Electricity consumed to produce other electrical energy is no longer subject to electrical energy tax 3/6/23

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The Electrical Energy Tax Act and the Cabinet of Ministers' Rule No. 52 of 24 January 2017, *Procedures for Applying Electrical Energy Tax Exemptions*, have been amended with effect from 1 January 2023. Key amendments relate to exemptions on electricity that directly ensures the production of electrical energy.

Claiming an exemption

This electrical energy tax exemption will mostly affect power plants and cogeneration plants producing electrical energy. Thus, any recorded electricity they use, for example, to operate production equipment (pumps or turbines) will stay out of their taxable base.

It's important to note that the producer of electrical energy must keep a separate record of such electrical energy to take this exemption. Should the State Revenue Service (SRS) find a mismatch between the electrical energy reported on the tax return and the amount actually used in production, the producer will be liable to cover the tax difference.

Electrical energy tax rates and other exemptions

Electrical energy tax is generally payable on the following types of electrical energy:

- Supplied for personal consumption (including administrative buildings)
- Supplied to the end user (including electrical energy derived from renewable energy sources at cogeneration plants)
- Used, supplied and acquired on a power exchange

In these situations the tax period is one month and the applicable rate is EUR 1.01 per megawatt-hour.

The rate of EUR 0.00 per megawatt-hour is restricted to electrical energy that is supplied to entities to provide street lighting services.

More tax exemptions have been available for quite a while on the following types of electrical energy:

- Used for goods transport and public passenger transport
- Consumed by household users
- Supplied by organisations established in other EU or non-EU countries under section 6(3) of the Electrical Energy Tax Act