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## Can energy and environmental taxation be progressive in the EU?

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The success of the targets established in the European Green Deal depends on the correct design of ambitious policies that utilize all available instruments, including energy and environmental taxation. In the “Fit for 55” package, the EC proposed a deep reform of the Energy Taxation Directive (New ETD) to update the current taxation and align it with current environmental goals. However, due to the war in Ukraine, the energy crisis, and the risk of regressive effects the current proposal of the EC is stalled. Therefore, this analysis seeks to provide new evidence from a microsimulation model developed to assess the direct, overnight distributional impacts of the proposed new ETD reform on households. Our aim is to explore whether the proposed EU-level polluter pays instruments can be designed to achieve progressive distributional impacts, to identify policy options that ensure they strengthen social justice without undermining it, and thereby remove social barriers. Moreover, we explore a dimension often underrepresented in distributional analyses, namely gender. Our results indicate that, with the correct design from the outset, environmental tax reforms can be progressive and not increase current inequalities between and within Member States of the EU, including those related to gender.