



Environmental Protection Tax Law Issued—Environmental Taxes Starts Imposing on January 1st, 2018

On December 25th, 2016, The *Environmental Protection Tax Law of PRC* was approved by the 25th session of the standing committee of the 12th National People's Congress. As the first single tax law in China to promote the construction of ecological civilization, the law will come into effect on January 1st, 2018.

According to the *Environmental Protection Tax Law of PRC*, the enterprises, institutions and other producers that directly discharge taxable pollutants to the environment are taxpayers. The four kinds of taxing objects are air pollutants, water pollutants, solid wastes, and noises, as listed in the *Taxable Pollutants and the Equivalent Value*, which are the attachments to the Law.

The promulgation of the Law reflects the spirit of “who pollutes, who pays”, which means the enterprises that discharge more pollutants will pay more taxes. Far from a new tax category, this *Environmental Protection Tax Law of PRC* is replacing the current pollution discharge fees based on the principle of “tax reform”. Though the environmental tax has a certain adjusting function, it is not the final solution of pollution treatment. The joint efforts

of the government, the polluting enterprises, the environmental protection enterprises, and every citizen are required.

The emission load of taxable pollutants is used as taxation basis. The air pollutants and the water pollutants should be counted in terms of the pollution equivalent converted from the emission load; the solid wastes should be counted in term of its emission load; the noises should be counted in term of decibels which exceed the limit of state specified standards.

The industry experts pointed out that the revenue scale of the environmental tax is not very large. The main purpose of replacing discharge fee with environmental tax is not to raise revenue but to reduce emissions through the taxation leverage, leading polluting units to reduce pollutants emission, create a good production and living environment for people. As a major measure in the field of taxation to promote the construction of ecological civilization, the environmental tax levy will improve the country's “green taxation” system; its environmental significance is far greater than financial revenue. ▣

