

German climate plan brings sharp air travel tax hike

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In Germany, taxes on flights up to 2,500 kilometres (1,550 miles) will increase 74 percent

Chancellor Angela Merkel's cabinet will sign off draft laws on new green taxes and subsidies this week, including much harsher charges on short-



haul flights, German government sources said Tuesday.

As part of a broader "climate package" intended to bring Europe's largest economy back on course towards emissions reduction targets, taxes on flights up to 2,500 kilometres (1,550 miles) will increase 74 percent, to 13.03 euros (\$14.33).

Tax on longer-haul flights will grow around 41 percent, reaching 33.01 euros for trips up to 6,000 km and 59.43 euros on the very longest journeys.

The charges are expected to bring in an extra 740 million euros per year to state coffers, according to the draft which would still have to be put to parliament.

That should more than pay for a reduction in value-added tax on longdistance train tickets to seven percent, down from 19 percent today. It is hoped that will prompt more travellers to travel by rail.

The government also plans to increase tax relief for commuters—compensating higher fuel costs from a new levy on <u>carbon</u> <u>dioxide emissions</u>—and for people modernising buildings to waste less energy.

Other new rules are aimed at giving incentives to municipalities to allow the construction of wind turbines, which has recently slowed.

After months of wrangling, ministers agreed last month a sweeping climate package. It is built around a gradually increasing CO2 price from 2021, on sectors that have thus far escaped green taxes.

The deal came after Berlin was forced to admit it would miss a 2020 target to reduce greenhouse gas emissions by 40 percent compared with



1990 levels.

While environmentalists immediately labelled the changes insufficient, conservatives and the far right have challenged it, saying it goes too far.

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