

EY Green Tax Tracker

Asia-Pacific Focus

October 2023

The EY logo is positioned in the bottom right corner of the page. It consists of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal bar is located behind the 'Y'.

Building a better
working world

Global goals

150+
countries representing almost
90%
of global greenhouse gas
(GHG) emissions, have communicated
a net-zero target in either domestic law,
policy, or high-level political pledge.*

Net zero is the point at which an organization has achieved its science-based target (SBT) to limit global warming to 1.5°C above pre-industrial levels and removed its residual emissions from the atmosphere.

*Source: zerotracker.net, 10 October 2023.

The Paris Agreement is an international treaty on climate change. It was adopted by 196 parties in 2015 and entered into force in 2016. The goal of the agreement is to keep the global average temperature rise this century as close as possible to 1.5°C above preindustrial levels. Emissions need to be reduced by 45% by 2030 and reach net zero by 2050.

The Glasgow Climate Pact is a 2021 agreement of 190 countries that reaffirms the goal of limiting global warming to 1.5°C. It asks countries to improve their 2030 national climate targets by the end of 2022, calls for countries to make efforts to reduce the use of coal as a source of fuel and end inefficient fossil fuel subsidies, calls for climate financing for developing countries, calls financial support for adaptation measures and creates a market for units representing emissions reductions that countries can trade.

100+ nations pledge to stop deforestation

100+ nations agree to reduce methane

40+ nations vow to phase out coal and fossil fuels

Carbon negative is the result of an organization both reducing its emissions in line with its 1.5°C SBT, and investing in nature-based solutions and carbon technologies to remove and offset more carbon than it emits each year.

Asia-Pacific goals

Net zero
by 2050

- Australia
- Cambodia
- Hong Kong
- Japan
- Malaysia
- New Zealand
- Singapore
- South Korea
- Sri Lanka
- Taiwan
- Vietnam

Other
goals

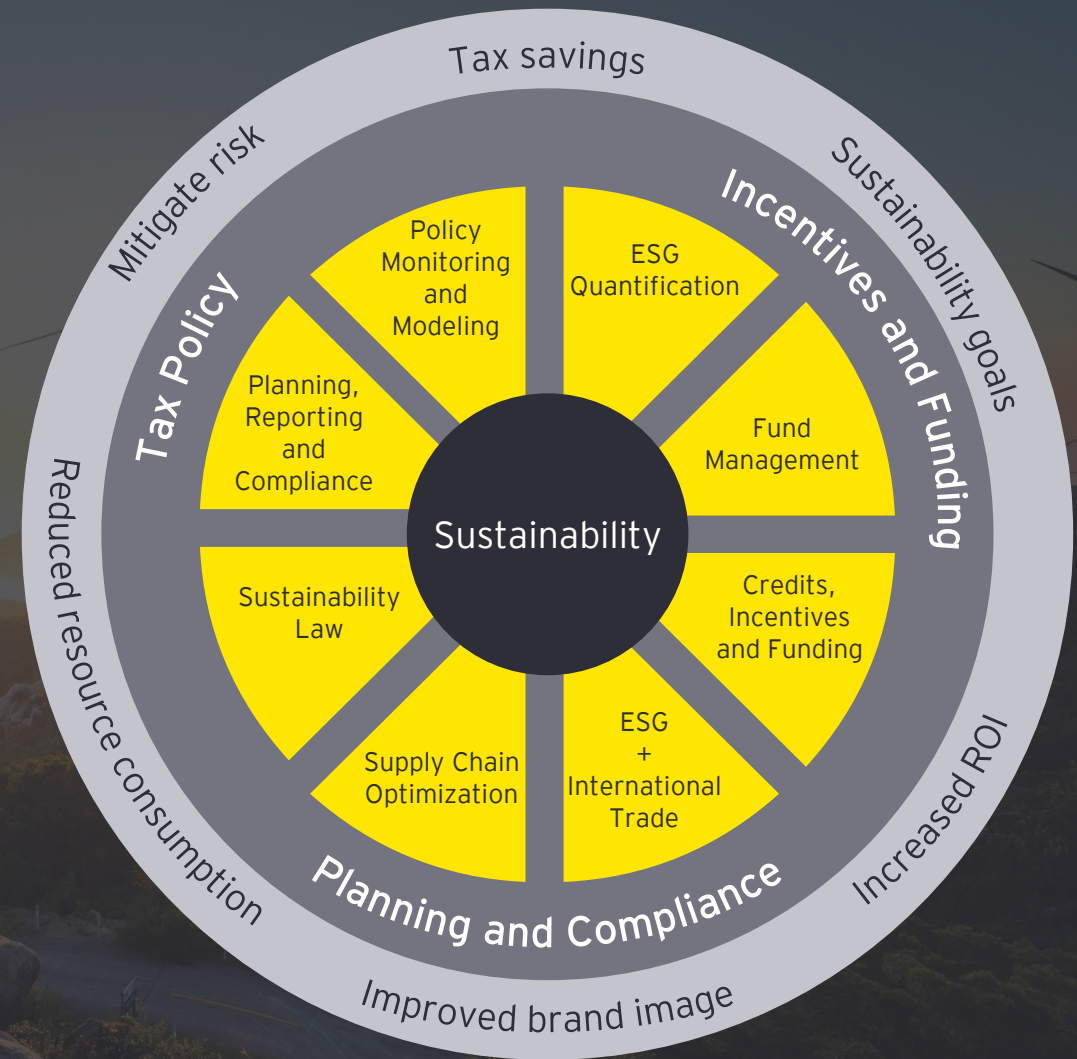
- China Mainland – carbon neutral by 2060
- Indonesia – net-zero by 2060
- The Philippines – reduce GHG emissions by 75% by 2030
- Thailand – net-zero by 2065

