

Harmonization of environmental taxes and its environmental costs of production

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Abstract: Most of the legislative and executive bodies in most countries of the world have taken clear positions as limiting environmental pollution, but The relevant authorities are - at the most - unable to determine the appropriate policies that reduce environmental pollution. One of the most important policies which followed by many countries is the financial policy, which is in Environmental tax. Some countries may face difficulties would be to impose an environmental tax for some reason or other , Where difficulties occur become more clear how hard is to determine the tax rate commensurate with the capacity of the taxpayers. The origin of this problem is most of the projects that pollute the environment are industrial projects that do not bear the tax burden which caused by them, so it is very necessary to determine the tax burden that is commensurate with the capacity of these projects in order not to be affected in a way that forces them to stop or lay off workers or reduce their production This is what we have tried through our research to focus on by diagnosing the most important methods that some countries have followed, through which they succeeded in determining the optimal point through which the environmental cost and the appropriate tax were determined in proportion to the environmental damage resulting from the environmental pollution caused by those facilities and without Negatively affects its production and operational capabilities.

Keywords: Environmental taxes; Environmental costs; Environment protection; Environmental pollution

Introduction

In the light of importance to determine the point of convergence of the environmental tax and the continuation of production processes that contribute to economic development in general, there is no difference in that between developing countries because of their urgent need for any industrial project, and developed countries or what is known as industrial country because a high percentage of their GDP is based predominantly on industry .this research addressed, the most important causes and types of pollution and the negative effects of pollution causes on the environment. Therefore, we can confirm that man is the main cause of environmental pollution, although there are many forms of pollution sources. It is known that there are many sources of pollution caused by humans and have contributed significantly to the destruction of The environment and the increase in pollution The environment, which diversifies, is confiscated and

its types constituted the greatest danger to the health of humans, animals and plants, which was reflected by spread of diseases in humans and the lack of agricultural production. directly negatively on the gross domestic product of any country.

We will also discuss all the details related to environmental costs, and then we will Focus about some of the policies and measures taken by some countries of the world to harmonize between the environmental tax on the one hand and the ability of taxpayers to bear environmental costs and the continuation and increase of production on the other hand.

Research question

Increasing the costs incurred by the institutions that carry out production operations, which leads to the intersection of the tax collection process with the production process.

Hypothesis

Achieving the optimum point that combines achieving a good tax revenue on the one hand, and limiting the excessive use of non-environmentally friendly production methods on the other hand, in a manner consistent with not affecting the volume of production, the type of products and the level of operation.

search objective

- 1- Reducing the use of non-environmentally friendly production methods and fuels.
- 2- Achieving a good tax return.
- 3- Maintain production.

The purpose of research

- 1- Raising tax revenues to the largest possible extent by activating the environmental tax by creating a unified database for all institutions that use non-environmentally friendly means and fuels.
- 2 - Pay attention to the necessity of the factories that intend to establish them to take into account the issue of environmental pollution, while at the same time taking into account the environmental cost in addition to the rest of the types of costs.
- 3- Environmental taxes do not affect the development or continuity of the industrial sector, the transport sector, or any other sector.

Chapter 1 : (((Theoretical framework of environmental tax)))

Environmental tax is one of the types of taxes that are to achieve a specific objectives which aim to protect the environment from pollution, and therefore it does not differ from the tax in its general sense as it is a sum of money that has been taken from people by government using force, permanently without consideration in order to achieve the general-purposes.

The tax is a mandatory cash cut from individuals as a contribution to the burdens in public services depending on their ability to pay, without regard to the benefits that accrue to them because of these services, their proceeds are used to achieve economic, social and political goals. Protecting the environment is not and has never been among the direct purposes of the tax. It is also difficult to provide the main pillars of the tax in the deductions that may be

imposed on environmental polluters, in addition to the existence of a rule for allocating tax output as a certain benefit expense between the basic traditional financial rules or achieving the goal of establishing a tax specialized in the field of environmental protection . ¹

I /// Definitions of the environment: The environment can be define in its broad sense as “a set of social, economic, biological, chemical and physical factors that affect the lives of living things positively when they are in a natural balance or negatively when they are in a imbalance, the Living things include the human being himself are the main reason of the ecological imbalance when various activities.”²

It is also called all environmental relations between elements or components of environment that related each other as “one interconnected and balanced unit of the ecosystem”,³ as the ecosystem is defined as “an organizational unit in a certain space that contains living and non-living elements that live with each other and lead to exchange of matter between its living and non-living elements.”⁴

¹ Dr . Ali Lotfy, Economics of Public Finance, Ain El-Shams Library, Cairo, 1999, p.19.

² Lawrence Yahya Saleh al-Kubaisi, Economic Development and the Problem of Environmental Pollution, Master's Thesis, University of Baghdad, College of Administration and Economics, 2000, p. 5.

³ Dr . Alia Hanun Yuran, Muhammad Hamdan Al-Boudia, Environmental Science, Dar Al-Shorouk for Publishing and Distribution, Jordan, 2003, p. 21.

