Use of green taxes as a tool of sustainable development: Prospects and challenges from a Sri Lankan Perspective

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Use of Green Taxes as a Tool of Sustainable Development; Prospects and Challenges from a Sri Lankan Perspective

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Abstract

This paper explores the role of green taxes as a strategic tool for promoting sustainable development in Sri Lanka. Green taxes, designed to internalize the external costs of environmental degradation, incentivize eco-friendly practices and discourage harmful behaviors. Focusing on key sectors such as energy, transportation, and waste management, the research highlights the evolution and current state of these taxes in Sri Lanka. It addresses critical issues, including the economic impact on industry competitiveness and consumer prices, political and administrative feasibility, and social acceptance, particularly among low-income households. Findings reveal that green taxes can substantially reduce pollution, promote renewable energy, and improve waste management, leading to significant environmental benefits. Economically, they can generate revenue for sustainable initiatives, drive innovation, and enhance business competitiveness. Socially, well-designed green taxes can address environmental injustices and improve public health, although careful implementation is needed to avoid adverse effects on vulnerable communities. The paper recommends increasing public awareness through a bottom-up approach, ensuring clear roles and coordination among stakeholders, and establishing robust monitoring and evaluation mechanisms. Despite the challenges, green taxes offer a promising pathway for Sri Lanka to integrate environmental costs into economic activities and foster a culture of environmental responsibility.

Keywords; Green Taxes, Sustainable Development, Environmental Policy.

1. Introduction

One of the most prevalent ideas in the modern world, sustainable development, reminds humans of ways to live presently if they want a better tomorrow. In 1980, the World Wildlife

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Fund (WWF), in partnership with the United Nations Environmental Programme (UNEP) and the International Union for Conservation of Nature (IUCN), released their "World Conservation Strategy," which was titled "Living Resource Conservation for Sustainable Development"; this marked the first significant use of the term "sustainable development" in published literature.[1] The early understanding of sustainable development was driven by the necessity for economic development, with its social and economic goals, to take conservation into account by considering the carrying capacity of ecosystems and resource limitations.[2]

The principle of sustainable development later received precise recognition with the definition proposed by the 1987 Report of the World Commission on Environment and Development (also known as the Brundtland Commission Report). Accordingly, this was defined as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. According to the said report, this principle contains two concepts: first, the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and secondly, the idea of limitations imposed by the state of technology and social organisation, on the environment's ability to meet present and future needs.[3] Hence, it is amply evident that the significance of both these is in the full realization of the principle of sustainable development. In particular, the second aspect, which emphasizes the idea of limitations, supports directly and precisely the notion of green taxes, and thus, it is reasonable to perceive it as a viable tool for achieving sustainable development in the contemporary world. Many subsequent international environmental initiatives have advanced this principle today, and nearly every nation in the world strongly supports them. As sustainable development is now acknowledged as the primary developmental theme, nations are being urged to respect and adhere to it in their obligations both at the domestic and international levels.

2. Definition and purpose of green taxes.

Green taxes, also known as environmental taxes, are fiscal measures imposed by governments to encourage environmentally friendly practices and discourage activities that harm the environment.[4] These taxes are typically levied on activities or products that generate pollution or deplete natural resources. The main purpose of green taxes is to internalize the external costs of environmental degradation, making it more expensive to engage in environmentally damaging behaviors. By doing so, they aim to promote sustainable development by incentivizing businesses and individuals to adopt cleaner technologies and practices. Examples of green taxes include carbon taxes, which charge emitters based on the amount of carbon dioxide they release, and taxes on plastic bags or single-use items to reduce waste and pollution[5]

The purpose of green taxes extends beyond simply raising government revenue; they are designed to drive behavioral changes and foster innovation in green technologies.[6] By making environmentally harmful activities more costly, these taxes create a financial incentive for companies and consumers to reduce their environmental footprint. For instance, a carbon tax encourages industries to invest in energy-efficient processes and renewable energy sources to lower their tax burden. Additionally, green taxes can fund environmental initiatives, such as conservation projects or subsidies for renewable energy development.[7] Overall, green taxes are a crucial policy tool for governments seeking to address environmental challenges and promote a more sustainable economy.

The scope of this research encompasses an in-depth analysis of green taxes as a strategic tool for promoting sustainable development in Sri Lanka. It aims to explore the efficacy, potential, and challenges associated with the implementation of environmental taxes within the Sri Lankan context. The objectives include examining the current state of environmental taxation in Sri Lanka, identifying key sectors where green taxes could have a significant impact, and assessing the economic, social, and environmental implications of such taxes. Furthermore, the research intends to provide comparative insights from global case studies, particularly from countries with successful green tax policies, to propose actionable recommendations for policymakers in Sri Lanka.