Keeping pace with sustainability tax policy

As governments make pledges to reduce emissions to address climate change, they develop policies to drive progress toward those pledges. These policies often involve tax – **tax incentives** to encourage green behavior and green technology and **tax costs** to discourage behaviors and technologies that add to GHG emissions. Governments are also using sustainability tax measures to raise revenue and fund important policy objectives. While these goals are shared, the policies established to achieve them vary greatly across the globe.

As much of global climate policy sits in global tax codes, it's imperative for tax to be at the table in a company's sustainability discussions. Tax plays a significant part in encouraging and enabling companies to fulfill their climate commitments for achieving net zero and greening up their operations.

Staying on top of the evolving sustainability tax landscape across the globe is critical. In the EY Green Tax Tracker (GTT), teams offer a snapshot of sustainability incentives, carbon regimes, environmental taxes and environmental tax exemptions present in **65 jurisdictions, representing over 90% of global GDP.** To learn more about any measure, please consult with your EY engagement team or the jurisdiction contact located at the top of each page.



90+ Sustainability incentives

Included in the 15 APAC jurisdictions represented in this edition

Sustainability incentives can generally be divided into three categories, those that encourage a reduction in natural resource consumption, those that encourage a switch to renewable or alternative energy sources, or those that encourage innovation of new low-carbon products and manufacturing processes. Many programs are a mix of the three containing multiple elements.

Prevalent measures used to influence sustainable behavior include tax credits, grants and loans.

Reduce

- Construct or retrofit energy-efficient buildings
- Procure energy-efficient process equipment
- Apply emission reduction technologies

Switch

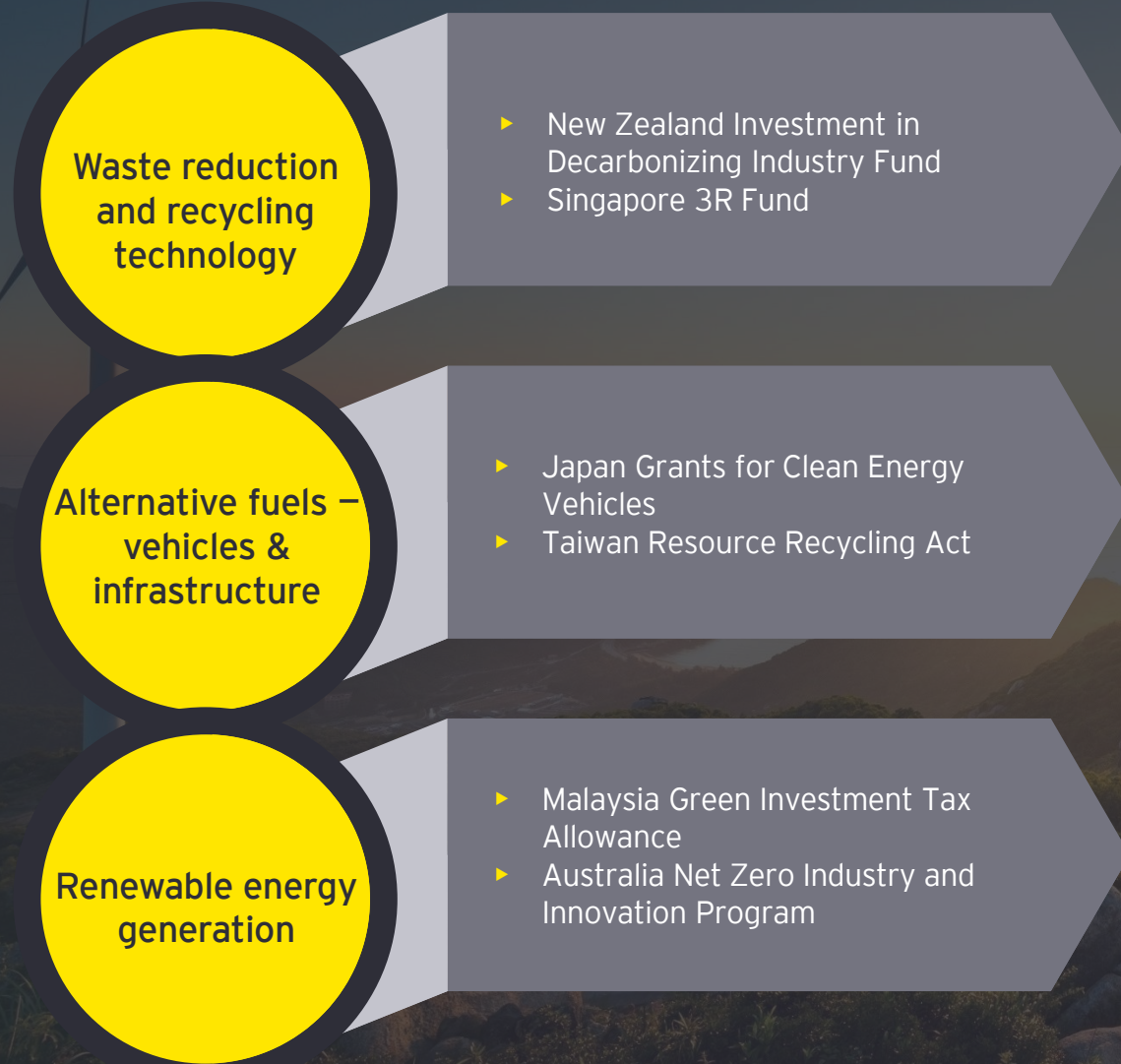
- Alternative fuels
- Renewable energy generation (such as solar, wind, geothermal)
- Qualifying on-site generation

