

Slovenia and Croatia have decided to introduce a tax on extra profits, with the Slovenians taxing only energy companies, and the Croats all companies. The money collected in this way will be used to subsidize green energy and help the population and the economy in the conditions of the energy and economic crisis.

A tax on extra profits or windfall profits of companies has been introduced by numerous countries across Europe to, above all, finance generous subsidies due to the high rise in energy prices. The Secretary General of the United Nations, Antonio Guterres, called on countries to additionally tax oil companies.

The Slovenian government presented a draft law that would impose an extraordinary tax on energy companies in 2022 and 2023, and the Croatian government sent for public discussion the Law on Additional Profit Tax that applies only to the year 2022.

Any income higher than 180 euros per MWh will be taxed

The Slovenian government has decided that any income greater than 180 euros per MWh of electricity produced in Slovenia and sold on the wholesale market will be paid into the state budget.

Energy producers whose production costs exceed 180 euros per MWh, as well as energy production from natural gas and in small installations with a peak power of less than 500 kW, will be exempt from tax collection.

The largest number of companies that will be taxed are owned by the state

Oil and gas companies will also pay the extra profit tax. The new tax will be calculated for them by the difference between the profit in 2022 or 2023 and the average profit in the period 2018-2021. be multiplied by a factor of 1.2.

The Slovenian government plans to use the money obtained from this tax to subsidize renewable energy sources and finance measures to reduce demand for electricity during peak hours.

The largest number of energy companies in Slovenia are fully or partially owned by the state. At the end of September, Prime Minister Robert Golob said that the fight against the energy crisis next year will cost the country five billion euros.

The Croatian government has fulfilled the announcements from the beginning of September with the proposal of the law on the introduction of tax on extra profit.

As explained by Prime Minister Andrej Plenković, the tax is a solidarity contribution for a fairer distribution of the burden of the crisis that affects everyone in society, and it is not a punishment for those who are successful, but a redirection of the profits of those who have a lot towards those who have less.

Croatia - for a profit growth of 100 percent, the tax will be 30 percent

Finance Minister Marko Primorac said that the new tax will be paid by companies with revenues in 2022 of more than HRK 300 million (EUR 40 million) at a rate of 33 percent, but only on profits greater than 20 percent compared to the four-year average in the period

2018-2021.

The collected funds will be used to help citizens, and two billion kuna (265 million euros) could be collected.

According to the analysis, the tax should hit the manufacturing industry, the oil and gas industry, trade and construction sectors, as well as the financial industry.

If someone's profit in 2022 increased by 50 percent compared to the four-year average, his effective rate of profit tax will be 24 percent, said Primorac. If someone's profit is increased by 100 percent, the rate will be about 30 percent.

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