⁴ Dr . Khaled Hassoun Mazyad, Environmental Pollution Indicators on the Animal Environment, Jordan, 2003, p. 12.

II ///The genesis of taxation: - At the beginning of the twentieth century, the English economist, Arthur. s . (Arthur.c.pigo)) has imposed a tax on the polluter which specified based on the estimated damage, which was adopted by many economists. This tax is known as (Pegovian tax) after his name, Arthur C. Pious (1877-1959) and in his book The Economics of Welfare (which was published for the first time In 1920) he proposed a taxation as an appropriate way to achieve equality between private and social costs. The Begovan tax is known today as pollution charges or pollution tax, which are taxes imposed on polluters, and since the social cost of pollution outweighs the private cost of the polluter (in fact, the cost of polluters is negative because they save money Through pollution), the government should intervene with a tax that makes pollution more expensive for the polluter. If the production of pollution becomes more expensive, the polluter will produce less pollution. Environmental taxes ensure that polluters face the private and social costs of their activities. The environment will grow pigouvian taxes are an umbrella term for all taxes designed to correct price inefficiencies due to negative externalities.⁵

III // The concept of environmental taxes:- The Organization for Economic Cooperation and Development defines environmental taxes as “compulsory

deductions made by the government free of charge, computed on a container that represents a special environmental interest.” ⁶ Specific cash to the state treasury with the intention of protecting the environment, or it is a “compulsory

deduction paid by the individual as a share in the costs and public burdens, given that the environment falls within the public burdens.” ⁷ It can also be defined as monetary rights deducted by the state because of using the environment.

“The concept of the state in relation to the environment could be that it is the central and local governments or any public collective body authorized to do so. The institutions that are taxed are the institutions whose work is related to

⁵ Abdul-Amir Abdul-Hussein Shiaa, Using the Environmental Tax to Reduce Pollutants from Car Exhaust, Higher Institute of Accounting and Financial Studies, University of Baghdad, 2011, p. 27.

⁶ Abdul Majeed Qadi, Studies in Tax Science, first edition, Jarir Publishing and Distribution House, Amman, Jordan, 2011, p. 165.

⁷ Mohamed Abdel-Baqi, the contribution of environmental taxation to achieving sustainable development, a case study of Algeria, a master’s note on the allocation of money and money, Faculty of Economics 2010, p.

an activity that leads to a change in the environment, such as driving a car, cutting down trees, making noise... and others. "⁸

We can say that the taxes imposed on polluters who cause environmental damage through their various economic activities resulting from their polluting products and their use of production techniques harmful to the environment. les taxes pigouviennes).

IV // ((TYPES OF ENVIRONMEM TAXS))

The tax rules related to the environment and applied in developed countries were determined based on the definition of environmental taxes, which includes the sources of pollution are emissions into the air, discharge into water, substances affecting the ozone layer, waste, natural materials, noise, energy products such as fuel and electricity, and taxes imposed on The transportation sector, and the most important types of environmental taxes are as follows:

1. Waste or emissions tax (TAX EMISSION) : - This type of tax is on the various productive activities of economic units, and it also plays the role of market prices for the external cost of pollution, as it reflects the value of the negative external effects resulting from the operation of projects that pollute the environment. According to this tax, producers seek to: Reducing emissions through a set of measures such as making some changes in the quality of the inputs used or switching to the production of other products that are less polluting. Therefore, the essence of using this form of tax is to identify products that pollute the environment through research and testing appropriate ways to reduce the volume of polluting emissions to the environment to acceptable levels. .

Application of this type of tax (waste tax and emissions tax) leads us to many advantages, including the following: -

A- Imposing high emissions taxes will provide a vital incentive for production units to innovate, renew and acquire modern technology that is less polluting to the environment. Rather, it is expected that huge production units will use part of their funds in studies and research related to an effort to devise technological means that allow reducing pollution rates to acceptable rates. at a relatively low cost.

⁸ Abdul Majeed Qadi, previous reference, p. 165.

B- taxation on polluting waste or waste will encourage it to search for less costly ways to control pollution levels and reduce them to the desired levels and treat waste in appropriate ways, all in order to achieve the tax burden that can be borne if the emissions associated with the activity are not reduced to Standard level With the high tax rate, production units will seek to acquire new technological methods through which they can achieve a cost savings, as the discovery and application of new technological methods in the field of pollution will reduce marginal costs in treating pollution.

C- Some of the supporters of the pollution tax system in the face of environmental problems believe that this system is characterized by the immediate response of the polluting economic units by trying to control the rate of pollution to the desired level and that it is a system that is not directly affected by political changes in addition to that it is considered more effective in achieving its goal Compared to government pressure methods that lead to controlling pollution by direct methods such as (threatening a fine or imprisonment....etc).⁹

2. (CARBON TAX): This tax is very old and was imposed for purely financial reasons such as (PETROL), FUELOIL, DIESEL, KEROSENE, NATURAL GAS. Coke, Coke, Coke In water or in specific industries, taxes on electricity also affect, here the tax burden falls on the final consumer. To prevent double taxation in such cases, the fuel used in the production of electricity is exempted from the energy tax, which is considered a basic resource for tax returns. Imposing a carbon tax can activate channels Several tools to reduce the emission of carbon dioxide, because imposing a tax according to the carbon content will work on:

a. price adjustment for fossil and non-fossil fuels.

b price adjustment and factors of production and replacing energy with labor and capital in some sectors.

c. Within the fuel group there will be substitution of less polluting fuels for more polluting fuels.

d. Adjusting prices for fossil fuels.

