



# KPMG Sustainability Tax Tracker

Enabling informed decision-making  
in a world undergoing rapid  
regulatory transformation

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# Closing the 1.5°C gap: Why financial instruments are needed

Governments must act now to stay aligned with Paris Agreement goals through climate finance and fiscal measures.



**35-55%** reduction in GHG emissions by 2035 compared to 2019 levels is required according to the UNEP Emissions Gap Report 2025:

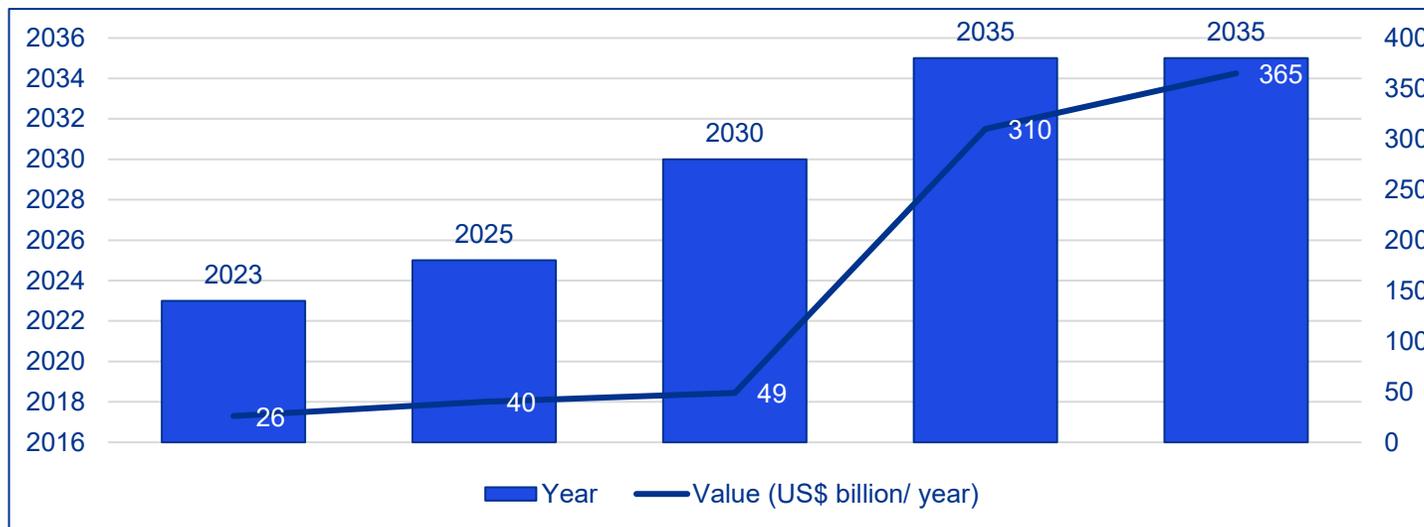
- **For 2°C target:** Emissions in 2035 should be 35 percent lower than 2019 levels.
- **For the 1.5°C target:** Emissions in 2035 should be 55 percent lower than 2019 levels

The structural climate finance gap remains stark—currently at **~US\$300 billion per year**, which is 12–14 times less than the amount currently mobilized. This shortfall underscores the urgent need for systemic financial instruments: ESG-aligned fiscal instruments, scaled carbon pricing, and mobilization of private capital. Without decisive action, adaptation and resilience efforts will remain critically underfunded as climate impacts intensify.



**2.3-2.5°C** is the projected rise in temperature with full implementation of Nationally Determined Goals (NDCs)

**1.5°C** target is expected to be exceeded within the next decade if global emissions remain near current levels.

Financial instruments such as carbon pricing, targeted taxation, and trade measures like the Carbon Border Adjustment Mechanism (CBAM) have become central levers to drive emissions reductions, incentivize low-carbon investments, and harmonize global markets with climate objectives:

- EU's CBAM is entering its definitive phase on 1 January 2026; further reinforced by Omnibus amendments introducing a 50-tonne de minimis threshold and streamlined certificate processes—a new era of compliance obligations and cost exposure for global trade is set to unfold.
- Carbon taxes put a price on emissions and unlock billions in revenue that can help close the massive climate finance gap—estimated at US\$6.3–6.7 trillion per year by 2030 supporting in incentivizing decarbonization.

Source: "Emissions Gap Report 2025", UNEP, [Link](#); "State and Trends of carbon pricing", World Bank Group, [Link](#); "Adaptation Gap Report 2025", UNEP, [Link](#); all accessed on 1/12/2025

# COP30: Leveraging carbon pricing and fiscal levers

COP30 in Belém shifted decisively toward implementation, focusing on translating commitments into practical action and aligning climate, nature, and social priorities. The outcomes highlighted a stronger push on adaptation finance, clearer pathways for international carbon cooperation, and growing interplay between climate action and global trade. Across these discussions, the need for well-designed market signals, incentives, and pricing frameworks became more evident, underscoring the role of economic instruments alongside regulation, finance, and technology.

