

Statistical bulletin

# UK environmental taxes: 2024

The value and composition of UK environmental taxes from 1997 to 2024 (where available), by type of tax and economic activity, and comparisons with other European countries.

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# 1 . Main points

- Environmental taxes raised £54.3 billion in the UK in 2024, down by 0.5% from £54.6 billion in 2023.
- As a proportion of gross domestic product (GDP), environmental taxes made up 1.9% of total GDP in 2024, compared with 2.0% in 2023.
- Energy taxes accounted for 74.4% of total UK environmental tax revenue in 2024, followed by transport (23.3%), and pollution and resource (2.3%) taxes.
- On average, environmental taxes paid per household in 2022 increased by 4.2% to £642, from £616 the previous year.
- The energy sector remains the largest industry contributor to total environmental tax revenue in 2022 (28.0%), which saw an increase to £8.9 billion compared with £6.5 billion the previous year.

The most recent data for different measures in this release vary because of source data availability. Total environmental tax revenue by tax type is most timely, available to 2024, while international comparisons are available to 2023 and sector breakdowns to 2022.

## 2 . Tax revenue from environmental taxes

### What is an environmental tax?

Environmental taxes are those whose base is a physical unit, for example, a litre of petrol or a passenger flight, that has a proven negative impact on the environment. These taxes should reduce the activity related to these units and therefore reduce negative environmental impacts. Increases in tax revenue can occur from either rising tax rates, increased activity, or both.

While other initiatives may promote environmentally positive behaviour, they may not currently be considered an environmental tax under this definition, which comes from the [United Nations \(UN\) System of Environmental-Economic Accounting Central Framework \(section 4.4.3\) \(PDF, 2.7KB\)](#).

Environmental taxes are grouped into three main categories:

- energy; such as Fuel Duty (also known as taxes on hydrocarbon oils)
- transport; such as Air Passenger Duty
- pollution and resource taxes; such as Plastic Packaging Tax

Our latest classifications [forward work plan](#) sets out the organisations and transactions expected to be assessed and classified in the next 12 to 18 months. For example, various clean air zones charges have recently been classified as environmental taxes, and work is ongoing to include the data in the UK's National Accounts. This work is not completed and therefore these are not included in this iteration of the environmental taxes bulletin.

## Environmental tax revenue

The UK's environmental tax revenue has increased, in current prices, from £24.3 billion in 1997 to £54.3 billion in 2024. However, over the same period, environmental taxation has decreased from 2.5% to 1.9% as a proportion of gross domestic product (GDP). Environmental taxation has also declined as a proportion of total taxes and social contributions, from 8.4% in 1997 to 5.4% in 2024.

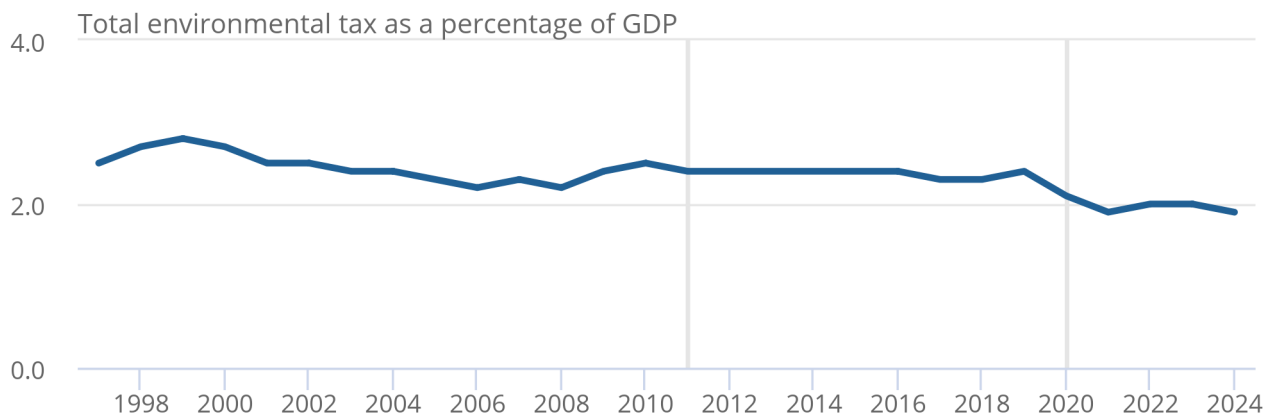
So, while the absolute value of environmental tax revenue has risen, its relative share of total tax has fallen.