⁹ Dr . Qasim Kazem Hamid Al-Rubaie, Using the Environmental Tax to Reduce Pollution from Car Exhaust, A Proposed Model for Environmental Tax in Iraq, Pg 28-29.

d. Increasing the prices of goods and services that use energy compared to goods and services that use less energy, which increases the areas of exchange between them.¹⁰

3. TRANSPORTATION TAXES: This type of tax includes sales tax on car engines, kilometer tax on fossil fuels, and car engine tax:

A- A tax on the sale of car engines /// This type of tax is on the import of cars and their classification, and its purpose is to establish a balance between the economy and the rapid growth of driving cars. It represents a percentage of the selling price or is imposed on the basis of the type and age of the car.

B - Kilometer tax on fossil fuels: This tax is imposed on diesel vehicles and is imposed as a fixed sum for every ten kilometers and is based on the type and weight of the vehicle subject to the tax, given that this tax is a direct charge on fuel consumption (a variable cost) that is considered an effective tool from An environmental point of view, and this becomes more clear when compared to the motor vehicle tax, which is a tax on the owner of the car and is not affected by the use of the car and, as a result, is not affected by its impact on the environment.

T - Motor vehicle tax - "It is a tax on the owner of the car that is imposed with the aim of making car owners bear a part of the cost of repairing the roads. The extent to which the vehicle or vehicle uses these roads and the amount of tax depends on the type of fuel and the number of wheels of the vehicle."¹¹

V/// Tax policies that deal the problem of pollution

There are many policies that could be followed to address the problem of pollution and environmental conservation, especially after the increase in environmental pollution significantly as a result of wars and misuse of natural components through damage landscaping and littering, as well as a lack of attention by Governments to achieve environmental preservation , so it became necessary to follow financial policies, which include taxes or fees that is imposed without any service to provide in return for the citizen to pay the

¹⁰ Dr . Ezz El-Din Ibrahim, the tax on carbon and environmental protection, Journal of Legal and Economic Sciences.

¹¹ Dr . Ahmed Sabbour Al-Deljawi, Environmental Tax, Pollution Tax, 2008, pp. 3-4.

amount, while others are practical policies aimed to more attention about environment through the green economy.

Tax policies are: "an attempt to avoid pollution, as governments try to control all the pollution by enacting legislation that enable the state to collect fees and taxes."¹²

In other words: "It is a financial duty which is paid by the individual who are forced to contribute the costs and public burdens to the once and for all without any special benefit would have accruing to him for paying the tax because the basis of belonging and Sharia."¹³

It was also defined as the environmental tax: it is a parafiscal charges. paid by the taxpayer forcibly with the aim of protecting the environment, and also it was defined as any tax deduction without consideration that are collected for the account of the public budget and it should be related to the causes it has been made in the environment.

The environmental tax is one of the ways that governments greater resort to reduce environmental pollutants and harmful behavior to the biosphere, and the types of these taxes are those on cars that pollute the environment and contribute to encouraging the use of clean cars. The burden of the tax is included in the price of some raw materials such as electricity supply and energy taxes Its goal is to rationalize energy consumption and change consumer behavior. The tax system includes different forms, taxes as well as tax exemptions in the form of economic incentives, which are one of the effective financial tools in increasing the revitalization of market forces to address the problem of pollution at the general level.¹⁴

Because of the foregoing, the tools of the tax system can be relied upon in addressing the problem of pollution and reducing its negative effects.

¹²Sam Wilson and Nord House, Economics, Library of Lebanon, Beirut, 1st edition , 2006, p. 390. ¹³ Naziah Abdel-Maqoud Mohamed Mabrouk, Green Taxes and Tradable Permits for Combating Pollution, Dar Al-Fikr University, Alexandria, 1, 2011, p. 43.

¹⁴ Ali Hatem Al-Qurashi, Introduction to Environmental Economics, 2017, pp. 264-267.

1- direct taxes: - which are imposed on products by the government, which are either an ad valorem tax or a qualitative tax on the production process and on the various units whose causes environment pollution and social damage in order to maintain - or reduce - the amount of pollutants, trying to keep them in a socially acceptable levels.

2- indirect taxes: - These taxes include many forms, the most important of which are:

A- Allow production units that has a new technology of production that reduces environmental pollution by relying on accelerated consumption and investment subsidies in calculating consumption premiums for tax purposes.

