

1 Country Sheet Chile

Table 1: Status Quo of Carbon Pricing in Chile

	Characteristics
Name of instrument	Impuesto al carbono (Carbon tax)
Date of entry into force	Entry into force on January 1 st 2017, first year of tax liability 2018
Scope	
- Sectors covered	Energy generation from installations that are composed of boilers or turbines and have an individual or combined thermal power equal to or above 50 MWt. Unconventional renewable energy generation from biomass is exempted from the carbon tax (República de Chile, 2014). Unconventional renewable energy refers to biomass energy which can be used directly as fuel or which can be converted into other liquid, solid or gaseous biofuels. Furthermore, the biodegradable fraction of residential and non-residential solid waste is included in unconventional renewable energy (República de Chile, 2007).
- Gases covered	CO ₂
- Point of regulation	Downstream: Carbon tax is imposed on emissions from fixed sources of installations that are composed of boilers or turbines which, individually or combined, have a thermal power equal to or above 50 MWt, see above.
- Treatment of imports and exports	n.a.
Price / cap level	5 US\$ (4.60 EUR) ¹ per tCO ₂ (República de Chile, 2014)
Cost containment mechanisms	
- Offsets	Use of carbon offsets as a way of complying with carbon tax not allowed initially, but option not ruled out for the future (Szabo, 2015). Pontificia Universidad Católica de Chile (Pontifical Catholic University of Chile - PUC) mentions option to bring reductions from transportation and forestry sectors with offsets (Montero, 2014).
Reporting and verification	<ul style="list-style-type: none"> • The monitoring system as well as the requirements for certification are determined by the Superintendency for the Environment which is responsible for the supervision of monitoring, registration and reporting of emissions. • Every taxpayer has to present a monitoring report to the Superintendency of the Environment in January/February. Instructions for the report are provided by the Superintendency of the Environment.

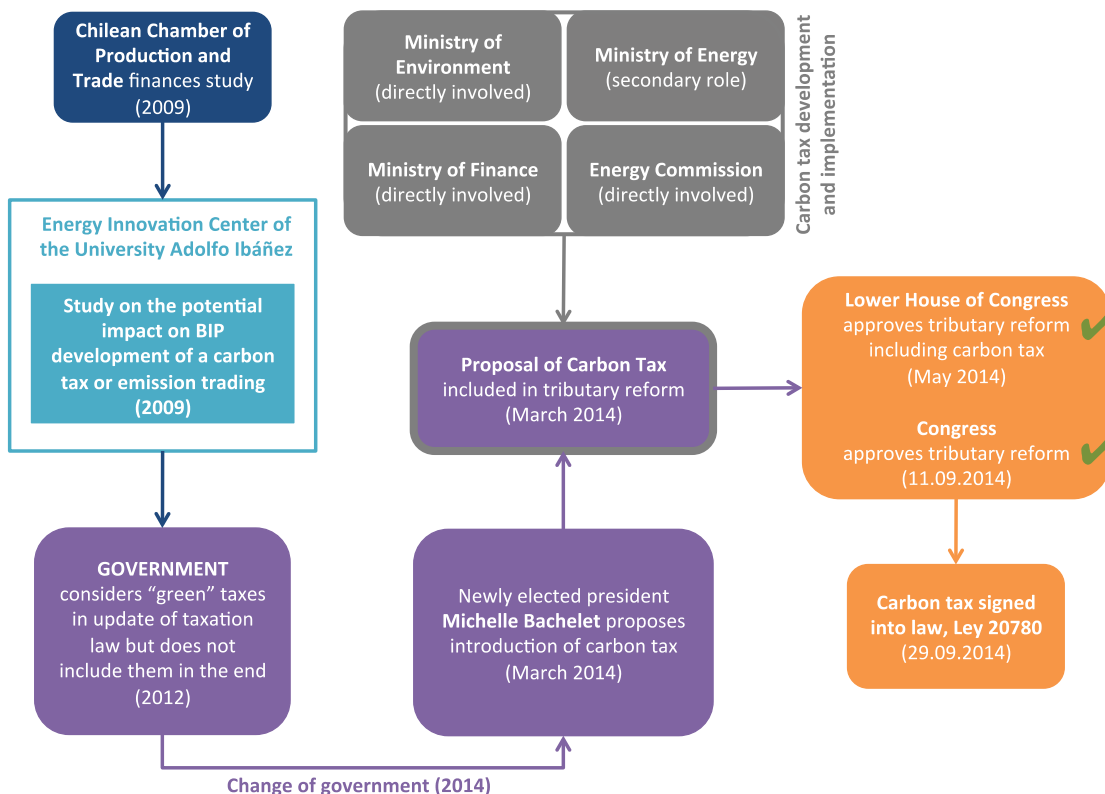
¹ Amounts in Euro are calculated on the basis of the exchange rate from 01.01.2016.

	<ul style="list-style-type: none"> • In March, the Superintendency for the Environment will certify the emissions caused by every taxpayer the previous year. • In April, the Internal Tax Service will send a report containing tax calculations for every emissions source to the corresponding Economic Load Dispatch Center (Centro de Despacho Económico de Carga - CDEC) and the National Energy Commission. • There are sanctions for taxpayers who fail to fulfil their obligations (República de Chile, 2014).
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Table 2: Details of Offsetting Regulation in Carbon Tax in Chile

Eligibility	tbd
- Eligibility criteria	tbd
- Standards	tbd
- Quantity limits	tbd
- Sectoral limits	tbd
Price	tbd

Table 3: Political Process Relating to the Introduction of Carbon Pricing in Chile Including Involved Actors



Source: Own illustration.

2 References

Montero, J.-P. (2014). *Pricing carbon in an emerging economy: The case of Chile* (Economics for Energy’s Workshop). Madrid.

República de Chile. (2007). *Fija texto refundido, coordinado y sistematizado del decreto con fuerza de ley No 1, de minería, de 1982, ley general de servicios eléctricos, en materia de energía eléctrica* (Decreto con Fuerza de Ley No. 4/20018). Santiago de Chile. Retrieved from <http://www.leychile.cl/Navegar/?idNorma=258171&idVersion=2010-02-01&idParte>

República de Chile. (2014). *Ley 20780. Reforma tributaria que modifica el sistema de tributación de la renta e introduce diversos ajustes en el sistema tributario*. Santiago de Chile. Retrieved from <http://www.leychile.cl/N?i=1067194&f=2014-10-01&p=>

Szabo, M. (2015, May 27). Chile considering eventual shift to ETS as it readies carbon tax. *Carbon Pulse*. Retrieved from <http://carbon-pulse.com/chile-considering-eventual-shift-to-ets-as-it-readies-carbon-tax/>