system aimed at protecting and preserving the environment from pollution. It also examines the changes in the allocation of this fiscal revenue over the period from 2000 to 2024. The study relies on the descriptive method and analytical approach, using the descriptive method to present various concepts and the analytical approach to clarify the allocation of the fiscal revenue of the environmental tax and its changes.

**Keywords**---Environmental Tax, Fiscal Revenue, Algerian, Tax System, Environmental Protection.

## Introduction

The environmental tax is an important tool in environmental taxation, used by the state to address and reduce pollution by redirecting the behavior of economic institutions through the deterrent nature of this tax. On the other hand, its fiscal revenue is allocated to protecting the environment from various forms of pollution. The expenditure related to this tax focuses on environmental aspects, and in the case of the environmental tax, the principle of non-allocation in the comprehensive budgetary framework is exempted, meaning the fiscal revenue of the tax is specifically allocated for pollution control.

In the Algerian tax system, a significant portion of the fiscal revenue from this tax is allocated to environmental protection and preservation from pollution. During

the period from 2000 to 2024, the allocation of its fiscal revenue generally remained stable.

### **Study problem**

The problem of the study can be formulated in the following main question:

**What allocation of the fiscal revenue of the environmental tax in the Algerian tax system is directed towards environmental protection during the period (2000-2024)?**

### **Study Hypothesis**

This study proceeds from the following main hypotheses:

**A significant portion of the fiscal revenue of the environmental tax in the Algerian tax system is allocated to environmental protection.**

The following sub- hypotheses fall under this main hypothesis:

- The tax system in Algeria includes a significant number of environmental taxes.
- In the Algerian tax system, the fiscal revenue of the environmental tax is directed towards environmental expenditure.

### **Study importance**

The importance of the study lies in demonstrating the significance of the fiscal revenue of the environmental tax and the importance of allocating a portion of this revenue to environmental protection and pollution prevention. Additionally, it highlights the environmental benefits of this tax. Furthermore, it emphasizes how the environmental tax serves as a means to generate new revenue streams that can be added to other revenues.

### **Study Objectives**

This study aims to achieve the following:

- Clarify the extent of the state's interest in the environment and its efforts to preserve it from pollution.
- Highlight the important role of the environmental tax in addressing pollution.
- Illustrate the diversity within the environmental tax system in the Algerian tax framework.
- Highlight the significant portion of the fiscal revenue of the environmental tax allocated to environmental protection.

### **Study Approach**

The study requires following the descriptive method and relying on the analytical approach. The descriptive method is used to present and explain various concepts, while the analytical approach is employed to clarify the portion of the fiscal revenue of the environmental tax in the Algerian tax system allocated to environmental protection and to illustrate its changes.

## Study Structure

To address the aforementioned problem, the study is divided into two main sections:

- **First Section:** An Introductory Guide to the Environmental Tax
- **Second Section:** The Fiscal Revenue of the Environmental Tax in the Algerian Tax System; Targeted Allocations for Environmental Protection. An Analytical Study for the Period (2000-2024)

## 1. An Introductory Guide to the Environmental Tax

### 1.1 Concept of the Environmental Tax

The environmental tax is a mandatory levy paid by individuals to contribute to the general costs and burdens, considering that environmental aspects are among these burdens (Kafi, 2014, p. 346).

The concept of the environmental tax focuses on several elements (Qadi, 2011, p. 165):

- **Emission Taxes:** These taxes are determined based on the quantities of emissions and the extent of environmental degradation they cause.
- **Indirect Taxes:** These taxes are related to the inputs of the production process or consumer goods, where their use leads to environmental damage.
- **Accelerated Depreciation and Lower Rates:** These are for equipment and production methods that reduce pollution.

### 1.2 Technical Aspects of the Environmental Tax

The taxpayer, the tax rate, the tax base, and the allocation of its fiscal revenue are the technical aspects of this tax. For example, increasing the environmental tax rate has two objectives (Renaud, 2010, p. 55):

- Reconsidering the consumption of environmentally harmful goods.
- Increasing revenue from environmental taxation.

Changes in the allocation of the fiscal revenue of the environmental tax can be explained by (Said Zenat, 2019, p. 07):

- Avoiding all factors that lead to environmental degradation.
- Covering the fluctuations in oil revenues.