Innovate

- Research and development (R&D) credits
- Research funding grants
- Funding rebates for green job training

Source: EY jurisdiction professionals.

Most prevalent sustainability incentives



	Sustainability incentives													
	Reduce				Switch			Innovate						
	Energy efficient buildings	Energy efficient process equip.	Water use reduction technologies	Waste reduction/recycling tech	Emission reduction technologies	Alt: fuel – vehicles/infrastructure	Hydrogen-based fuels	On-site generation	Renewable energy generation	Recycled materials/recycling equipment	R&D machinery for manufacturing green products	Carbon capture technologies	Green jobs/training	Plastics and packaging
Australia	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Cambodia	●	●	●	●	●				●	●	●	●		
China Mainland	●		●	●	●	●		●	●	●	●	●		
Hong Kong	●	●	●	●	●									
Indonesia				●					●					
Japan		●			●	●			●		●	●	●	
Malaysia	●	●	●	●	●	●	●		●	●				
New Zealand				●	●	●				●	●			●
The Philippines	●	●		●		●	●		●	●			●	
Singapore	●	●	●	●	●	●	●	●	●	●	●	●	●	●
South Korea				●	●	●	●	●	●		●	●		
Sri Lanka														
Taiwan	●	●	●	●	●	●			●			●		
Thailand	●	●		●	●	●	●		●	●				●
Vietnam	●	●		●	●	●			●	●	●			●

500+ Environmental taxes and exemptions

Included in the 15 APAC jurisdictions represented in this edition

Environmental taxes

Within the overall taxation framework, environmental taxes function not only as a source of revenue, but also as an instrument of environmental policy. As a result, governments use taxes on a variety of products to encourage or discourage consumption. Similarly, governments offer exemptions from environmental taxes for certain qualifying products, uses or taxpayers.

Water, pollution and effluent charges

- ▶ Consumption taxes
- ▶ Greenhouse gases
- ▶ Discharge fees

Recycling, waste and landfills

- ▶ Disposal fees
- ▶ Recycling fees

Electronic waste

- ▶ Disposal fees

Emissions and air pollution

- ▶ Congestion charge
- ▶ Tax on certain chemicals
- ▶ Emissions fees

Conventional and alternative fuels

- ▶ Gasoline, coal, natural gas, etc. taxes
- ▶ Aviation taxes

Energy or electricity generation, distribution and consumption

- ▶ Oil, coal, natural gas, etc. taxes
- ▶ Electricity fees

Energy-efficient industrial and manufacturing processes

- ▶ Gasoline, coal, natural gas, etc. taxes

Plastics and packaging taxes

- ▶ Tax on single use plastics

Others

- ▶ Taxes on other products

Most prevalent environmental taxes

Recycling, waste and landfills

- ▶ Australia Ozone Protection and Synthetic Greenhouse Gas Levy
- ▶ China Environmental Tax

Water consumption, pollution and effluent charges

- ▶ South Korea environmental improvement charge
- ▶ Vietnam Natural Resources Tax

Emissions and air pollution

- ▶ Japan Pollution load levy
- ▶ Thailand excise tax on atmosphere depleting substance

