

The recommendations provided by GBE, The Ex'tax Project, IEEP and Cambridge Econometrics in the 2018 study *Aligning Fiscal Policy with the Circular Economy Roadmap in Finland*¹ are reflected in the 'Programme of Prime Minister Antti Rinne's Government' 2019.² Each recommended measure is discussed below, in terms of revenue raising measures, and then in terms of the proposed ways to allocate the revenues.

Raising revenues

GBE, The Ex'tax Project, IEEP, Cambridge Econometrics (December 2018)	Programme of Prime Minister Antti Rinne's Government (June 2019)
Carbon price floor	<i>"To improve emissions trading, agreement will be sought on a common EU or Nordic carbon price floor for emission allowances. This will help to ensure that the price does not sink to a level at which its impact becomes significantly weaker."</i> (page 72)
Removal of the diesel subsidies (transport sector)	<i>"Taxation of fossil fuels will be increased by EUR 250 million over the electoral term in line with the forecast rise in consumer prices."</i> (page 25)
Removal of the light fuel oil subsidy	<i>"We will phase out the use of fossil fuel oil in heating by the start of the 2030s. Oil heating will no longer be used in properties owned by the central and local governments by 2024. We will adopt a separate action plan to encourage properties using oil heating to switch to other forms of heating during the 2020s."</i> (page 35)
Removal of the peat tax subsidy	<i>"According to the current forecasts, the use of peat primarily as an energy source will be discontinued during the 2030s as the cost of the emissions allowance rises, although it will remain in use to ensure security of supply. We will decrease the use of peat for energy by at least half by 2030. As part of the overhaul of the energy tax, we will assess the necessary changes to the taxation of peat so that we can achieve our 2030 peat targets. We must ensure that timber material does not end up incinerated."</i> (page 35)
Taxation of non-energy use of fossil fuels (mineral oils and other fossil material used in plastics and other chemical industry)	<i>"By the spring 2020 government discussion on spending limits, the Government will comprehensively investigate the conditions for using taxation policy to promote a circular economy, for example through a broadly based tax on packaging made from nonrenewable natural resources, a tax on energy and carbon dioxide emissions from waste incineration, and an increase in the waste tax levied on landfill waste. The objective is to implement the taxation changes from the beginning of 2021."</i> (page 26)
Electricity tax increase for bulk users	<i>"Emissions guidance in energy production by abolishing the industrial energy tax rebate system and by a reduction in electricity tax towards the minimum rate allowed by the European Union." "Mines will be transferred to electricity tax class I and removed from the scope of the energy tax ceiling."</i> (page 25)
Removal of the subsidy for energy-intensive industries	<i>"Reduced tax subsidies for heat and power cogeneration and higher heating fuel taxation will increase tax revenues by a total of EUR 100 million over the electoral term."</i> (page 25)
Air passengers and air freight taxes	<i>"Finland is in favour of expanding emissions trading to all aviation emissions with a climate impact. Introducing a tax on aviation fuel or a flight levy throughout the European Union or globally is another option that may be studied."</i> (page 25)
Incineration of waste tax	<i>"(...) the Government will comprehensively investigate the conditions for using taxation policy to promote a circular economy, for example through (...) a tax on energy and carbon dioxide emissions from waste incineration (...). The objective is to implement the taxation changes from the beginning of 2021."</i> (page 26)
Extraction tax of metal ores and non-metallic minerals	<i>"The prospects for introducing a special new mine tax will be studied in order to ensure that society is reasonably compensated for mineral wealth extraction."</i> (page 26)

Note: The Government Programme does not mention water abstraction, pesticide and nuclear waste taxes.

Use of revenues

¹ GBE, The Ex'tax Project, IEEP, Cambridge Econometrics (2018) *Aligning Fiscal Policy with the Circular Economy Roadmap in Finland*.

² Programme of Prime Minister Antti Rinne's Government (6 June 2019), *Inclusive and competent Finland – a socially, economically and ecologically sustainable society*.

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<p>GBE, The Ex'tax Project, IEEP, Cambridge Econometrics (2018)</p>	<p>Programme of Prime Minister Antti Rinne's Government (6 June 2019)</p>
<p>Lower labour taxes (personal income tax, social contributions paid by employers and employees)</p>	<p><i>"While the Government does not consider it appropriate to reduce earnings taxation in general when the economy is growing normally, it will nevertheless set aside EUR 200 million for a modest reduction in income tax to compensate for increases in indirect taxes affecting employees, pensioners, entrepreneurs and the self-employed in the low and middle-income bands."</i> (page 27)</p>
<p>Additional income support for the lowest two income quintiles</p>	<p><i>"The prospects for introducing an earned income subsidy implemented in respect of state income tax will be investigated by the year 2022. This would mean that taxation of earned income could be negative for those employees, pensioners, entrepreneurs and self-employed people who are in the low-income band. The earned income subsidy would provide an employment incentive in such areas as part-time and gig work, and would also extend the progression of income taxation to lower earning levels where no tax is payable on earned income."</i> (page 27)</p> <p><i>"Taxation of fossil fuels will be increased by EUR 250 million over the electoral term in line with the forecast rise in consumer prices. Changes in income taxation and benefits will allow for the impact on low-income individuals."</i> (page 25)</p>
<p>Investments in research and development (R&D) and renewables</p>	<p><i>"The transition to a low-carbon economy will require additional investments, particularly in bioeconomy, circular economy, clean energy solutions, energy efficiency, emissionsfree forms of energy production, energy storage solutions, carbon recovery and energy utilisation, along with research, development and innovation activities and measures to bring these solutions to the market."</i> (page 36)</p> <p><i>"Taxation must support the assigned objectives of economic and employment policy, as well as international competitiveness and the vitality of Finland as a whole. The focus of tax subsidies must move systematically and predictably towards economic reform and measures that boost research and innovation."</i> (page 21)</p> <p><i>"We will promote Finland's attractiveness as an investment opportunity for the research and development activities of both foreign and domestic businesses."</i> (page 181)</p> <p><i>"We will increase the proportion of energy produced using wind power in Finland."</i> (page 36)</p>