**US\$1.3 trillion**  
 earmarked to be annually mobilized by 2035 to accelerate climate adaptation and transition efforts

**80**  
 carbon pricing instruments are operational worldwide including Emission Trading Schemes (ETS) and carbon taxes



## 01

### COP 30: Key developments

COP 30 shifted firmly into an implementation phase, with countries agreeing to triple adaptation finance by 2035 and launching new initiatives to speed up climate action and market alignment. A first global framework to track climate resilience was introduced, and \$6.5B was pledged for forest protection through the new Tropical Forest Forever Facility..

## 02

### Fossil fuel phase-out

While the final text avoided a fossil fuel phase-out, 80 countries committed to develop phase-out roadmaps. COP discussions showed renewable and energy-efficiency targets are off-track due to limited grid investment and rising electricity demand from AI and economic growth.

## 03

### Carbon Market

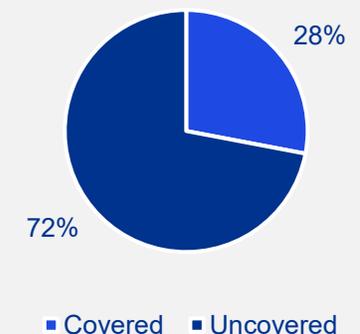
COP 30 confirmed that carbon market rules are now shifting from design to implementation. The first Paris-aligned carbon credit projects could be registered in 2026, and the outdated Clean Development Mechanism will close by the end of 2026. Nature-based solutions require further technical work, but attention to carbon removals and high-quality credits increased..

## 04

### Climate and Trade

Trade entered the COP outcome for the first time, reflecting growing links between climate policy and market regulation. Developing countries raised concerns that measures like the EU CBAM may shift the decarbonization burden to the Global South. COP 30 called for closer cooperation with the WTO and launched new platforms to improve global dialogue on climate-related trade measures.

**Global emission coverage under Carbon Pricing (2024)**



**Source:** “About COP30”, UN Climate Change, [Link](#); “THINGS TO KNOW ABOUT CLIMATE FINANCE”, Heinrich Böll Foundation, 2025, [Link](#); “State and Trends of Carbon Pricing Dashboard”, World Bank Group, [Link](#); “What did COP30 achieve”, European Commission, [Link](#); all accessed on 1 Dec 2025  
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# Global developments in sustainability-related taxes, incentives and grants

**The KPMG Sustainability Tax Tracker provides insight into the global sustainability landscape for taxes, incentives and grants.**

Within this rapidly changing regulatory landscape, governments across the globe are introducing tax measures and incentives to positively influence behaviors that are impacting the environment and contributing to climate change. From a global perspective, we are seeing the implementation of environmental taxes, such as new carbon and plastic taxes, the expansion of the scope of carbon pricing systems, and various funding opportunities to support green investments, such as sustainable energy transitions.

Companies must not only remain compliant, but should also take advantage of the accompanying incentives and grants available to them. To this end, the KPMG Sustainability Tax Tracker provides insight into the global sustainability landscape with regard to environmental taxes, incentives and government grants. Does Japan have a carbon tax? Has the Italian plastic tax been delayed again? What corporate tax relief does Nigeria have for renewable energy providers? KPMG's Sustainability Tax Tracker provides answers to all these questions and more.

The Sustainability Tax Tracker not only details existing legislation, but also contains information regarding upcoming regulations that are under consideration by governments through formal political processes or are in the process of being promulgated. In addition, by using the in-depth information gathered from our in-country

subject-matter specialists, we can help you understand and monitor regulatory developments, and critically assess the related opportunities and underlying obligations. We can help you remain abreast of these developments to ensure that your business is ideally positioned in this ever-changing environment.

The Sustainability Tax Tracker, which is regularly updated, is based on our global Sustainability Radar (database), covers more than 80 countries and leverages off our global network and specialists. Should you wish to obtain information about a jurisdiction that does not appear in the database, please contact your local designated KPMG advisor or one of the specialists listed at the end of this document.