	Environmental taxes							
	Water consumption, pollution and effluent charges	Recycling, waste and landfills	Electronic waste	Emissions and air pollution	Conventional and alternative fuels	Energy generation, distribution and consumption	Industrial and manufacturing processes	Plastics and packaging
Australia	●	●		●	●		●	
Cambodia								
China Mainland	●	●	●	●	●			
Hong Kong	●	●			●			●
Indonesia								
Japan	●	●		●	●	●		
Malaysia		●				●		●
New Zealand	●	●	●	●	●	●		
The Philippines	●	●	●	●				
Singapore								
South Korea	●	●	●	●	●	●	●	
Sri Lanka					●			●
Taiwan				●				
Thailand				●	●			
Vietnam	●	●		●	●		●	●

19 Carbon pricing initiatives

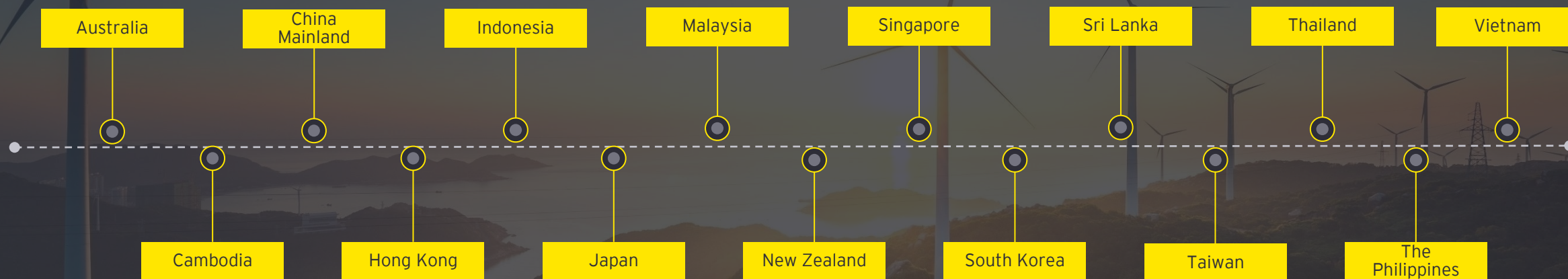
Implemented carbon pricing initiatives (CPIs) cover **23%** of global emissions and raised **US\$84b** in the past year. Additionally, **15** jurisdictions are considering implementing a CPI. In 2016, there were 40 jurisdictional and 20 local CPIs covering 13% of global GHG emissions.

- ★ Carbon tax
- Emissions trading system (ETS)
- Implemented or scheduled for implementation
- Under consideration
- No carbon regime in place

Source: The World Bank, Carbon Pricing Dashboard.



15 Asia-Pacific jurisdictions covered



The information offered for each jurisdiction represents the best understanding of EY professionals in that jurisdiction. It is high-level and subject to change. This document is updated on an ongoing basis but not all entries will be up to date at a given moment. In addition, not all jurisdictions are reflected in this document. Please contact your EY engagement team or the listed jurisdiction contact for more information.

Index of measures

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Note: Yellow fill indicates the presence of an item at the jurisdictional or local level, please see the jurisdiction page for more details

	Carbon pricing				Sustainability incentives												Environmental taxes						Environmental tax exemptions															
	ETS implemented	ETS consider	Carbon tax implemented	Carbon tax consider	Energy efficient buildings	Efficient process equip	Water use reduction	Waste reduction/recycling	Emission reduction	Alt fuel – transportation	Hydrogen-based fuels	On-site generation	Renewable energy generation	Recycled materials/recycling equip	R&D machinery for green products	Carbon capture technologies	Green jobs/training	Plastics and packaging	Water consumption/pollution charges	Recycling/waste/landfills	Electronic waste	Emissions/air pollution	Conventional/alt fuels	Electricity gen/distribution/consumption	Industrial/manufacturing processes	Plastics and packaging	Water use reduction/thermal energy production	Waste reduction/recycling	Electronic waste	Emission reduction	Conventional/alt fuel	On-site generation	Renewable energy	Conventional generation	Energy efficiency/industrial manufacturing processes	Plastics and packaging		
Australia	●				●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●			●										●	
Cambodia					●	●	●	●	●			●	●	●	●																							
China Mainland	●				●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●					●	●	●	●	●	●	●	●	●	●	●	●
Hong Kong					●	●	●	●	●										●	●		●				●												
Indonesia		●	●				●					●																										
Japan	●	●	●			●		●	●			●		●	●	●			●	●	●	●	●			●							●	●		●	●	
Malaysia		●		●	●	●	●	●	●	●		●	●						●				●			●												
New Zealand	●						●	●	●	●			●	●			●		●	●	●	●	●															
The Philippines		●			●	●	●	●	●	●	●	●	●			●			●	●	●					●							●				●	
Singapore			●		●	●	●	●	●	●	●	●	●	●	●	●	●																					
South Korea	●						●	●	●	●	●	●		●	●				●	●	●	●	●	●	●		●	●									●	
Sri Lanka																						●				●								●				
Taiwan	●				●	●	●	●	●	●		●			●						●																	
Thailand			●		●	●	●	●	●	●		●	●				●				●	●				●	●		●	●							●	
Vietnam	●				●	●	●	●	●	●		●	●	●			●		●	●	●			●	●		●	●	●								●	

Overview

Australia's new Labor Federal government has a target of net-zero emissions by 2050 and a 43% reduction over 2005 levels by 2050. These targets will be legislated to increase policy certainty and stability.

