

# Series Editor's Preface

The LL.M. program in International Tax Law at WU (Vienna University of Economics and Business) is available as either a 1-year full-time or a 2-year part-time program. Students not only attend a vast number of courses for which they prepare papers and case studies as well as sit numerous examinations but also write their master's theses. These theses are a prerequisite for the academic degree Master of Laws (LL.M.).

The program follows a scheme under which the master's theses of one particular program all examine various aspects of the same general topic. Previous general topics have included:

- Electronic Commerce and Taxation (1999/2000 full-time program)
- Partnerships in International Tax Law (2000/2001 full-time program)
- Transfer Pricing (1999/2001 part-time program)
- Exemption and Credit Methods in Tax Treaties (2001/2002 full-time program)
- Permanent Establishments in International Tax Law (2002/2003 full-time program)
- Non-Discrimination Provisions in Tax Treaties (2001/2003 part-time program)
- Triangular Cases (2003/2004 full-time program)
- Tax Treaty Policy and Development (2004/2005 full-time program)
- Source versus Residence in International Tax Law (2003/2005 part-time program)
- The Relevance of WTO Law for Tax Matters (2005/2006 full-time program)
- Conflicts of Qualification in Tax Treaty Law (2006/2007 full-time program)
- Taxation of Artistes and Sportsmen in International Tax Law (2005/2007 part-time program)
- Fundamental Issues and Practical Problems in Tax Treaty Interpretation (2007/2008 full-time program)
- Dual Residence in Tax Treaty Law and EC Law (2008/2009 full-time program)
- Taxation of Employment Income in International Tax Law (2007/2009 part-time program)
- The EU's External Dimension in Direct Tax Matters (2009/2010 full-time program)
- History of Tax Treaties (2010/2011 full-time program)
- Permanent Establishments in International and EU Tax Law (2009/2011 part-time program)
- International Group Financing and Taxes (2011/2012 full-time program)
- Limits to Tax Planning (2011/2013 part-time program)
- Exchange of Information for Tax Purposes (2012/2013 full-time program)
- Tax Policy Challenges in the 21st Century (2013/2014 full-time program)
- Global Trends in VAT/GST (2013/2015 part-time program)

- Non-Discrimination in European and Tax Treaty Law: Open Issues and Recent Challenges (2014/2015 full-time program)
- Preventing Treaty Abuse (2015/2016 full-time program)
- Limiting Base Erosion (2015/2017 part-time program)
- Taxation in a Global Digital Economy (2016/2017 full-time program)
- Arbitration in Tax Treaty Law (2017/2018 full-time program)
- Transfer Pricing and Value Creation (2017/2019 part-time program)
- Special Features of the UN Model Convention (2018/2019 full-time program)
- Hybrid Entities in Tax Treaty Law (2019/2020 full-time program)
- Concept and Implementation of CFC Legislation (2019/2021 part-time program)
- Access to Treaty Benefits (2020/2021 full-time program)
- Justice, Equality, and Tax Law (2021/2022 full-time program)
- Multilateral Cooperation in Tax Law (2021/2023 part-time program)
- Tax and Technology (2022/2023 full-time program).
- The Global Minimum Tax – Selected Issues on Pillar Two (2023/2024 full-time program)
- Anti Abuse Rules in International Tax Law and their Interactions (2023/2025 part-time program)

The respective master's theses were published in edited volumes.

The general topic for the 2024/2025 full-time program was Environmental Taxation. Alice Pirlot introduced the students to the subject matter at the beginning of the program. Robin Damberger and Christina Dimitropoulou held workshops in which the structure of the papers and the preliminary results were critically analysed. It was with great commitment that they supported the students who were preparing their theses. Their numerous suggestions helped to improve the quality of those theses and, as a consequence, the quality of the present volume. In my function as both the scientific director of the LL.M. program and the editor of this series, I would like to not only thank those two colleagues for their excellent engagement and efforts but to also express my gratitude to them.

Finally, I am also grateful to the students themselves. They pursued the program with great enthusiasm. This LL.M. program not only gave them the opportunity to interact with academics and scientifically qualified interns from all over the world and to acquire a wealth of knowledge, but they also learned how to effectively address and solve complex issues using a structured approach. The master's theses that are now available bear witness to this. I hope that the results of these papers will both influence scientific discussion and be of use to tax practitioners.