Green taxes, also known as environmental or eco-taxes, are financial charges imposed by governments on activities or products that cause environmental harm. These taxes are designed to internalize the environmental costs of economic activities, incentivizing both producers and consumers to adopt more sustainable practices. The underlying principle is the "polluter pays" concept, which holds that those who generate pollution should bear the cost of managing it, thus encouraging them to reduce their environmental footprint. By making environmentally damaging activities more expensive, green taxes aim to promote cleaner alternatives and reduce overall environmental impact.

There are several types of green taxes, each targeting different aspects of environmental degradation. Carbon taxes, for instance, levy charges on the carbon content of fossil fuels, aiming to reduce greenhouse gas emissions. Energy taxes focus on the consumption of energy, particularly from non-renewable sources, encouraging energy efficiency and the use of renewable energy. Waste taxes impose fees on the generation and disposal of waste, incentivizing recycling and waste reduction. Water pollution taxes charge entities for discharging pollutants into water bodies, promoting cleaner water management practices. Additionally, taxes on specific products, such as plastic bags or single-use items, aim to reduce consumption and encourage the use of more sustainable alternatives. Each type of green tax addresses specific environmental issues, contributing to a comprehensive strategy for sustainable development.

3. Theoretical basis of green taxes in promoting sustainable development

The theoretical foundation of green taxes in promoting sustainable development rests on the principle of internalizing environmental externalities. Traditional economic activities often overlook the environmental costs associated with production and consumption, leading to market failures and environmental degradation. Green taxes, also known as environmental taxes, aim to correct these market failures by incorporating the external costs of environmental harm into the price of goods and services. This approach is grounded in the Pigovian tax theory, which advocates for taxes on negative externalities to align private costs with social costs. By doing so, green taxes incentivize businesses and consumers to adopt more sustainable practices, reduce pollution, and conserve natural resources, thereby fostering a transition towards a more sustainable economy. Additionally, the revenue generated from these taxes can be reinvested in environmental and social programs, further enhancing their potential to drive sustainable development.

In this context, Principle 4 of the Rio Declaration suggests that "In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it." Moreover, Justice C.G Weeramantry in *Hungry v. Slovakia* noted that "after the early formulations of the concept of development, it has been recognized that development cannot be pursued to such an extent that it results in substantial damage to the environment in which it occurs."[8] Thus, it is reasonable to suggest that sustainable development integrates developmental needs and environmental concerns into a single phenomenon, with the objective of promoting the prudent use of environmental resources for the benefit of both present and future generations. For this purpose, certain limitations on the use of environmental resources need to be introduced. These limitations could be easily implemented with the notion of green taxes, and that has shown more realistic outcomes.

Further, scholars have recognised four elements of sustainable development, namely (a) the principle of intergenerational equity, (b) the principle of sustainable use, (c) the principle of equitable use, and (d) the principle of integration.[9] Green taxes are intrinsically linked to several key principles of sustainable development: intergenerational equity, sustainable use, equitable use, and integration. The principle of intergenerational equity emphasizes the responsibility to preserve natural resources and the environment for future generations. Green taxes support this by discouraging practices that deplete resources or cause irreversible damage, ensuring that future generations inherit a healthy environment. The principle of sustainable use advocates for utilizing resources in a way that maintains their availability over the long term. Green taxes promote sustainable use by making environmentally harmful activities more expensive, thereby encouraging the adoption of sustainable practices and technologies. The principle of equitable use ensures that resources are used fairly among current users, without disadvantaging any group. By taxing activities that cause environmental harm, green taxes can help address disparities, ensuring that the environmental costs are borne more fairly across society. Lastly, the principle of integration calls for environmental considerations to be incorporated into all aspects of policy-making and economic activities. Green taxes embody this principle by embedding environmental costs into market prices, thus influencing behavior across the economy towards sustainability. Together, these principles illustrate how green taxes can be a powerful tool for achieving comprehensive and long-term sustainable development. These four aspects are crucial for achieving sustainable development in its entirety. Additionally, the said four elements have introduced practical strategies for implementing the concept of sustainable development. To be more precise, these four components are closely related to the mechanism of green taxes, which supports their core values.