Instead of placing a moratorium on new oil and gas projects to reach the targets, the safeguard mechanism will continue to apply to the 215 entities that currently emit more than 100,000 tons of CO₂ a year and a revised mechanism to apply from 2023-24 will require them to reduce aggregate emissions by 5m tons a year to collectively achieve net-zero emissions by 2050.

There is a national excise tax on petrol, diesel and other fuels such as liquefied petroleum gas or ethanol. Additionally, there are multiple state and territory levies, charges and fines on pollution. Initially individual states applied user charges on zero- and low-emission vehicles at purchase, but programs are emerging on the federal level proposing a limited fringe benefits tax exemption and customs duty relief.

Sustainability tax programs continue, including additional clean energy technology incentive measures. There are many targeted sustainability grant funding programs offered by both federal and state governments.

Carbon pricing

	J	L
ETS implemented	●	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	●
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	●
Water use reduction technologies	●	●
Waste reduction/recycling technologies	●	●
Emission reduction technologies	●	●
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	●
Hydrogen-based fuels	●	●
On-site generation (cogeneration, waste heat, fuel cells, microturbines)	●	●
Renewable energy generation (solar, wind, geothermal, etc.)	●	●
Innovate		
Use of recycled materials/investment in recycling equipment	●	●
R&D machinery for manufacturing "green" products	●	●
Carbon capture technologies (sequestration/utilization)	●	●
Green jobs/training	●	●
Plastics and packaging	●	●

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		●
Recycling, waste and landfills	●	●
Electronic waste		
Emissions and air pollution	●	●
Conventional and alternative fuels (vehicles and equipment)	●	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		●
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	●	●
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes	●	
Plastics and packaging		

Cambodia

► Contact: Reangsey Touch

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J = Jurisdictional level; L = Local level

Overview

Sustainability measures are still emerging in Cambodia. There are currently no carbon taxes, plastics taxes or other green taxes.

There are no specific green incentives, however, investment in environmental management and protection, biodiversity conservation, the circular economy, green energy and technology contributing to climate change adaptation and mitigation may be approved as a Qualified Investment Project (QIP). The current investment incentives for a QIP include import/export duty exemptions, corporate income tax exemptions, special depreciation and R&D deductions.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies	●	
Waste reduction/recycling technologies	●	
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment	●	
R&D machinery for manufacturing "green" products	●	
Carbon capture technologies (sequestration/utilization)	●	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

China Mainland

Contact: Andrea Yue, Derrick Chen, Andy SY Leung, Alan Lan, Yao Lu, Shirley Yong

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J = Jurisdictional level; L = Local level

Overview

China Mainland has long established, but still evolving, sustainability tax programs. At the national level, there are three environmental protection focus areas: pollution reduction, greenhouse gas reduction and resource conservation. There are multiple tax incentives that address the three focus areas and utilize different mechanisms, including reduced corporate income tax rates for certain enterprises or for certain revenue sources, increased VAT refunds or tax exemptions.

For pollution reduction, China Mainland launched the Environmental Protection Tax (EPT), which is levied on the emission of four categories of pollutants, namely gas, water, solid wastes, as well as noises. The EPT was launched in 2018, but in fact replaced the long existing Pollutants Discharge Fee, which was levied on basically the same classes of pollutants.

For greenhouse gas reduction, a carbon emission trading system was recently established and there is discussion regarding a carbon tax to help China Mainland achieve its carbon goals of reaching carbon peak by 2030 and carbon neutrality by 2060.

Carbon pricing

	J	L
ETS implemented	●	●
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies	●	
Waste reduction/recycling technologies	●	
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)	●	
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment	●	
R&D machinery for manufacturing "green" products	●	
Carbon capture technologies (sequestration/utilization)	●	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	●	●
Recycling, waste and landfills		●
Electronic waste		●
Emissions and air pollution		●
Conventional and alternative fuels (vehicles and equipment)		●
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	●	
Waste reduction/recycling	●	
Electronic waste	●	
Emission reduction	●	
Conventional and alternative fuel vehicles and equipment	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)	●	
Renewable energy (solar, wind, geothermal, etc.)	●	
Conventional generation		
Energy efficiency, industrial and manufacturing processes	●	
Plastics and packaging		