Regarding the fiscal revenue of this tax, the principle of non-allocation in the comprehensive budgetary framework implies not allocating revenue to a specific expenditure (Besaid, 2009-2010, pp. 27-28). However, the fiscal revenue of this tax is specifically allocated to pollution control, distinguishing environmental taxes from other taxes.

### 1.3 The Environmental Tax and Pollution Control

The environmental tax addresses all issues related to environmental degradation, while other taxes aim to cover environmental expenditure. These two objectives do not conflict, as the first addresses pollution and the second provides a steady revenue for the state (Gille, 2007, p. 110). This tax also focuses on encouraging economic institutions to reduce or eliminate pollution, generally achieved by applying a high-rate environmental tax (Pauline, 2010, p. 33).

#### **1.4 The Environmental Tax as an Approach to Mitigate Imbalances Arising from Various Other Taxes and Fees**

The fiscal revenue of the environmental tax is used to mitigate the imbalances and/or distortions originating from various other taxes and fees ([Dominique, 2005, p. 443](#)).

The environmental tax can enhance the overall effectiveness of the tax system, as its fiscal revenue s are added to other revenues from these taxes and fees ([Pauline, 2010, p. 33](#)).

#### **2. The Fiscal Revenue of the Environmental Tax in the Algerian System: Targeted Allocations for Environmental Protection - An Analytical Study for the Period (2000-2024)**

Considering the National Fund for the Environment and Coastline in Algeria, which is a special allocation account No. "065-302," the Executive Decree No. 17-170 dated 25 Shaaban 1438 corresponding to 22 May 2017 in its third article addresses the financing of this account. The account is funded by various portions allocated from the fiscal revenue s of different environmental taxes, and these revenues are used to cover environmental expenditures, meaning all aspects related to environmental concerns ([Official Journal of the Algerian, 2017, pp. 16-17](#)).

From this perspective, the allocations directed to this fund are aimed at environmental protection. The following table illustrates the allocation and its changes from the fiscal revenue of various environmental taxes in the Algerian tax system for the period (2000-2024) and directed towards environmental protection.

Table (01): Allocation and Its Changes from the Fiscal Revenue of Various Environmental Taxes for the Period (2000-2024) Directed Towards Environmental Protection

Environmental Tax	Allocation and Changes in Allocation									
	From 2000 to 2018	Amendment to Finance Law 2018	Change	Amendment to Finance Law 2020	Change	Amendment to Finance Law 2021	Change	Amendment to Finance Law 2023	Change	After 2023
Tax on Polluting and Hazardous Activities	100%	67%	33-%	50%	%17-	-	-	-	-	-
Fuel Tax	50%	50%	-	50%	-	-	-	-	-	-
Tax on Rubber Tires	50%	50%	-	50%	-	-	-	-	-	-
Tax on Imported and/or Locally Produced Oils	50%	32%	18-%	24%	8-%	-	-	0%	-24%	-
Tax Encouraging Non-Storage of Waste	75%	48%	27-%	38%	10-%	-	-	0%	-38%	-
Additional Tax on Industrial Air Pollution	75%	50%	25-%	33%	17-%	-	-	-	-	-
Tax Encouraging Non-Storage of Hospital Waste	75%	60%	15-%	50%	10-%	-	-	0%	50-%	-
Additional Tax on Industrial Wastewater	50%	34%	16-%	16%	18-%	-	-	-	-	-
Tax on Imported and/or Locally Produced Plastic Bags	100%	27%	73-%	27%	-	-	-	-	-	-
Tax on Licenses for Exporting Hazardous Waste	-	-	-	-	-	%40	-	-	-	-
Tax on Licenses for Operating New Classified Establishments	-	-	-	-	-	%30	-	-	-	-
Tax on Accreditation of Environmental Consulting Firms	-	-	-	-	-	%50	-	-	-	-

Source: Prepared by the researcher based on the Finance Laws for the years 2018, 2020, 2021, and 2023

## 2.1 The Environmental Tax System in the Algerian Tax Framework: Diversity Indicating Attention to Environmental Aspects

The environmental tax system is not limited to the taxes listed in the table; rather, it includes taxes with significant portions allocated to environmental protection. The table also reflects the diversity in the environmental tax system in the Algerian tax framework. In addition to these taxes, there are other environmental and quasi-environmental taxes and fees, indicating the state's clear interest in environmental aspects.

