

C2 A9

Motion

Y-FED 2024

Proposer: Committee - Budget

Title: **C2 A9: Government's proposal for Regulation 2024/XX laying down the Federal Budget**

Insert from line 85 to 86:

1. establishes a Carbon Domestic Adjustment Mechanism applicable to all member states of the Federation, consisting of a hybrid system based on both the 'cap and trade' structure (ie. permits) and a taxation regime.

From line 96 to 100:

~~The initial tax rate shall be set at €30 per metric ton of carbon dioxide equivalent emissions.~~

The system shall be structurally based on the 'cap and trade' principle (ie. permits), and will incorporate a 10% tax which shall be applied to the market price of carbon credits.

The latter tax is to be borne on the firm purchasing carbon credits.

Global emission targets (and thus permits issued), will be decreased at a rate of 5% per year.

~~The tax rate shall be subject to an annual increase of 5% plus the rate of inflation, to ensure the continued effectiveness of the Carbon Domestic Adjustment Mechanism in reducing emissions.~~