Hong Kong

► Contact: Wilson Cheng

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Overview

In February 2023, the HKSAR Government indicated that Hong Kong is making robust efforts to achieve carbon neutrality before 2050 and reduce its carbon emission by 50% before 2035. The Government will examine various means to reduce carbon emissions, including explore different types of zero-carbon energy and decarbonization technology, enhance the energy efficiency of new and existing buildings, introduce more stringent energy efficiency standards, promote zero-carbon vehicles and green transportation, build large-scale waste-to-energy facilities and publicly promote low-carbon lifestyles. The HKSAR Government will also develop green finance to boost investments in reducing carbon emissions and build a low-carbon economy which is more resilient to climate change. The October 2022 launch of Core Climate by the HKEX for trading international voluntary carbon credits signifies a critical step toward a carbon marketplace. The February 2021, "Waste Blueprint for Hong Kong 2035" has two main goals. First, reduce the per capita municipal solid waste disposal rate and raise the recovery rate. Second, move from reliance on landfills by creating waste-to-energy facilities. A Municipal Solid Waste Charging regime will be implemented from 1 April 2024.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies	●	
Waste reduction/recycling technologies	●	
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	●	
Recycling, waste and landfills	●	
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)	●	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	●	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Overview

Green policies are still emerging in Indonesia with no measures currently implemented at the jurisdictional or local level, though some investment tax incentives do apply to green investments.

The Indonesian government has stated its intent to introduce a carbon tax. Under Indonesia's Law on Harmonization of Tax Regulation, carbon emissions having a negative impact on the environment will be subject to a minimum carbon tax which the tariff is set at the higher than or equal to the carbon market price per kilogram of carbon dioxide equivalent (CO₂e). If carbon tax tariff on the carbon market is lower than IDR30.00 (thirty rupiah) per kilogram of CO₂e, the carbon tax tariff is set at a minimum of IDR30.00 (thirty rupiah) per kilogram of CO₂e.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration	●	
Carbon tax implemented	●	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies	●	
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Overview

Japan announced an ambition to become net zero by 2050, highlighting the goal as one of the government's key policy items. In this context, more carbon-related policy measures – including a more substantial carbon tax – are expected. Japan's sustainability tax programs are still emerging. There are currently sustainability incentives that take the form of tax credits, enhanced depreciation, grants or rebates.

There is a national carbon tax that applies to CO₂ emissions from all fossil fuels and a multitude of fuel taxes. There are two regional ETSs that apply to energy-use related CO₂ emissions from the industry, power and building sectors.

In June 2022, Japan created a Green Transformation (GX) League with 440 companies, which is a framework for companies aiming to introduce an ETS. The GX League launched an experimental voluntary ETS in September 2022 and aims to launch a voluntary ETS after April 2023. In December 2022, GX announced a roadmap for green transformation that proposes the introduction of a carbon levy in 2028. Importers of fossil fuels will be subject to a carbon tax.

Carbon pricing

	J	L
ETS implemented		●
ETS under consideration	●	
Carbon tax implemented	●	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	●	
Carbon capture technologies (sequestration/utilization)	●	
Green jobs/training	●	
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		●
Recycling, waste and landfills	●	
Electronic waste		
Emissions and air pollution	●	●
Conventional and alternative fuels (vehicles and equipment)	●	
Energy/electricity generation, distribution and consumption	●	●
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		●
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	●	●
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		●
Energy efficiency, industrial and manufacturing processes	●	
Plastics and packaging		

Overview

Sustainability tax policies are still emerging in Malaysia. There are several green incentives available at the national level, taking the form of income tax credits, accelerated depreciation, grants and rebates.

In the 2023 budget, the Malaysian government proposed that the equipment used for Carbon Capture and Storage (CCS) technology by companies undertaking CCS in-house activity or CCS services, will be given a full import duty and sales tax exemption starting from 1 January 2023 until 31 December 2027.

In February 2023, the Malaysian government announced that imposition of the carbon tax is postponed for now. No future implementation date was proposed. The government stated that further studies will be conducted prior to implementation and the tax will align with the government's fuel subsidy policies.

Malaysia launched the nation's first government-backed voluntary carbon exchange, Bursa Carbon Exchange (BCX) on 9 December 2022, with its first auction taking place on 16 March 2023. The BCX is the first Shariah-compliant carbon exchange in the world.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration	●	
Carbon tax implemented		
Carbon tax under consideration	●	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies	●	
Waste reduction/recycling technologies	●	
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	
Hydrogen-based fuels	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment	●	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills	●	
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption	●	
Industrial and manufacturing processes		
Plastics and packaging	●	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

New Zealand

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Overview

New Zealand has declared a climate emergency and indicated that climate action is a key priority. The “Emissions Reduction Plan” focuses on the development of clear action points for the coming decade, including climate change mitigation strategies.

New Zealand has a national ETS that applies to all non-agricultural sources of emissions. Mandatory reporting of farm-level emissions is expected to begin in Q4 of 2024, with pricing to commence from Q4 of 2025. The Government has also announced upcoming work to allow scientifically validated forms of on-farm sequestration into the ETS. Proceeds raised by the ETS fund many sustainability related initiatives including several grant and rebate programs to support projects that reduce waste and carbon emissions. There are also fuel and waste charges levied, and a commitment to phase out certain single-use plastics by 2025.