B - Exemption of tools and machines that do not pollute the environment from customs tax and sales tax.

c- Allowing deduction of installments for financing technology loans for environmental pollution.

d- Reducing the facility tax rates for materials, devices and equipment which are operated or used in environmental pollution control.

c- Deduction of expenses that expended by the facility in order to protect the environment.

H- to waive in part the obligation from taxes when economic conditions so warranted. But It is limited to a specific extent for facilities, materials, devices and equipment that operate or are used in the field of environmental pollution control.¹⁵

VI ///green taxes

After we had known what environmental taxes mean in general, it is worthwhile to present the most important types of green taxes, which are as follows:

.1 Fees of cover waste

¹⁵ Ali Hatem Al-Quraishi, the source previously mentioned, pp. 268-269

First: (Fees used) are paid to serve a type of environment, such as waste water treatment
 Second: Premium fees where the income from the fees is spent on the purposes of an interconnected environment, but not in the form of a specific service ,

2 Taxpayer : This tax is called the payer's tax which is determined according to estimates of the cost of environmental destruction .

Carbon \ Energy tax : This taxation is for any step of the activity which is related to the types of fossil fuels such as the production of raw materials, their transformation, their transportation or their distribution.¹⁶ The Netherlands used green taxes in 1996, as five distinct types of green taxes were created, which are taxes on groundwater extraction, waste taxes, fuel taxes, uranium taxes, and energy taxes, and their total proceeds amounted to 1/8% of the total taxes this year.¹⁷

7 VIII /// purposes of environmental taxes: The environmental tax has a set of purposes, including- :

1. Economic purposes :-

A - provide an incentive for individuals and companies making them modify their environmental behavior or afford the costs of pollution, as well as encouraging them not to store hazardous industrial waste and limit activities polluting the environment, cause it has become very expensive .

b- to use new technologies which are less polluting to the environment, because this taxation may push the taxpayer to try avoiding its burden on him, especially if it is a legal person such as companies that carry out a large-scale industrial operation, so they try to find a technical technical solutions to ensure that they carry out their activities with not pollute the environment and using mechanisms to control In pollution and get rid of paying the tax.

c- Lifestyle changes , which means to force the pollutant afford the cost of his harmful activities to the environment, such as smoke from the areas adjacent to the neighboring areas or close to them, waste that factories throw into the rivers are close to these areas. they are taken to get rid of these wastes and

¹⁶ Nazih Abdul-Maqsoud Muhammad Mabrouk, the source previously mentioned, pg. 43-

¹⁷ Nazia Abdel Maqsoud Muhammad Mabrouk, the source previously mentioned, p. 105

smoke or minimized them, such as medical procedures, cleaning procedures, and land filing in the allocated areas to them.¹⁸

2- Social purposes :-

- a. A- Ensure a clean environment for individuals in society and the world, that is what the laws of most countries stipulate through the texts has been decided to protect the environment namely by environmental laws beside to international agreements.
- b. An action taken to protect human life by providing environmental conditions that are free of any manifestations of pollution ,the more clean environment in which the man live whenever his life will be less susceptible to the risks of pollution and what it causes.
- c. taxation is an incentive for society as a whole to move towards good environmental behavior, which will entrench within society a Culture of environmental conservation where organisms live, by avoiding the tax and not using the taxable materials. For example, if taxes are imposed on sulfur gas emissions, this will Producers have an incentive to reduce emissions by using filters and others or by using tools that lead to less pollution.
- d. Environmental tax prevents or reduces the consumption of materials which cause hurt to public health and work efficiency, this in turn leads to increase the standard of living in the society in any country because it raises the level of production and wages.
- e. tax revenues could be used to compensate victims who were proven to have suffered damage because of environmental pollution.¹⁹

Legal objectives :-

The legal objectives that the state aims to achieve through taxes are manifested in the following:-

- a. Environment tax is a tool to reform the tax system cause it aims to redistribute of the tax burden not increase by imposing taxes on

¹⁸ Abdul Hadi Ali Al-Najjar, Economic Thought and the Tax Burden, a research published in the Journal of Legal and Economic Research, Faculty of Law, Mansoura University. Egypt 2009, p. 77.

¹⁹ Abdul Hadi Ali Al-Najjar, Economic Thought and the Tax Burden, a research published in the Journal of Legal and Economic Research, Faculty of Law, Mansoura University. Egypt 2009, p. 77.

consumption of various forms of natural resources such as energy, raw water, land and everything could consider as a polluting thing to the environment for reduction other types of taxes, especially those that make a burden on the environment. Especially those which make a burden on work and production, through reducing the costs of environmental protection taxes, although this is somehow hard because of the complex procedures to get them.