### Figure 1: Environmental taxes as a percentage of GDP are at their lowest since the start of the time series

Environmental taxes as a percentage of gross domestic product (GDP), UK, 1997 to 2024

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Environmental taxes as a percentage of gross domestic product (GDP), UK, 1997 to 2024



Source: Environmental taxes from HM Revenue and Customs and the Office for National Statistics

#### Notes:

1. All data are presented in current prices and not adjusted for inflation.

### 3 . Energy taxes

Energy taxes is the largest category of environmental taxes, which raised £40.4 billion in 2024.

This category predominantly comprises Fuel Duty on petrol, diesel and other fuels. This raised £24.6 billion in 2024, 60.9% of the total energy tax revenue, and has been the largest contributor to total environmental energy tax revenue since 1997.

Fuel Duty revenue decreased during the coronavirus (COVID-19) pandemic, and it has not returned to pre-coronavirus levels of £27.8 billion in 2019.

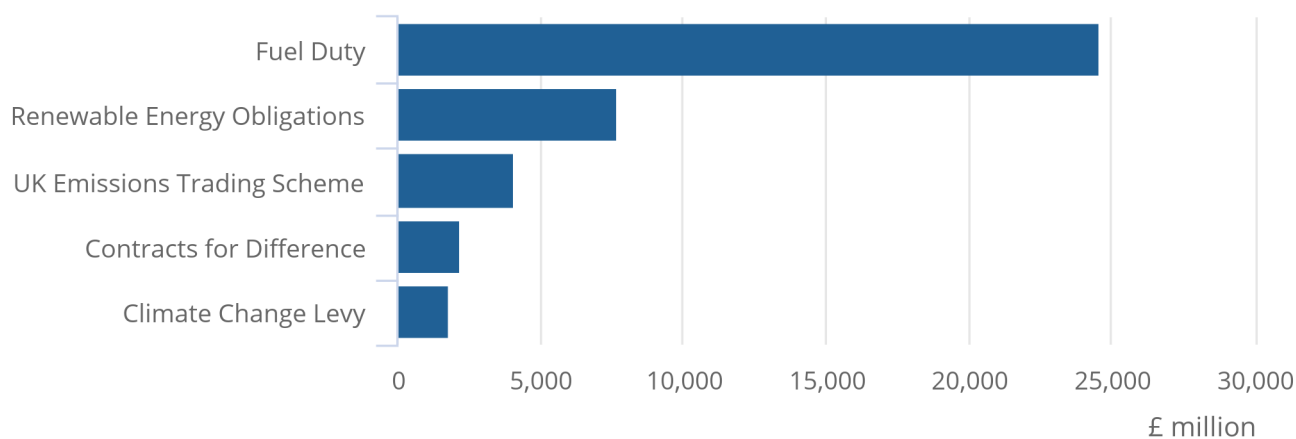
Other energy taxes, such as the Climate Change Levy and Renewable Energy Obligations, have also contributed to the overall revenue, but to a lesser extent compared with Fuel Duty.

**Figure 2: Fuel Duty was the environmental energy tax that provided the most revenue in 2024**

Contributors to environmental energy revenue by tax type, UK, 2024

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Contributors to environmental energy revenue by tax type, UK, 2024



Source: Environmental taxes from HM Revenue and Customs and the Office for National Statistics

## 4 . Transport taxes

Transport tax revenue was £12.6 billion in 2024, 23.3% of total environmental taxes.