New FBT exemptions apply from 1 April 2023 to employer-subsidized public transport, ebikes and scooters and employer contributions to vehicle-share services.

The next general election is in October 2023. Many political parties have announced proposed environmental tax policies. Depending on the results of the election, these proposals may influence environmental taxes in the future.

Carbon pricing

	J	L
ETS implemented	●	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies	●	●
Emission reduction technologies	●	●
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	●
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment	●	
R&D machinery for manufacturing "green" products	●	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging	●	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		●
Recycling, waste and landfills	●	
Electronic waste	●	
Emissions and air pollution	●	
Conventional and alternative fuels (vehicles and equipment)	●	●
Energy/electricity generation, distribution and consumption	●	
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

The Philippines

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Overview

Sustainability tax policies are still emerging in the Philippines. There are several green taxes and exemptions available at the national level, taking the form of tax credits, special deductions, duties and fees and other investment tax incentives for green investments.

The Philippines government is currently considering new legislation that would underpin the release of additional tax sustainability mechanisms, including a single-use plastics tax.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration	●	
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies		
Waste reduction/recycling technologies	●	
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	
Hydrogen-based fuels	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment	●	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training	●	
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	●	
Recycling, waste and landfills	●	
Electronic waste	●	
Emissions and air pollution	●	
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling	●	
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)	●	
Conventional generation		
Energy efficiency, industrial and manufacturing processes	●	
Plastics and packaging		

Singapore

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Overview

Singapore has traditionally maintained sustainability tax incentives to encourage businesses to embrace sustainability. Singapore's sustainability tax incentives mainly focus on energy efficiency, adoption of technology or solutions for reduction of carbon emissions and the adoption of alternative sources of renewable energies. These incentives are periodically renewed or updated to ensure that Singapore stays on track to meet its environmental sustainability goals in the face of accelerating climate change.

Singapore was one of the first Asian countries to implement an economy-wide carbon tax in 2019. In the 2022 Budget, Singapore committed to raising the carbon tax from \$5 per ton to \$25 per ton in 2024, with a view to reaching up to \$80 per ton by 2030. The proposed increase will take effect in 2023.

The Singapore Green Plan 2030, released in 2021, includes whole-of-government measures to improve public sector emissions targets and new incentives in order to encourage development of Singapore's competencies in food security, energy management and green finance.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented	●	
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies	●	
Waste reduction/recycling technologies	●	
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	
Hydrogen-based fuels	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)	●	
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment	●	
R&D machinery for manufacturing "green" products	●	
Carbon capture technologies (sequestration/utilization)	●	
Green jobs/training	●	
Plastics and packaging	●	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

South Korea

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Overview

Sustainability tax programs in South Korea are constantly evolving, with some tax programs (e.g., green savings) recently eliminated and investment-related tax programs revised yearly. Most of the existing green policies are controlled by the central government, including the Korea ETS (K-ETS) launched in 2015.

With an increased focus on carbon mitigation and a commitment to be carbon neutral by 2050, there are ongoing discussions regarding the design and implementation of a carbon tax. Some argue that the existing levies on water and air pollution are too complex to calculate, which could open the door for an economy-wide carbon regime.

Carbon pricing

	J	L
ETS implemented	●	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies	●	●
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	●
Hydrogen-based fuels	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)	●	
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products	●	
Carbon capture technologies (sequestration/utilization)	●	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	●	
Recycling, waste and landfills	●	
Electronic waste	●	
Emissions and air pollution	●	
Conventional and alternative fuels (vehicles and equipment)	●	
Energy/electricity generation, distribution and consumption	●	
Industrial and manufacturing processes	●	
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	●	
Waste reduction/recycling	●	
Electronic waste		
Emission reduction	●	
Conventional and alternative fuel vehicles and equipment	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes	●	
Plastics and packaging		

Overview

Sustainability tax measures are still emerging in Sri Lanka and current measures are undertaken at a national level. Sri Lanka does not levy an explicit carbon tax, however, there are implicit measures, namely, fuel excise taxes. Complimentary measures include a focus on the development of renewable energy resources.