- b. This tax for the polluter about the damage he inflicted on the environment by paying the tax, through doing this polluter has removed burden from the state's public treasury also save money that pays to combat pollution and there lies the justice because who has cause the damage is the one who take responsibility for his own actions directly, so some governments resort To support both individuals and companies, by providing financial support to help them prevent pollution under some environmental tax systems.
- c. Producers and consumers will never stop the activities on which the tax has been imposed, taxes would increase the national income and this increase can be use to solve environmental problems directly or can be used to help producers and consumers Shift from polluting to safe environmental activities, providing a second incentive To improve the environment²⁰

VIII/// Principles of environmental tax policy: In many countries, especially developed countries, environmental policies have been adopted to reduce pollutants which are based on a set of principles, which are as follows:

1. the "polluter pays" principle : basis for the taxation is the universal principle. The polluter-pay principle was recommended by the Organization for Economic Cooperation and Development (OCed) in 1972. This principle stipulates that the polluter must be deducted by the public authorities for the expenses of the mandatory measures to preserve the environment in a acceptable case . The tax rate is equal to the cost of avoiding harm or the cost of removing damage. This principle has been adopted by the European Union as a basic principle of its environmental policy, also it is the

²⁰Dr.. Issam Khoury and Abeer Naasa, The Tax System and Its Impact on the Environmental Environment, research published in Tishreen University Journal for Studies and Scientific Research, Economic and Legal High Series, 2007, p. 72,

cornerstone of environmental policies for all countries so was used to control the use of financial subsidies that conflict with it and distort competition in the free competition market, but this does not prevent the use of subsidies and directing them to solve specific and temporary problems.

2. The principle of Collective burden: The public authority takes the environmental costs of reducing environmental damage, directly or indirectly, instead of the polluters if that it is not possible to identify the cause of the pollution or in emergency cases that must be addressed by the state.
3. The principle of prevention or precaution: This principle means that governmental environmental measures must be focuse to protect environmental foundations and give them priority in order to protect human.
4. The principle of participation :- It is considered a principle of shared responsibility for the economic activities which destroy and damage to the environment while participation in planning and implementing the necessary measures to protect the environment furthermore reach balanced relations between individual freedom , social needs and interests.²¹

Chapter 2 : Environmental Costs

Increased attention in the beginning of the seventies of the last century about the environmental role that economic units should play has a significant impact on the increase in theoretical studies and attempts to develop accounting measurement models for environmental costs data. Due to the difference among writers and researchers to define a clear concept of environmental costs, which was reflected in their perception of the scope and measurement methods of These costs, some of them see that environmental costs are a measure to remove the damage that is caused to the society as a result of the activity of the economic unit, such as pollution and noise, that is, they are the negative internal and external effects that are reflected on the units of society as a result of the activities of the

²¹ Rabia Atallah Al-Saadi, Environmental Tax and its Role in Reducing Environmental Pollution, Academic Scientific Journals, Journal of Accounting and Financial Studies, Volume VII, University of Karbala, Iraq, No. (2), 2012, p.149.

economic unit , while others confirm that the environmental costs are the losses that the society bears. Represented by the resources that are depleted because of carrying out its activities by the economic unit, and some see that the environmental costs are all the loss would incur by the manufacturing facility in order to prevent or avoid environmental damage at the present or the future as a result of carrying out its various activities, as a solution to correct the errors or damages which usually occur because of its actions or decisions taken and which it has Negative effects on the environment or society .

I. /// The importance of environmental costs :

The social responsibilities of economic units have increased in the modern era, and because of these units have become largely responsible for the pollution of the environment that causes. opportunities to maximize the profit is not anymore the only criterion for judging the efficiency of economic entity , as it was in the past. unit contribution to tackling many problem that causes by it must be taken into account , as new criteria for the performance appraisal have risen to specify efficiency of the unit's performance such as how commitment responsibilities of the economic unit to society is. The importance of environmental costs is through the following:

1. Inclusion of data on the environmental cost contributes within financial statements could improving the results and making them more reflective of the practical reality.
2. The harmonization that takes place between revenues and costs is considered not practical unless taking into account the environmental costs, because the profits and the taxable base have not been properly determined.
3. Influence of public opinion about the environmental and social issues that may be caused by economic units, so this made units give more attention to the environmental cost data.
4. The economic unit cannot grow and prosper in a society full of environmental and social problems.²²

II./// (Methods of Analysis Environmental)

Environmental cost analysis methods have developed in response to both legal and environmental pressures imposed on economic units, which require to disclose their contribution to addressing environmental pollution. Furthermore, these costs are sometimes huge financial investments, and there is a method that calls for analyzing the environmental costs by giving importance to the material component

1. Materials cost of units produced : In many industrial companies , the most of inputs materials are included in the costs of the units produced, the product that causes toxic materials and gas emissions while its life cycle or after it is disposed when it have expired.
2. Materials cost of non-produced units: Although the produced units are usually considered the largest components of the Material produced units because it generated from the manufacturing process But the total unproductive units (pollution and gaseous emissions generated from manufacturing processes) remains huge , costly and environmentally significant.
3. Pollution control costs and gas emissions: They Include the costs of the treatment process, handle, disposal of pollution, gas emissions, compensation costs, which related to environmental damage and any costs about the response to pollution control.

4. environmental prevention costs and other management costs : Management protective environment includes green (non-polluting) purchases, environmental planning systems cost and environmental measurements cost.
5. Research and development costs: It includes research and development cost ,activities Which related to the environment.