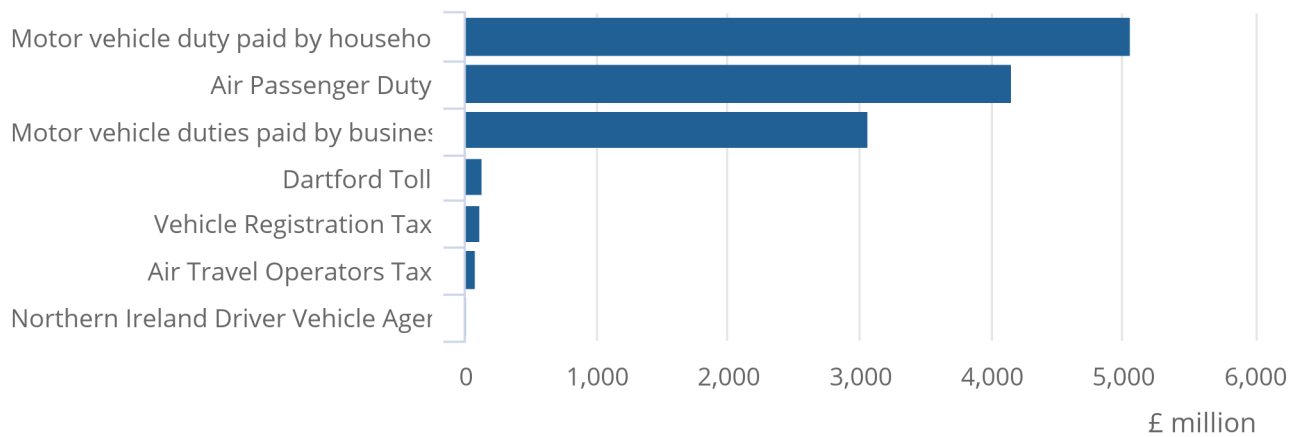
Approximately 40% of this is Motor Vehicle Duty paid by households, which accounted for £5.1 billion. The second-largest transport tax is Air Passenger Duty, generating £4.2 billion in 2024.

### Figure 3: Top three transport taxes contributed over 97% of total transport tax

Contributors to environmental transport revenue by tax type, UK, 2024

Figure 3: Top three transport taxes contributed over 97% of total transport tax

Contributors to environmental transport revenue by tax type, UK, 2024



Source: Environmental taxes from HM Revenue and Customs and the Office for National Statistics

#### Notes:

1. Rail franchise premia was paused in 2020 and therefore has not contributed to environmental taxes since.
2. Boat Licences data are only available between 1997 and 2000.

## 5 . Pollution and resource taxes

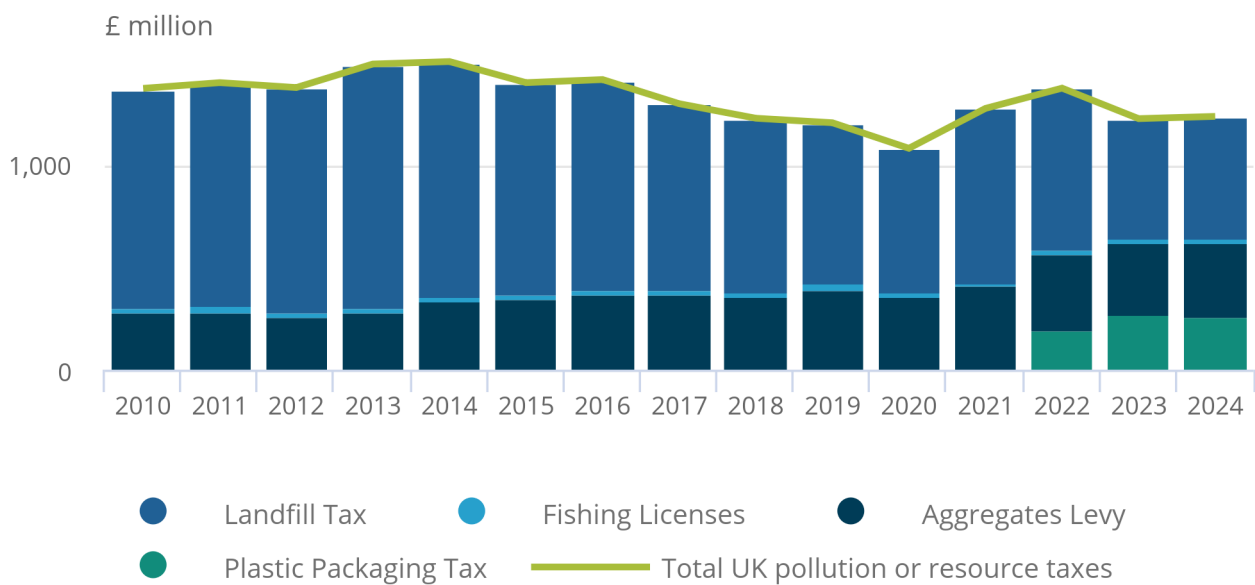
Pollution and resource taxes are the smallest contributors to overall environmental tax revenue, raising £1.2 billion in 2024, about 2.3% of total environmental taxes. Landfill Tax raised almost half of this (£596 million). The Plastic Packaging Tax raised £267 million in 2024, and a total of £738 million since it was introduced in 2022.

