

## Description of the Greek legal context regarding the local fiscal policies and the Renewable Energy Sources

### 0 Introduction

In Greece the local authorities manage very few taxes. The Greek local authorities manage a much wider range of tariffs/fees (up to 10 fees/tariffs) and other revenues (up to 5 other revenues). The Greek local authorities are entitled to define reductions or other modifications in most of such tariffs/fees and other fiscal revenues. It enables some room to promote the renewable energy sources, since the taxes, tariffs/fees and the other revenues charge sensitive sectors.

### 1 What **taxes** do the local authorities usually manage? Can they be used by the local authorities to promote the Renewable Energy Sources?

The main tax managed by the Greek local authorities is the electricity tax for the lighting of buildings and other spaces. The local authorities are entitled to modify such a tax, leaving some room to promote the renewable energy sources. Any modification of the electricity tax has to be approved by the Municipal Council.

### 2 What **tariffs/fees** do the local authorities usually manage? Can they be used by the local authorities to promote the Renewable Energy Sources?

The Greek local authorities manage many fees/tariffs related to different services and sectors, namely:

- Street Cleaning and Waste Disposal Services,
- Fresh Water supply
- Lighting Services,
- Hotels, Restaurants-Clubs and the like,
- Irrigation of land and greenhouses,
- Draining and Sewage,
- Slaughter installations,
- Parking spaces,
- Use of common open spaces
- Real estate.

Any modifications of the real estate tax are subject to the approval of the National Government. All the other fees/tariffs can be modified by the local authorities and there is

much room to promote the renewable energy sources, since some fees/tariffs charge sectors such as Hotels, Restaurants-Clubs and the like, Irrigation of land and greenhouses, etc. The approval of the municipal council is required for any modification of such fees/tariffs.

**3 What other fiscal revenues** (see definition in the glossary) do the local authorities usually manage? Can they be used by the local authorities to promote the Renewable Energy Sources?

The Greek local authorities manage other revenues from leasing Public/Municipal property for:

1. Real Estate / Building use,
2. Common Space for Public Markets or Commercial events,
3. Land for Cultivation,
4. Open Spaces for Advertisements,
5. Quarries, Forest Areas, Fish Farms, Pasture Land

The local authorities are entitled to modify such fiscal revenues with the approval of the municipal council. Such autonomy leaves room to promote de renewable energy sources.

## 4 Glossary

### **Municipalities or local authorities**

The methodology has been designed for local authorities, considered as Local Administrative Units (LAUs) under the EUROSTAT classification in its correspondence table (EUROSTAT, 2016), which was created to facilitate the comparison of administrative structures in each member country. The methodology has particularly been designed for local administrative units classified as LAU1, whose administrative boundaries correspond to a single Local Administrative Unit. Furthermore, the methodology covers Local Administrative Units classified as LAU2, whose administrative boundaries include various compulsory local administrative units. Therefore, voluntary associations are not included in this category. In the case of Greece and Portugal, for example, this clarification is important as their administrative systems provide for local authorities classified as LAU1 and LAU2 by EUROSTAT. We will use local authorities, public bodies and municipalities interchangeably in this guidebook to refer to all local authorities/bodies classified as LAU1 and LAU2 by EUROSTAT.

### **Fees, taxes, tariffs and charges**

One of the challenges in promoting renewable energy through fiscal policies at local level is the differences that exist among local legal systems, as well as the differences between concepts and terms relating to local fiscal systems. In this regard, the guidebook takes into

account that local fiscal policies include different concepts, such as taxes, fees, charges and tariffs. All these concepts share the common characteristic of being revenue that municipalities receive by virtue of being public powers. Even though these types of tax-related revenue may have different names in each country and may include different aspects, even if they do share the same name, the essential features that we refer to in this guidebook are set out below.

The sole aim of this conceptualisation, beyond the legal-administrative, is that the different types of tax-related revenues in each country may relate to one concept or another.

### ***Taxes and fees***

Both concepts are forms of revenue deriving from State taxation power. Both are revenues that a taxable entity has to pay when a situation arises for which there is an obligation to pay, taking coercive measures in the event of non-payment. In general, the ability of taxpayers to pay is taken into consideration when establishing and managing both cases. They are both at the top in terms of strictness regarding their imposition formalities and management requirements.

**Taxes:** have to be paid on receiving an income, being the owner of property and undertaking a particular activity. For example: income tax, immovable property tax and VAT. In general, the wealth that one declares is taxed.

**Fees:** have to be paid for using a public service or for occupying public-owned property. For example: fees for occupying a stall in a municipal market, entering a municipal swimming pool, studying a training course taught by the municipality, receiving a healthcare service provided by the municipality, receiving a waste collection service and a water supply service, etc. In some cases, the obligation to pay for waste collection and water supply services, for example, arises from the mere fact of being the owner or tenant of a property who could potentially, although in actual fact may not, use the service.

### ***Tariffs***

The difference between tariffs and fees is not very clear. For the purpose of this guidebook, a tariff is the amount to pay for using a property or facility, or for the provision of a public service when it is managed through a public-owned company or when it is paid to a concessionaire of a public service.

### ***Charges***

Charges are both the amount a public authority pays a concessionaire to provide a service and the amount paid by a concessionaire to the public authority in order to provide such service.

It must be borne in mind that in some cases the public authority pays the provider for the service and in others it charges the provider of the service.

The difference emerges when the municipality pays, then later charges the users of the service, and when it charges the concessionaire, which then charges the users of such service.

### ***What is a concessionaire?***

For the purpose of this guidebook, a concession is a right granted by a public authority or public company to another actor, usually private, to operate public property or services for a fixed period of time.

The management and, occasionally, the tariff collection is transferred to the concessionaire through what is known as a Public–Private Partnership (PPP). The public authority holds the ownership and policing power of the service, while the concessionaire physically provides it, receiving a payment called a tariff.

The concessionaire is, therefore, the title holder of the concession.

### ***Non-ETS sectors***

The methodology centres on municipal fiscal policies that affect the so-called non-ETS sectors. Said sectors undertake activities that are not subject to the Emissions Trading System (ETS). They represent, therefore, the sectors that use energy less intensively. The following sectors are included in this category:

- ✓ Residential, commercial and institutional
- ✓ Transport
- ✓ Agriculture and farming
- ✓ Waste management
- ✓ Fluorinated gases
- ✓ Industrial not subject to trade emissions.

(Filippi, F., García Maties, R., 2017, 13-15).

## **5 Bibliography.**

Municipalities' Law (L.111/85)

Communities' Law (L.86(I)/99)

Filippi, F., García Maties, R., (2017). *Participatory method-based preparation of local fiscal policies to promote renewable energy sources at a municipal level*. València: Fundación MUSOL.