²² Mohamed Mahmoud Abdel Meguid, Modern Trends in Revision, Social Revision, Ain Shams Library, Cairo, 1983.

6. other cost matters has less material importance : They include internal and external costs (difficult to measure), which are not found in the information systems of the industrial facility, but are probable will be influential. For example, costs which impose a legal liability such as some legal provisions for damage caused to natural resources.²³

III // Tax as part of fixed costs: Tax as part of fixed costs: “fixed costs” This term is used to refer to total cost, which are included all unavoidable costs related to the business itself, including

- location rental, rental value, costs of location purchase.
- Pay employee salaries .
- Taxes (taxes linked to business processes).

Sometimes we find some costs that have both the characteristics of fixed costs and variable costs, in this case, these costs can be considered as fixed and variable costs at the same time so what we want to clarify is the following questions:

Could environmental tax on some institutions and factories be a fixed and variable cost at the same time?

- How effective is the application ?

Is it possible to investigate harmful costs data which have been caused by setting a fixed tax rate to be paid monthly or annually, this question is considered as a hypothesis to define the nature of the relationship between tax and costs, and then show arguments that support making amendments to the tax law in line with the financial means of those factories and companies through Specialized committees including experts whose their task is to monitor the production of these companies, projects and then determine the cost of pollution during one year at a price slightly higher or slightly lower than what the tax law stipulates.

By following this strategy , the environmental tax becomes a variable that has a direct relationship with costs, and this mechanism, if applied, will be the

²³ Saleh Ibrahim Al-Shaabani, Environmental Protection Costs Standards, PhD thesis, College of Administration and Economics, University of Baghdad, 1998.

most logical and acceptable by the various productive institutions, as it will avoid them from bearing an environmental cost tax that does not exist mainly due to the stagnation of the economic situation or the emergency of the general circumstance, among which we mention the Corona epidemic and the resulting effects Economic crises for some projects and the industry and tourism sector, as the environmental costs have decreased significantly. When we have a fixed cost, it can turn and become a variable cost in the event that its continuity changes, and the ensuing positive changes in the global climate necessitate that some governments and stakeholders reduce Monitoring the prices of the environmental tax in line with the general circumstance and to ward off harmful external costs, as “the stagnation and inflexibility is an arbitrary system, as the imposition of a unified tax on each unit of pollution, regardless of its nature, the volume of its production and its polluting activity, will harm small projects in times of recession.”²⁴ This would encourage companies to pay attention to costs automatically, as environmental costs determine the tax rate and the possibility of reducing it because most companies do not have a system for measuring and managing costs and environmental obligations,²⁵ as the reports and financial statements of the company do not show any information about costs and environmental obligations, so projects may resort to Bear the costs of using advanced assets and technology to prevent or reduce negative effects on the environment, such as installing filters and factory water treatment plants in order to draw the concerned authorities to reduce the price of the environmental tax, which is one of the essential benefits as a result of studying and approximating the relationship between tax and costs for a particular project. The final outcome of what has written above is an attempt to make environmental tax a variable or mixed value, which mean fixed and variable at the same time, depending on environmental conditions in order to reach and prove the relationship between tax revenues and environmental costs to move towards achieve the benefit of the environmental tax to reducing environmental pollutants with developments that in work organizations. When the monthly salary is paid to an employee, it is considered a fixed cost, in other times the salary is paid as a commission for each unit he sells. That it is governed by the proportional tax hypothesis) according to which the tax rate is fixed with an

²⁴ Ahmed Abdel Qader Al-Fiqi 1993, The Environment: Its Problems and Issues, Ibn Sina Library, Cairo, p. 3.

²⁵ Maryam Mosbah Suhaim, Accounting Measurement of Environmental Costs - An Applied Study of Al-Zawiya Oil Refining Company, Faculty of Economics / Al-Ajeilat - Accounting Department, Al-Zawiya University, 2018, pg. 4.

increase or decrease of the taxable income , as the amount of tax is proportional to the taxable income . Low in income, consumption, or cost bearing, it is necessary to study and monitor the sudden increase in tax revenues that may be the result of imposing new taxes due to the high environmental cost cause the increase in negative emissions or the increased use of products with a negative impact or the increase in the tax base. the regularity of increased revenue It is spent to bear the cost does not always mean compatibility or harmony between the rates of cost and environmental tax.²⁶

Chapter 3 : Selected experiences of Tax harmonization with their costs and the production related with it

dynamic relationship between the appropriate environmental tax and affordability seems complicated , the most significant points which cause this complexity is “failure market to give appropriate price indicators for environmental resources, What follows directly is escaping from its responsibility to bear the real cost of using those resources, which are used free of charge by the users.”²⁷ This is difficult to match between the three variables (tax rate, environmental cost and no impacts in the context of production), although many countries in the world have develop a policies for overcoming difficulties. , In this context, we must benefit from the experience of States that have faced pollution by distributing environmental control tasks and reducing pollution through environmental police, which means several tasks, such as monitoring the most polluted cars,”²⁸ we will address a number of these policies and decisions taken to match between the three or two variables.