**Figure 4: Pollution and resource tax revenue increased slightly in 2024 on 2023**

Pollution and resource tax revenue, UK, 2010 to 2024

Figure 4: Pollution and resource tax revenue increased slightly in 2024 on 2023

Pollution and resource tax revenue, UK, 2010 to 2024



Source: Environmental taxes from HM Revenue and Customs and the Office for National Statistics

## 6 . Households

Household contributions to environmental taxes in the UK have remained relatively stable since 1997, peaking in 2010 to £763 per household, which totalled £20.0 billion.

Households paid £18.1 billion in environmental taxes in 2022, averaging £642 per household. This is up by 4.2% since 2021 when the average was £616. However, this has still not reached the pre-coronavirus (COVID-19) pandemic levels, when the average environmental tax paid by households was £759 (2019).

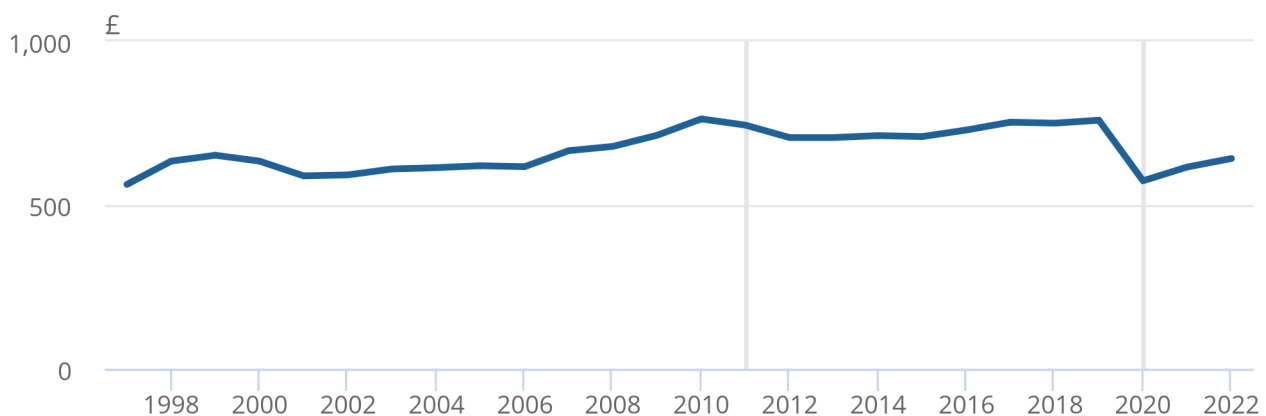
Overall, while the total amount has fluctuated, the average tax per household has shown only limited changes over the years. This relative stability is partly attributable to the [effective freeze on Fuel Duty introduced in 2011](#).

### Figure 5: Environmental tax per household is still below pre-coronavirus levels in 2019

Average environmental tax paid per household in pounds, UK, 1997 to 2022

Figure 5: Environmental tax per household is still below pre-coronavirus levels in 2019

Average environmental tax paid per household in pounds, UK, 1997 to 2022



Source: Environmental taxes from HM Revenue and Customs and the Office for National Statistics

## 7 . Industry contributions

### Industry breakdowns are available up to 2022.

Excluding households, the energy sector is the largest industry contributor to environmental tax revenue, regardless of type of environmental tax, in 2022. The industry contributed around £8.9 billion in total followed by transport and service industries contributing around £6.0 billion each.

## **The energy sector contributes the most to energy tax revenue**

Contributions to energy taxes in the UK have shown variation across different industries over the years. Excluding households, the energy sector (electricity, gas, steam and air conditioning supply) is the largest contributor to energy tax revenue since 2019. In 2022, its contribution was £8.8 billion.

The energy sector has also seen the most substantial increase in contributions over the years compared with other industries. Between 1997 and 2019, transport and storage was the largest contributor to energy tax revenue.

## **The services sector contributes nearly 50% to transport tax revenue**

Excluding households, the largest industry contributor to transport tax revenue is the services sector, at 49.6% in 2022. Other sectors, such as transportation and storage, wholesale and retail trade, and construction, have also seen increases in their contribution.