*Taxes, incentives and grants are only included in our tracker if applicable in six or more jurisdictions. The KPMG Sustainability Tax Tracker contains high level information that is subject to change and has been compiled to the best knowledge and with the best efforts of KPMG professionals. Please note that legislation is currently changing rapidly, which means that certain information may be outdated.*



# KPMG Sustainability Tax Tracker – Updated version Jan 2026 (1/4)

	(In)direct taxes					Carbon pricing		Environmental taxes										Incentives				
	Personal income tax (deductions/ relief/ benefits)	Corporate income tax (deductions/ relief/ benefits)	VAT (exemptions & reductions)	Excise duty (refunds/ exemptions/ reductions)	Wage tax & wage relief	Carbon tax	CO2 pricing	Waste tax & landfill tax	Energy / Electricity tax	Coal tax	Water tax & water usage fee	Air passenger tax	Tax on greenhouse gases	Petroleum fuel tax	Plastics tax	Air pollution tax	Vehicle tax (exemptions & concessions)	Renewable energy (consumers)	Sustainable energy (producers)	Electric vehicles	New innovative projects and environmentally friendly investments	Green power and CHP/photovoltaic installations
	● Implemented	● Considered	● n/a																			
<b>EMEA</b>																						
Albania	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Algeria	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Angola	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Armenia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Austria	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Belgium	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Cyprus	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Croatia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Czech Republic	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Denmark	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Estonia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
European Union	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Finland	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
France	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Germany	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ghana	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Gibraltar	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Greece	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Greenland	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hungary	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ireland	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Israel	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Italy	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Jordan	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Kuwait	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

# KPMG Sustainability Tax Tracker- Updated version Jan 2026 (2/4)

	(In)direct taxes					Carbon pricing		Environmental taxes										Incentives					
	Personal income tax (deductions/ relief/ benefits)	Corporate income tax (deductions/ relief/ benefits)	VAT (exemptions & reductions)	Excise duty (refunds/ exemptions/ reductions)	Wage tax & wage relief	Carbon tax	CO2 pricing	Waste tax & landfill tax	Energy / Electricity tax	Coal tax	Water tax & water usage fee	Air passenger tax	Tax on greenhouse gases	Petroleum fuel tax	Plastics tax	Air pollution tax	Vehicle tax (exemptions & concessions)	Renewable energy (consumers)	Sustainable energy (producers)	Electric vehicles	New innovative projects and environmentally friendly investments	Green power and CHP/photovoltaic installations	
<b>EMEA (continued)</b>																							
Latvia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lithuania	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Luxembourg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Malta	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Monaco	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Netherlands	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Nigeria	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Norway	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Poland	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Portugal	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Romania	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Rwanda	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Saudi Arabia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Serbia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Slovakia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Slovenia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
South Africa	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Spain	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Sweden	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Switzerland	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tunisia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Türkiye	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ukraine	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
United Kingdom	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Zimbabwe	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

# KPMG Sustainability Tax Tracker- Updated version Jan 2026 (3/4)

	(In)direct taxes					Carbon pricing		Environmental taxes										Incentives				
	Personal income tax (deductions/ relief/ benefits)	Corporate income tax (deductions/ relief/ benefits)	VAT (exemptions & reductions)	Excise duty (refunds/ exemptions/ reductions)	Wage tax & wage relief	Carbon tax	CO2 pricing	Waste tax & landfill tax	Energy / Electricity tax	Coal tax	Water tax & water usage fee	Air passenger tax	Tax on greenhouse gases	Petroleum fuel tax	Plastics tax	Air pollution tax	Vehicle tax (exemptions & concessions)	Renewable energy (consumers)	Sustainable energy (producers)	Electric vehicles	New innovative projects and environmentally friendly investments	Green power and CHP/photovoltaic installations
	● Implemented	● Considered	● n/a																			
<b>AMERICAS</b>																						
Argentina	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Barbados	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Brazil	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Canada	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Chile	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Colombia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Costa Rica	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Dominican Republic	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mexico	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Panama	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Peru	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
USA	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Uruguay	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Venezuela	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Peru	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>ASPAC</b>																						
Australia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Bahrain	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Bangladesh	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Cambodia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
China	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hong Kong	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
India	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Indonesia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

# KPMG Sustainability Tax Tracker- Updated version Jan 2026 (4/4)

	(In)direct taxes					Carbon pricing		Environmental taxes										Incentives					
	Personal income tax (deductions/ relief/ benefits)	Corporate income tax (deductions/ relief/ benefits)	VAT (exemptions & reductions)	Excise duty (refunds/ exemptions/ reductions)	Wage tax & wage relief	Carbon tax	CO2 pricing	Waste tax & landfill tax	Energy / Electricity tax	Coal tax	Water tax & water usage fee	Air passenger tax	Tax on greenhouse gases	Petroleum fuel tax	Plastics tax	Air pollution tax	Vehicle tax (exemptions & concessions)	Renewable energy (consumers)	Sustainable energy (producers)	Electric vehicles	New innovative projects and environmentally friendly investments	Green power and CHP/photovoltaic installations	
<b>ASPAC (continued)</b>																							
Japan	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lao People's Democratic Republic	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Malaysia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mongolia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Myanmar	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
New Zealand	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Pakistan	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Papua New Guinea	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Singapore	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Sri Lanka	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
South Korea	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Taiwan	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Thailand	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Vietnam	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●



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