*Michael Lang*

# Preface

The postgraduate LL.M. program in International Tax Law at WU (Vienna University of Economics and Business) has an excellent reputation not only because of its outstanding curriculum and excellent faculty but also because of its exceptional students. Each year, the master's theses are composed on a topic that is both timely and general, and the outcomes are published in a book. This practice has become a custom.

This year's volume of the renowned "Series on International Tax Law" is dedicated to the topic of "Environmental Taxation". During the past years, the relevance of environmental taxes and carbon taxes as policy tools to tackle climate change has gained importance across the world. The shift towards climate-resilient economies has placed environmental taxation at the center of both national and international climate policy considerations. This volume seeks to offer a comprehensive examination of the legal, economic, and administrative foundations of environmental taxes, carbon taxes, and environmental tax incentive schemes.

Part I lays the theoretical and conceptual groundwork of environmental taxation. This part elaborates on energy taxes and carbon taxes, referring to OECD studies and empirical data to underline their growing relevance. Moreover, it also explores other forms of environmental taxes apart from energy taxes and carbon taxes, such as plastic taxes or vehicle registration taxes. In addition, Part I addresses how negative socio-economic impacts of environmental taxation can be neutralized, for instance, through eco-social tax reforms.

Part II is devoted to specific case studies and legislative proposals of environmental taxes. It begins with the EU's Energy Taxation Directive, placing it in the context of the Green Deal and "Fit for 55" legislative package. Moreover, the evolution of environmental taxes across OECD countries is explored, revealing diverse trajectories in policy ambition and implementation. Furthermore, Part II contains concrete country examples such as, for example, from Asia and Latin America regarding the implementation of environmental taxes.

Part III and IV focus on carbon taxes and carbon pricing instruments starting with an historical analysis of early carbon tax regimes in Nordic countries. It explores design options of carbon taxes and compares different approaches. A comparative chapter examines carbon taxes versus emissions trading systems (ETS). Developing countries receive special attention with emphasis on adapting carbon pricing instruments to local economic and institutional realities. Innovative forms such as the carbon added tax (CAT) are also discussed. Latin American experiences show how carbon tax reforms can evolve within different developmental contexts. Several chapters focus on the EU, covering the upcoming European Emission Trading

System 2 (ETS 2), the interaction between state aid rules and environmental taxes, and the Carbon Border Adjustment Mechanism (CBAM).

The final part of the book is dedicated to environmental tax incentives as an alternative tool to incentivize environmentally friendly investments. The historical development of such incentives is reviewed with specific focus on their role in technological transitions. Corporate tax incentives are highlighted as a tool to steer businesses toward sustainable practices. The United States' Inflation Reduction Act (IRA) is presented as a case study of large-scale, incentive-based environmental policy. Finally, EU state aid rules and their relevance for designing legally compliant tax incentive schemes are discussed in detail.

This non-exhaustive list of topics demonstrates the complexity of environmental taxation that the students had to deal with during their LL.M. journey in Vienna. It also highlights the importance of interdisciplinary research in the field of taxation for present and future generations. Furthermore, there is nothing more satisfying for a teacher than to see students grow beyond themselves (and probably also their teachers). This book is a testament to a highly qualified and enthusiastic group of students willing to sacrifice time and energy to contribute to the evolving academic debate of environmental taxes, carbon taxes, and environmental tax incentive schemes. We, the editors, are more than proud to have been part of the LL.M. story of WU's International Tax Law class of 2024/2025. We would also like to thank Barbara Ender (Akademie der Steuerberater:innen und Wirtschaftsprüfer:innen) and Linde for their valuable support in publishing this volume.

Finally, a short disclaimer at the end: It goes without saying that the opinions expressed in this book are, of course, the personal views of the authors of each chapter and do not reflect the position of any organization to which the authors or editors may be affiliated.

It is our conviction that this volume will be beneficial to all readers who are interested in environmental taxes. Take pleasure in exploring the diverse topics of environmental taxes.

Vienna, July 2025

*Christina Dimitropoulou*  
*Robin Damberger*