4. Environmental and Economic Context of Sri Lanka

4.1 Current Economic Conditions and Development Goals

With the introduction of an open economic policy in 1977, Sri Lanka took several initiatives to expand its economy. As a result, the number of industries, economic zones, power plants, the number of vehicles rapidly increased. This paved the way for Sri Lanka to be a developing country,[10] which is a positive aspect of the new economic structure. With a total land area of 65,610 square kilometres, the island of Sri Lanka is home to 22 million people. With a per capita GDP of $3,354.4 (as of 2022),[11] it is well-known for having social welfare indicators that are noticeably better than those of the majority of nations with similar income levels.[12]

Nonetheless, the financial crisis of 2022 has precipitated a severe downturn in the Sri Lankan economy, engendering a multitude of social, economic, cultural, political, and environmental challenges.

4.2 Overview of Sri Lanka's environmental challenges.

While government development initiatives over the past few decades have raised the standard of living for their citizens, they have also put a great deal of strain on the environment and its resources. Thus, among the major environmental issues facing the nation today are land degradation brought on by soil erosion, waste disposal, inland water pollution, biodiversity loss, depletion of coastal resources,[13] and deterioration of air quality. The nation is also very susceptible to environmental and climatic change. As an island nation that has seen a significant amount of its biodiversity disappear due to development, it is also increasingly vulnerable to droughts, floods, landslides, and cyclones.[14] The island's living conditions have been structurally weakened by the unplanned introduction of organic farming, unsustainable investments, the price spike brought on by external influences, and a shipping disaster that continues to contaminate coastal areas. These environmental challenges have heavily impacted the daily lives of people and communities. In particular, severe vulnerabilities affecting both humans and the environment have emerged across the island.

4.3 Existing environmental policies and regulations.

Sri Lankan environmental laws and policies are centralized under a main umbrella of environmental legislation. Hence, the National Environmental Act No. 47 of 1980, the National Environmental (Amendment) Act No. 56 of 1988, and the National Environmental (Amendment) Act No. 53 of 2000 play a vital role in the landscape of the country's environmental law. Moreover, a number of Gazette notifications have been issued under the authority vested in the National Environmental Act to address issues such as air pollution, water pollution, waste management, environmental impact assessments, and environmental protection licenses. These Gazette notifications have clearly established specific standards and criteria aimed at ultimately addressing the environmental challenges the country faces.

Furthermore, the Cabinet of Ministers approved the National Environment Policy on 20.06.2022 and has been bolstered by many internationally recognized concepts and principles, which is a positive development. This policy replaces the previous National Environmental Policy and Strategies 2003. Under the need of the policy it provides that "Sri Lanka aims to become a low-carbon, climate-resilient green economy by adopting sustainable development policies. Achieving sustainable development depends on wise and responsible management of the country's environmental resources. Achieving sustainable development implies fulfilling the current generation's needs without compromising future generations' prospects to realize their own aspirations".[15] Hence, it is reasonable to commend that the policy has been successful in emphasizing most of its principles on sustainable development. Additionally, the current policy, values sustainable development and green economy, polluter pays principle, beneficiary pay and compensation, circular Economy, safe Minimum Standards, precautionary principle, rewards, stewardship, and reciprocity, equity, inclusiveness, efficiency in resource use, common but differentiated responsibilities and public trust doctrine. Although the new policy has some references to the implementation of the policy, it has hardly been able to identify a precise mechanism for coordinating with different governmental departments and agencies in this regard.

Furthermore, Sri Lankan environmental laws and policies are complemented by various thematic legislations and related policies. These legislations cover matters related to forests, coastal zones, fauna, flora, marine resources, etc. Overall, the analysis of the above legislative and regulatory frameworks indicates that Sri Lanka has integrated various strategies to embrace the principle of sustainable development.

5. Implementation of Green Taxes in Sri Lanka

The concept of green taxes in Sri Lanka has evolved gradually, influenced by global trends in environmental policy and the country's growing awareness of sustainable development needs. Historically, Sri Lanka's environmental policies were primarily focused on conservation and regulatory measures rather than market-based instruments like green taxes. The country's initial forays into environmental taxation were limited and often not explicitly labeled as green taxes. However, the increasing recognition of environmental degradation and its economic impacts prompted a shift in policy thinking. In the late 20th and early 21st centuries, Sri Lanka began exploring more proactive measures, including the introduction of specific levies aimed at mitigating environmental harm.

