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Answer given by Mr Hoekstra
on behalf of the European Commission
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The green taxation reform is a key element of Cyprus' recovery and resilience plan¹. It aims to internalise environmental externalities, encouraging more efficient use of resources and incentivising the adoption of renewable energy. This is crucial in Cyprus where carbon prices and municipal waste recycling lag behind the rest of Europe, and water scarcity is a challenge. The green taxation reform includes a carbon tax, which constitutes a transition towards the Emissions Trading System applicable from 2027 to buildings and road transport, a levy on water and a charge on landfill waste, both of which will be incrementally increased.

As regards the taxation of motor and heating fuels, and of electricity, in the recent Action Plan for Affordable Energy and Clean Industrial Deal², the Commission has reiterated its call on Member States to complete the revision³ of the current Energy Taxation Directive. This is a recognition of the crucial role that the revision can play in promoting affordable energy and clean industry. As communicated in the Action Plan for Affordable Energy, the Commission will issue a recommendation to Member States by the end of 2025. This will be taken forward in line with the present Directive⁴, which allows decreasing taxes for electricity consumed by households and energy intensive industries.

In addition to structural and cohesion funds, the Social Climate Fund aims to support a fair transition towards climate neutrality. It will provide Member States with dedicated funding so that the most affected vulnerable groups can be directly supported.

¹ https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/cyprus-recovery-and-resilience-plan_en.

² COM(2025) 79 final and COM(2025) 85 final of 26.02.2025.

³ COM(2021) 563 final of 14.07.2021.

⁴ Council Directive 2003/96/EC of 27 October 2003.