The percentages shown in the table represent the portions allocated to environmental protection from the fiscal revenue of the environmental tax. These significant percentages indicate the state's interest in environmental protection. From this, we can prove the sub-hypothesis that the tax system in Algeria includes a significant number of environmental taxes.

## 2.2 Analysis of the Allocation of the Fiscal Revenue of the Environmental Tax for Environmental Protection and Its Changes

### 2.2.1 Period from 2000 to 2018

From the table, it is evident that the fiscal revenue allocated to protecting the environment and preventing pollution from various environmental taxes is very significant. Most of the taxes allocated more than half of their fiscal revenue to

environmental protection. It should be noted that these allocations reflect a substantial fiscal revenue for these taxes, directed towards environmental aspects, supporting environmental projects, addressing various forms of pollution, and assisting economic institutions concerning environmental equipment, among other things.

### **2.2.2 In 2018**

From the table, it is noticeable that some environmental taxes saw a decrease in their fiscal revenue allocation (-33%, -18%, -27%, -25%, -15%, -16%, -73%). This decrease demonstrates the important role of the environmental tax in generating new revenues that can be added to other revenues. Regarding the recorded decrease in allocation, it implies that the reduction recorded in the table was redirected to increase the fiscal revenues of other taxes and fees. This is consistent with the observation by Dominique B. and Michel M. (2005) regarding the use of environmental tax to mitigate the imbalances in taxes and fees that form an optimal tax system, allowing the financing of the state's needs (Dominique, 2005, p. 442).

### **2.2.3 In 2020**

Similarly, a decrease was recorded in the allocation of the fiscal revenue directed towards environmental protection (-17%, -8%, -10%, -17%, -10%, -18%). The significant role of the environmental tax in generating revenues that supplement other revenues remains evident, as noted by Pauline G. and Camille S. (2010). In addition, this decrease is directed towards increasing the fiscal revenues of other taxes and fees to meet the state's needs (Pauline, 2010, p. 33).

### **2.2.4 In 2021**

Environmental-related fees were introduced, and a significant portion of their fiscal revenue was allocated to environmental protection, reflecting the state's clear interest in environmental aspects. This helped cover the previously recorded decrease in allocations. These fees serve as a support for the existing environmental tax system, aimed at environmental protection.

### **2.2.5 In 2023**

This year, the state discontinued the allocation of the fiscal revenue from some environmental taxes directed towards environmental protection, resulting in recorded decreases (-24%, -38%, -50%). The entire fiscal revenue of these environmental taxes (subject to discontinuation) was redirected to meet the state's financial needs. It is noteworthy that after 2023, no further changes occurred in the allocation of the fiscal revenue of the environmental tax.

From this analysis, we can confirm the sub-hypothesis that in the Algerian tax system, the fiscal revenue of the environmental tax is directed towards environmental expenditure. With the sub-hypotheses confirmed, we can also confirm the main hypothesis that a significant portion of the fiscal revenue of the environmental tax in the Algerian tax system is allocated to environmental protection.

## Conclusion

In this study, we analyzed the allocation of the fiscal revenue of the environmental tax in the Algerian tax system directed towards protecting and preserving the environment from pollution. We also analyzed changes in allocation, covering the period from 2000 to 2024.

## Study Results

The findings from this study are as follows:

- Algeria is committed to environmental protection and preservation.
- The Algerian tax system includes a diverse array of environmental taxes.
- In the Algerian tax system, a significant portion of the fiscal revenue of the environmental tax is allocated to environmental protection.
- Significant allocations from the fiscal revenue of the environmental tax are directed towards environmental expenditure.
- Through this commitment, Algeria has embarked on the path of sustainable development.

## Hypotheses Test

In this study, we were able to confirm the proposed hypotheses:

- The tax system in Algeria includes a significant number of environmental taxes.
- In the Algerian tax system, the fiscal revenue of the environmental tax is directed towards environmental expenditure.

Through this, we confirmed the main hypothesis that a significant portion of the fiscal revenue of the environmental tax in the Algerian tax system is allocated to environmental protection.

## Recommendations

- Further diversify the environmental tax system.
- Increase the rate of the environmental tax, thereby increasing its fiscal revenue.
- Strengthen the exception related to the non-allocation principle in the comprehensive budgetary framework for this type of tax.
- Allocate the entire fiscal revenue of the environmental tax to environmental expenditure.

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