

3. Thinking on Reducing the Tax Burden

For example, should companies and people who aggressively implemented measures also be assessed a tax?

Climate Change Tax provides an incentive to combat climate change, by taxing the emission of greenhouse gases, or fossil fuels. Moreover, it is only one part of a series of policies for combination climate change, and could be combined with other policies (a “policy mix”).

Based on these facts, in a case like that described below, it could become necessary to reduce the tax burden. Furthermore, there are many possible situations in which reducing the tax burden could make anti-climate change (ACC) measures even more effective (see **4. Thinking on uses for tax revenues** for a discussion).

Uses and users of fossil fuels for which the tax burden should be reduced, in light of the intent of the tax

- Cases in which greenhouse gases are not emitted
- Cases in which the impact of the tax would be extremely large (however, if the tax burden is lessened, then some type of condition for improving performance should be studied so that the effect of CO₂ emissions reduction is not lost)

Uses and users of fossil fuels for which the tax burden should be reduced, from the perspective of facilitating measures against climate change

- Cases that should be promoted from the perspective against climate change
- Cases in which the Climate Change Tax were adopted in conjunction with other policy instruments, and under the other policy, the entity has shown results, or is expected to show results
- Cases in which the assessment and review of the Programme reveal that results have been shown (From the perspective of minimizing the cost of reduction to society as a whole, the tax burden must not be reduced to the point that the price-incentive effect for further reductions in emissions is lost)

Note: See p.20, **Conceptual Diagram of Using Tax Revenues to Combat Climate Change**, for a concrete image of the above perspective.

Some possible methods for reducing the tax burden would be to provide tax reductions or exemptions, provide rebates, reduce other taxes (e.g. special Climate Change Tax), or return it to the economy via public spending (e.g. subsidies).