

Public Initiatives for a Carbon Credit Market in Chile



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Some years ago, the tax legislation established the so-called Green Tax, that is, an annual tax on emissions of particulate matter (PM), nitrogen oxides (NO_x), sulfur dioxide (SO₂) and carbon dioxide (CO₂), produced by establishments whose fixed sources exceed the levels established by law.

Almost 7 years after the creation of this tax, the Ministry of the Environment has launched a public consultation on the Regulation that establishes the obligations and procedures related to the evaluation, verification and certification of projects for the reduction of pollutant emissions to compensate for emissions taxed with the Green Tax according to the law. The deadline for comments on the proposed Regulation may be submitted until September 3, 2021.

The proposed regulation defines the compensation of emissions as the act by which emissions reductions that are recorded in a certificate issued by the Ministry of Environment or by an external certification program approved by the Ministry, may be deducted from the taxable emissions.

For purposes of determining the amount of taxes to be paid, taxpayers may compensate all or part of their taxable emissions through the implementation of emission reduction projects. Also, the holders of emission reduction certificates may authorize their use to compensate taxable emissions through the Registry of Pollutants Releases and Transfers ("RETC"), after the taxpayer requests the use of the certificates required for such purposes.

Additionally, the proposal contemplates an emissions compensation platform, in charge of the Superintendence of Environment and that will be accessed through the RETC.

Emission reductions must comply with certain requirements in order to compensate taxable emissions, for example, they must be measurable, verifiable, permanent and additional to obligations imposed by prevention or decontamination plans,

emission standards, environmental qualification resolutions or other legal obligations.

According to the transitory articles of the proposed Regulation, the methodologies, resolutions and registries referred to, must be issued and operational before January 1, 2023.

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