## **The mining sector remains the largest pollution and resource tax contributor**

The mining sector has consistently contributed the most to pollution and resource tax since 2015. It contributed £378 million (32.7%) of the total pollution and resource taxes in 2022. The second- and third-largest contributors were water and waste management (23.9%) and services (20.2%), respectively.

## 8 . International comparisons

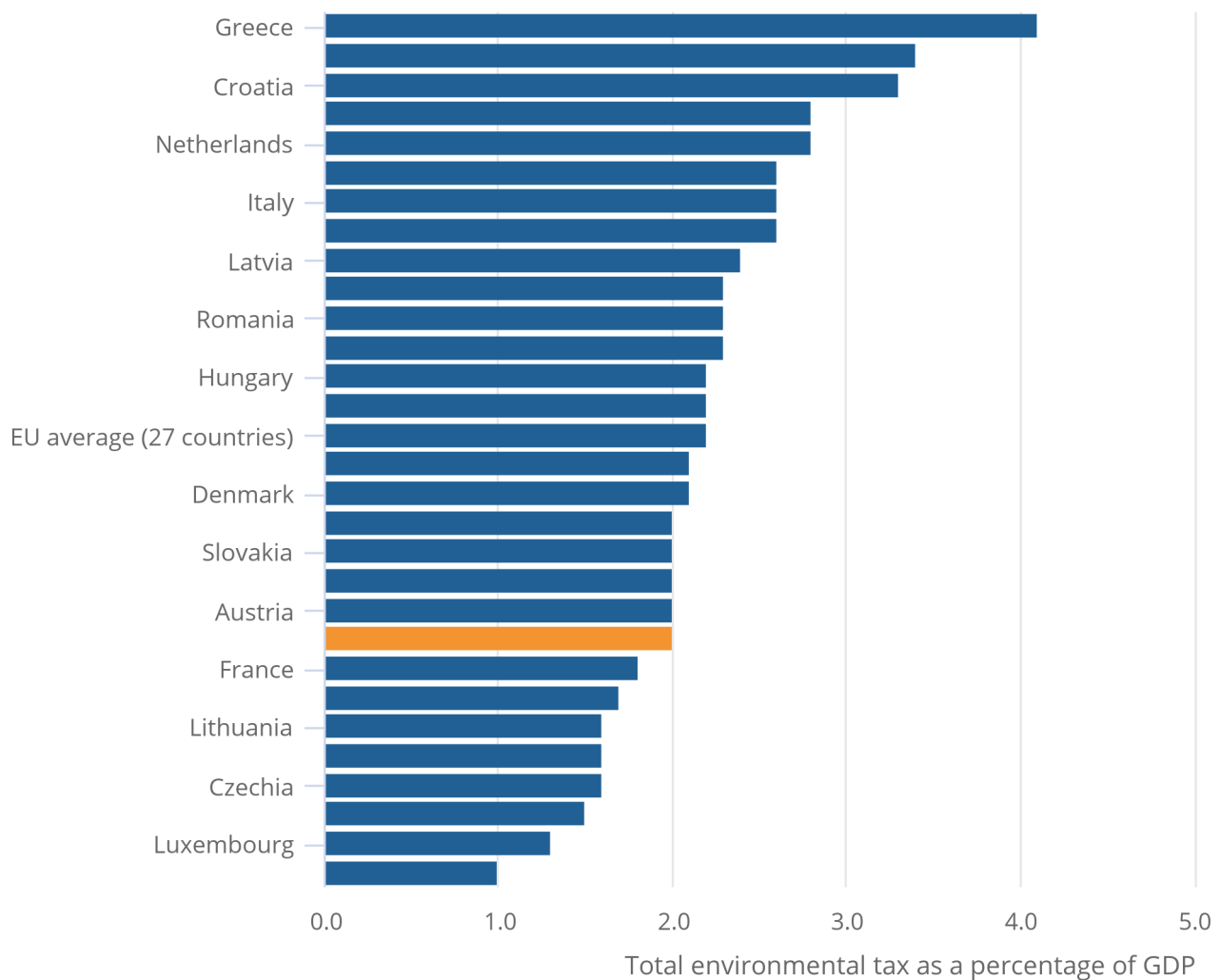
The UK has a lower proportion of environmental taxes both in terms of gross domestic product (GDP) and total revenue compared with an average of EU member states.