If we look closely at some of the economic studies that had been considered in detail which has research on the subject, we will note that “confronting environmental pollution cost countries and individuals a huge financial cost . For example the citizens in Europeans Union countries spend about 1.5 per cent of gross national product annually because of congestion in the streets, the

²⁶ ,Publications Office of the European Union, 2013 P. 40. Environmental taxes — A statistical guide

²⁷ Jamila Merabet, Societal Costs of Energy Consumption and the Philosophy of Environmental Tax, Environment and Development Perspectives, Issue 90, December 1, 2016.

²⁸ Qasim Kadhim Hamid Al-Rubaie, Using the Environmental Tax to Reduce Pollutants from Car Exhaust, Higher Institute for Financial and Accounting Studies, Baghdad, 2011, pg 4.

same as Bangkok citizens spend about 2.1 per cent of the gross national product for the same reason.²⁹

V. /// United States

The New York proposal (AFP) which based on idea of taxing the rich and corporations to cover health - care costs, the proposal may seem logical, especially since the two most important proponents of the idea are billionaires Bill Gates and Warnbavit, who have predicted the growing inequality of wealth distribution in the United States,³⁰ and also to the monopolistic policy which is followed by some Companies who have huge revenues that often control fields of production and industries, which makes it difficult for new investments that may be less harm to the environmental resources and less cost less then tax, a member of the Democratic Party Alexandria Ocasio-Cortez have led this campaign, proposing to impose a tax of 70 per cent on any income. more than \$10 million to help pay for the “Green New Deal” which aims to shifting towards a carbon-neutral economy, which has become a demand advocated by environmentally friendly organizations in those countries where the industry is progressing at an accelerating and developed pace, as the result is expected to come with three Directions: Combating climate change as well as providing comprehensive health care for all and ensuring employment for larger groups, although the proposal links environmental tax with environmental costs Positively and even covers other external costs, but it imposes higher taxes on the most income of citizens, and this is one of the burdens of the capitalist system.

II. // Gulf Cooperation Council: The countries of the Cooperation Council for the Arab States of the Gulf think based on economic studies in the region, that Increased consumption of the world’s resources which caused environmental costs. so the GCC states continue to strive to achieve reduce the economic and environmental losses and also social spending caused by the costs of pollution, as well as to treat it by employing a joint plan which aimed to reduce the damage of natural resources due to continuous consumption and the need to preserve them for present and future generations. Pollution control has become one of the most important national goals of industrialized countries

²⁹Dr. Muhammad Arafa, The Economic Importance of Environmental Tax, Al Arab International Economic Journal, May 1, 2009.

³⁰France 24, Taxing the rich, a new weapon for Democrats against Trump, June 3, 2019. AFP: AFP: Agence France-Presse or Agence France-Presse, also known as AFP after the agency's initials in French.

so a high-expenditure programs have been allocated to it and called for using an advanced technology . The Gulf countries also oblige modern investment organizations to exercise caution and monitor their production levels, which are directly related to pollution levels and raise the cost of addressing it, and this position Consciousness comes from the fact that the expenses of preserving the environment from pollution are much less than the cost of purifying it after the occurrence of pollution, meaning that prevention is less expensive than treatment, and for this, while most people boast about the civilization achievements during the past few centuries, as a result of what they reach including the scientific discoveries and technical inventions, especially developed and capitalist countries By raising environmental taxes to stand up the costs, while the concerned authorities in the Gulf states prefer to bear the brunt of the responsibility and not to burden the citizen with bearing the costs alone. It also transforms the environment from a cost component to an income resource, as it becomes able to achieve this goal An equation, indicating at the same time that the environment, development and security must go in one trend and there must be no conflict between them.³¹

This view seems logical, as the conflict does not lead to anything but the depletion of environmental resources, the high cost of compensation and repairs that lead to impose harsh environmental taxes, while the financial expert Muhammad bin Freihan, explained that “Saudi Arabia has an integrated environment from east to west, and it is one of the environments that can be Invest in everything and the result will be reflected on the Kingdom’s domestic product and income. The costs of environmental degradation must be raised in stages, not all at once, in order to play an active role in promoting economic development. .”³² Once again, one of the industrial and growing Gulf states avoids imposing or rapidly increasing environmental taxes, but rather prefers Expanding the investment base, benefiting from its returns, and limiting environmental degradation and its high costs.

III. Egypt: Another example is Egypt, as one of the findings of the studies that there is a “statistically significant relationship between the amount of the taxes on the profits collected from the tourist villages polluting the environment, which is accounted for as income to the budget of the state’s general budget, and the costs of treating and protecting the polluted environment by those

³¹Environment News, The costs of environmental degradation for the Arab Gulf countries exceed 40 billion riyals annually, January 7, 2015.

³²Environment News, a previously mentioned source.

tourist villages that are polluted by the environment.” It is included in the environmental protection expenditures of General State Budget .”³³ This another support come to confirm the harmonization hypothesis or

compatibility between the environmental costs due to different forms of pollution and the taxation to reduce those costs.

