

49 – The Impact of Covid-19 on Brazilian’s Municipal Environmental Tax Revenue

Lise Tupiassu, Bernardo Mendonça Nobrega, Jean-Raphaël Gros-Désormaux

Brazil is a country with a plentiful fauna and flora. It has part of the Amazon Forest in 9 of its 26 states covering an estimated 61% of the nation’s territory, the Atlantic Forest in 15 states, and over seven thousand kilometers of shorelines. But this rich environmental diversity comes with a financial burden for the Municipalities.

The Brazilian Constitution stipulates, among other things, that all 3 federative entities (Union, States and Municipalities) are responsible for environmental protection. On the other hand, the Constitution also determined the entities tax competences amongst the entities, and, on this distribution, the Municipalities got the lowest tax revenue possibility between them.

This created a problem for the Municipalities that now need to handle the burden of environmental protection without the resources to do so. To solve this problem, many Brazilian Municipalities created Environmental Taxes and charges. Of the Environmental Taxes created, this paper aims to focus on Touristic and Natural resources Taxes. Those taxes are mainly used by Municipalities with natural beauties and high tourist circulation, charging visitors entering the area.

These taxes have a fiscal and an extra fiscal objective. In stipulating a financial burden for the visitor, it controls entry and, therefore, human caused pollution, while also serving as a source of revenue, in order to deal with environmental protection.

With the COVID-19 crises, lockdowns measures reduced tourism and circulation of people. At the same time, while this situation seems to contribute to the reduction of greenhouse gas emissions, improvements in air and water quality, and lower human pressures on wild species and locations, it results in a lack of revenue coming from these types of environmental taxes.

In this context, this paper aims to study the importance of the revenue from environmental taxes and charges for Brazilian Municipalities fiscal budgets, using as example those raised from touristic areas and considering the COVID-19 scenario.

Considering the uncertainty of COVID-19 crisis and its consequences to tourism and the pressure over natural resources, it is relevant to discuss the main taxation criteria of this kind of municipal taxes, its role in environmental policy and its budgetary impact.

We conclude that events like COVID-19 crisis must be considered in the (re)design of environmental taxes, specially within Brazilian particularities.

Biographical note

Bernardo Mendonça Nobrega: Master in Law, Public Policy and Regional Development by the University Center of the State of Pará - CESUPA. Specialist in tax law by the Brazilian Institute of Tax Studies - IBET. Professor at the Law Department of Estácio de Sá University and at the Brazilian Institute of Tax Studies – IBET. Lawyer.