**Figure 6: UK environmental tax revenue as a percentage of GDP is lower than for most EU countries**

Environmental tax revenue as a percentage of gross domestic product (GDP), UK and EU-27, 2023

Figure 6: UK environmental tax revenue as a percentage of GDP is lower than for most EU countries

Environmental tax revenue as a percentage of gross domestic product (GDP), UK and EU-27, 2023



Source: Environmental taxes from Eurostat and the Office for National Statistics

## 9 . Data on environmental taxes

### [Environmental taxes](#)

Dataset | Released 6 May 2025

The UK revenue from environmental taxes (including energy, transport and pollution or resource taxes), 1997 to 2024 (where available).

## 10 . Glossary

### **Air Passenger Duty**

A duty on the carriage from a UK airport of chargeable passengers on chargeable aircraft. The amount due is dependent on the final destination and class of travel of the chargeable passenger. Data are included from 1995, the first full year of data for this particular duty.

### **Contracts for Difference**

The Contracts for Difference scheme was introduced in 2014 and was previously included within the renewables energy obligation data. The scheme's aim is to incentivise investment in renewable energy generation.

### **Emissions Trading Scheme**

The Emissions Trading Scheme (EU-ETS) is a multi-country, multi-sector greenhouse gas emissions trading scheme. Data are included for 2009 onwards, through from 1 January 2021 when the UK Emissions Trading Scheme (UK-ETS) replaced the UK's participation in the EU-ETS.

### **Environmental taxes**

[Environmental taxes](#) are based on a physical unit that has a proven negative impact on the environment. The tax also needs to be defined as a tax and not another type of payment in the [System of National and Regional Accounts \(SNA 2008\) \(PDF, 9.1MB\)](#). The data are based on [System of Environmental Economic Accounting](#) guidance.

### **Fuel Duty**

See Taxes on hydrocarbon oils.

### **Landfill Tax**

Landfill Tax applies to any and all waste disposed of through landfill, unless the waste is specifically exempt. There are two charge bands.

### **Plastic Packaging Tax**

Introduced in 2022, this tax is intended to encourage use of recycled plastic. It applies to the manufacture or import of plastic packaging components or packaged goods that does not contain at least 30% recycled plastic.

### **Renewables energy obligations**

Introduced in 2002 to provide incentives for the deployment of large-scale renewable electricity in the UK. Data are therefore included for 2002 onwards.

## Taxes on hydrocarbon oils (or Fuel Duty)

Paid on motor and heating fuels produced, imported, or used in the UK. Data are included from the start of the time series.

# 11 . Data sources and quality

## Data sources, quality and timeliness

Most UK taxes are collected by HM Revenue and Customs (HMRC). HMRC provide monthly data to the Office for National Statistics (ONS) detailing each individual tax collected and the associated revenue. We then use a number of sources, including [supply and use data](#), to apportion tax revenue to different industries.

Environmental tax revenue levels do not necessarily indicate the relative importance or the success of environmental policy. High environmental tax revenues can result either from high tax rates or having many environmental problems, such as pollution, leading to a large tax base. The broad measure of revenues can also fail to capture the effect of variable rates that encourage shifts away from higher environmental impact behaviour.

Industry and household level data use a combination of our national accounts data, with varying degrees of timeliness. Because of this, data at the industry and household level are only available on a n-3-year basis (up to 2022 for this release).

## More quality and methodology information

More quality and methodology information on strengths, limitations, appropriate uses and how the data were created is available in our [Environmental accounts on environmental taxes QMI](#).

Data are subject to revisions. More information is available in our [Revisions policies](#).

## Accredited official statistics

These [accredited official statistics](#) were independently reviewed by the Office for Statistics Regulation in April 2012. They comply with the standards of trustworthiness, quality and value in [the Code of Practice for Statistics](#) and should be labelled "accredited official statistics".

# 12 . Related links

### [UK Environmental Accounts: 2024](#)

Bulletin | Released 5 June 2024

Measuring the contribution of the environment to the economy, impact of economic activity on the environment, and response to environmental issues.

### [Quarterly greenhouse gas emissions, UK: October to December 2024](#)

Bulletin | Released 30 April 2025

Estimates of greenhouse gas emissions using the Chow-Lin regression-based temporal disaggregation method.

## 13 . Cite this statistical bulletin

Office for National Statistics (ONS), released 6 May 2025, ONS website, statistical bulletin, [UK environmental taxes: 2024](#)