// United Kingdom:- In the United Kingdom, the World Health Organization Framework Convention conducted a study on tobacco control and cigarette pollutants with far-reaching effects, and it was found that the production and consumption of cigarettes has witnessed remarkable growth in recent decades, with the manufacture of about six trillion cigarettes annually for about one billion smokers, according to this study. More than 20,000 square miles of land around the world are being cut down to accommodate tobacco plantations that use more than 22 million tons of water, meaning that a person who smokes an average of 20 cigarettes a day for 50 years is responsible for draining 1.4 million liters of water throughout his life,³⁴ and this The point alone is a huge environmental cost as it represents a direct drain on commonly used environmental resources, namely water and air. In the words of co-author Professor Nick Volvo is of the Center for Environmental Policy at Imperial

College, “The environmental impacts of cradle-to-grave cigarette smoking add significant stress on the planet’s increasingly scarce resources.” And here comes the role of taxes. The authors of the study hope that stakeholders will respond to this environmental problem by increasing taxes on cigarettes and rolled tobacco, while taking into account The cost of damage to ecosystems, in this case, the effect of the tax will be into two directions:

1- Revenues from this type of tax are used to cover the environmental costs, which are often high, as the budgets of governments and the policy followed in developed countries are unable to bear the costs alone.

2- The tax works to reduce pollution, thus reducing the environmental cost, as it serves as a deterrent tool for industrial establishments and projects that derive their raw materials from environmental resources directly.

³³ Ahmed Fouad Mandour, Iman Mohamed El-Saeed - Faculty of Commerce, Ain Shams University, Hala Rashwan Abdel Basset - Egyptian Tax Authority, Using the Environmental Tax to Reduce Pollutants from Car Exhaust in Egypt, Field Study, Institute of Environmental Studies and Research - Ain Shams University, Egypt , 2018.

³⁴ Al-Jazeera, its harms are not limited to health.. How does tobacco affect the environment and forests? October 3, 2018.

V./// France:- Within the above framework, in France, the proportion of smokers is 22.4 percent of the population, according to the statistics of the European Union,³⁵ and given those high rates of pollution that cause high costs, the proposal of the French Ministry of Environment came to put an end to the scourge of cigarette butts scattered in public places and parks, as it was a plan The ministry should make the tobacco companies responsible for this, and the recycling and waste control law that was issued last year requires them to pay attention to the whereabouts of their products after their consumption, as the competent authorities in France preferred instead of bearing the costs of pollution that are increasing and instead of increasing the tax price to oblige companies to bear the consequences of their damage to the environment Under the supervision of the concerned authorities, the proposal may lead to inevitable results such as a decrease in pollutants as a result of cigarettes due to these industrial facilities adopting new work policies to avoid harming the environment or the spread of waste from their products, as these companies bear environmental costs or pay high taxes.

Conclusions and recommendations

Conclusions

- 1- The environmental tax is a great incentive for preserving the environment.
- 2- The study showed that relying on environmental taxes as a single tool to reduce environmental pollution is not enough, as it is only one of an integrated set of tools that must be activated to reduce environmental pollution.
- 3- Preserving the environment should be one of the most important priorities of companies and institutions, in addition to the priorities of the country.

³⁵ Journal of Environment and Development, France... A new environmental policy against “cigarette butts”,

No. 281, August 12, 2021.

4- to operationalize the principle of "the polluter pays" puts the environmental tax on the companies that cause environmental pollution.

5- The spread of the phenomenon of uncontrolled random laboratories is a growing contribution to environmental pollution.

6- The unjustified increase in the number of cars is an important cause of environmental pollution.

Recommendations

1- Committing new projects to environmental tax, imposing clean energy work

- even at certain percentages - as one of the conditions that must be achieved for the establishment of new projects.

2- The need for continuous modernization of the tax system in line with the necessary necessities, while working to develop administrative capabilities and tax expertise along with the development of certain strategies for the continuous development of taxes in accordance with prior plans and specific policies to meet the requirements of the current environmental circumstance, instead of charging external parties from the community with environmental taxes caused by others, which It is one of the external influences that impose negative costs.

3- The tax should be levied at reasonable prices for goods of common use, thus lowering the tax rate and expanding tax bases, which leads to simplification of tax systems and a reduction in the scope of arbitrary application and thus leads to a response by individuals, companies and factories that bear the costs as well as increased tax revenue and lower Tax evasion rate.

4- The tax administration must be more efficient and flexible while dealing, it should adopt a mechanism of effective communication, transparency and constructive dialogue between the state, citizens and any institution that imposes a tax on it, which is an important to the success of environmental reforms.

5- Granting existing projects, whether promising or reluctant, an allowance from the environmental tax. In addition to offering incentive measures, as environmental costs are classified among the costs of pollution control, and they mean the costs borne by the state, the company, or the two are healthy, in an attempt to reduce pollution and avoid its harmful effects on society, such as the issuance of some legislation that forces the company or investor to bear that cost while providing Some tax incentives for establishments that adopt advanced technology and environmentally friendly mechanisms.

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