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DENİZ AYTAÇ
Hitit University, Turkey

'THE ENERGY TAXES THAT ARE USED AS PART OF THE PRICE COMPONENT IN TURKEY WOULD REALLY HELP TO THE PURPOSE OF DECREASING CARBON EMISSIONS?'

Abstract:

With the purpose of internalization of the adverse externalities in struggling with the environmental pollution, the government excises several of taxes in different ratios for the varieties of energy. It has been determined in my study that the energy which is an effective source of income and suitable for Ramsey pricing due to its negative elasticity as a public income, has been in an increasing course due to the increase in implied taxes between 1998 and 2014 as well as increase in the price indices along with the policies applied and consequently it has not provide efficient results for the purpose of reduction of greenhouse gas. As a result, the important share of the energy taxes within the price structure yields positive results in terms of creating public revenues, however as far as the international trade is concerned; the implied energy taxes and hence high cost of energy can create a situation where it can hamper the competitiveness of Turkey. For the purpose of tackling target environmental pollution by reducing the carbon emissions, the current tax system with its consumption based structure would not serve to the purpose. Realization of this target may be possible by diversification of taxes and other political tools including emission taxes within the financial system.

Keywords:

Energy Prices, Implicit Tax Rates, Greenhouse Gas Emission

JEL Classification: Q48, H20, H23