Further proposed policies include harnessing underutilized marine resources in a sustainable and regenerative manner, transitioning to renewable energy, agriculture development underpinned by biodiversity and sustainability and waste management. For instance, in accordance with the National Policy of the Government on Renewable Energy Development to obtain 70% of the electricity demand from renewable energy sources by 2030, steps have been taken to expedite obtaining approvals for the development of renewable energy projects with a capacity of 10MW or less by the State Ministry of Solar, Wind and Hydro Power Generation Project Development.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings		
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)		
Water use reduction technologies		
Waste reduction/recycling technologies		
Emission reduction technologies		
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure		
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)		
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution		
Conventional and alternative fuels (vehicles and equipment)	●	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging	●	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)	●	
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Taiwan

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Overview

Sustainability tax policies in Taiwan are still emerging. The Climate Change Response Act was enacted 15 February 2023 in Taiwan. The most critical policy of the Act is to impose a carbon fee on businesses with high carbon emissions both directly and indirectly. At the initial stage, companies with emissions above 25,000 tons will be subject to carbon fee. Relevant implementation regulations such as carbon fee collection mechanism will be promulgated in the later stage. Certain sub-laws under "The Climate Change Response Act" have been announced, which request those regulated industries to annually declare and submit their emission inventories. Besides, the reporting of emission inventories shall be verified by a designated verification agency.

The Taiwan Carbon Solution Exchange (TCX) was established 7 August 2023, which aims to provide carbon consulting and carbon trading services. Currently, TCX only provides carbon consulting services. It is anticipated that domestic carbon trading could commence (as early as the first half of 2024) once the relevant implementation regulations are ready.

Carbon pricing

	J	L
ETS implemented	●	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies	●	
Waste reduction/recycling technologies	●	
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment		
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)	●	
Green jobs/training		
Plastics and packaging		

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution	●	
Conventional and alternative fuels (vehicles and equipment)		
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production		
Waste reduction/recycling		
Electronic waste		
Emission reduction		
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)		
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

Overview

Thailand's sustainability tax initiatives are newly emerging. The upcoming mechanisms are anticipated to be introduced at a national level.

The Excise Department plans to impose a carbon tax on the energy, transport and industrial sectors. The Excise department launched a BEV incentive package to promote the manufacturing BEV cars in Thailand and has proposed an excise tax reduction and subsidy for local manufacturer of battery cells.

The Pollution control department has drafted new legislation on electrical and electronic equipment waste.

It is too early to assess any unique parameters underpinning Thailand's sustainability tax measures as the country is firmly in the early stages of policy setting.

Carbon pricing

	J	L
ETS implemented		
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration	●	

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies		
Waste reduction/recycling technologies	●	
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	
Hydrogen-based fuels	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment	●	
R&D machinery for manufacturing "green" products		
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging	●	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges		
Recycling, waste and landfills		
Electronic waste		
Emissions and air pollution	●	
Conventional and alternative fuels (vehicles and equipment)	●	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes		
Plastics and packaging		

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	●	
Waste reduction/recycling	●	
Electronic waste		
Emission reduction	●	
Conventional and alternative fuel vehicles and equipment	●	
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)	●	
Conventional generation		
Energy efficiency, industrial and manufacturing processes	●	
Plastics and packaging		

Overview

Sustainability tax programs, mostly at the national level, have been established in Vietnam for a quite long time with a Natural Resources Tax in place since the 2000s and Environmental Protection Tax since 2010s.

However, new measures are still emerging. The Law on Environmental Protection went into force 1 January 2022. Additionally, the Vietnamese government is actively working to implement new measures and is expected to release the detailed guidance on an emission trading system in the near future.

The Vietnamese government also enacted incentives and assistance for business activities related to environmental protection to encourage enterprises to seize opportunities from sustainability, clean energy transition and waste reduction.

Carbon pricing

	J	L
ETS implemented	●	
ETS under consideration		
Carbon tax implemented		
Carbon tax under consideration		

Sustainability incentives

	J	L
Reduce		
Construction/retrofit of energy-efficient buildings	●	
Energy efficient process equipment (VFD, refrigeration, furnace, etc.)	●	
Water use reduction technologies		
Waste reduction/recycling technologies	●	
Emission reduction technologies	●	
Switch		
Alt fuel (EV/LNG/CNG) vehicles/infrastructure	●	
Hydrogen-based fuels		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy generation (solar, wind, geothermal, etc.)	●	
Innovate		
Use of recycled materials/investment in recycling equipment	●	
R&D machinery for manufacturing "green" products	●	
Carbon capture technologies (sequestration/utilization)		
Green jobs/training		
Plastics and packaging	●	

Environmental taxes

	J	L
Water consumption, pollution and effluent charges	●	
Recycling, waste and landfills	●	
Electronic waste		
Emissions and air pollution	●	
Conventional and alternative fuels (vehicles and equipment)	●	
Energy/electricity generation, distribution and consumption		
Industrial and manufacturing processes	●	
Plastics and packaging	●	

Environmental tax exemptions

	J	L
Water use reduction and thermal energy production	●	
Waste reduction/recycling	●	
Electronic waste	●	
Emission reduction	●	
Conventional and alternative fuel vehicles and equipment		
On-site generation (cogeneration, waste heat, fuel cells, microturbines)		
Renewable energy (solar, wind, geothermal, etc.)	●	
Conventional generation		
Energy efficiency, industrial and manufacturing processes		
Plastics and packaging		

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