In recent years, the Sri Lankan government has made more concerted efforts to incorporate green taxes into its environmental policy framework. Notable examples include taxes on motor vehicles based on their engine capacity and emissions, aimed at reducing air pollution and encouraging the use of more fuel-efficient and less polluting vehicles. Additionally, there have been attempts to impose taxes on plastic and other environmentally harmful products, although the implementation and enforcement of these measures have faced challenges. The taxation of fossil fuels, aimed at curbing carbon emissions, has also been a topic of policy discussion, reflecting a growing alignment with global trends in green taxation.

Despite these initiatives, the current status of green taxes in Sri Lanka reveals a mixed picture. While there have been some successful implementations, many proposed green taxes have encountered obstacles, including administrative inefficiencies, lack of public awareness, and resistance from various stakeholders. Moreover, the overall contribution of green taxes to Sri Lanka's revenue remains relatively modest. However, the government continues to explore and refine its approach to green taxation as part of a broader strategy to achieve sustainable development goals. There is an increasing emphasis on aligning green tax policies with international best practices and ensuring that they are integrated into a comprehensive and coherent environmental policy framework. This ongoing evolution suggests a growing recognition of the potential of green taxes as effective tools for promoting sustainability in Sri Lanka.

In Sri Lanka, key sectors where green taxation could be effectively implemented include the energy sector, transportation, and waste management. The energy sector, particularly the fossil fuel industry, is a significant contributor to greenhouse gas emissions. Imposing carbon taxes on fossil fuels can incentivize the shift towards renewable energy sources such as solar, wind, and hydroelectric power. Additionally, energy efficiency measures can be promoted through taxes on energy consumption that encourage industries and households to adopt energy-saving technologies and practices. By targeting this sector, green taxes can help reduce the country's carbon footprint and promote sustainable energy solutions.

The transportation sector is another critical area for the implementation of green taxes. Sri Lanka's rapidly growing vehicle population contributes to air pollution and traffic congestion.

Taxes based on vehicle emissions, engine size, and fuel efficiency can encourage the adoption of cleaner, more efficient vehicles and alternative transportation modes such as public transit, cycling, and walking. Furthermore, taxes on air travel, particularly for short domestic flights, could incentivize the use of more environmentally friendly transportation options. Waste management is also a vital sector for green taxation. Taxes on single-use plastics, packaging materials, and landfill disposal can drive waste reduction, recycling, and the use of sustainable alternatives. By targeting these key sectors, green taxation in Sri Lanka can address critical environmental challenges and promote a more sustainable and resilient economy.

In the Sri Lankan context, green taxes offer a market-based approach to environmental regulation by incorporating the environmental costs of economic activities into their prices. This contrasts with traditional regulatory tools used in Sri Lanka, such as command-and-control measures, which mandate specific limits or standards for pollution and resource use. One key advantage of green taxes is their flexibility; they allow Sri Lankan businesses and consumers to choose how to reduce their environmental impact in the most cost-effective manner. By creating a financial incentive for sustainable practices, green taxes can drive innovation and efficiency, leading to broader environmental benefits within the country.

In comparison to subsidies and tax incentives for environmentally friendly practices, green taxes focus on penalizing harmful behaviors rather than rewarding positive ones. In Sri Lanka, subsidies have been effective in promoting specific technologies or practices, such as renewable energy or energy-efficient appliances. However, these often require significant government expenditure and can lead to market distortions if not carefully managed. Green taxes, on the other hand, generate revenue that can be reinvested in environmental initiatives, making them potentially more sustainable from a fiscal perspective within the Sri Lankan economic framework.

Regulatory tools in Sri Lanka, such as emission standards or bans on certain pollutants, provide clear and enforceable limits on harmful activities. These measures can be very effective in achieving specific environmental goals, such as reducing emissions of particular pollutants. However, they can be inflexible and may impose significant compliance costs on businesses, particularly if the regulations are not well-designed. Green taxes offer a more dynamic approach in Sri Lanka, where the cost of environmental harm is internalized into the market, encouraging continuous improvement and adaptation. In summary, while regulatory tools provide certainty and direct control over environmental outcomes, green taxes offer economic efficiency and the potential for broader, market-driven environmental benefits in Sri Lanka.

6. Prospects of Green Taxes in Sri Lanka

The implementation of green taxes in Sri Lanka presents a promising avenue for achieving sustainable development through a multifaceted approach that yields environmental, economic, and social benefits. By integrating the true cost of environmental degradation into the economic system, green taxes can drive significant behavioral changes among individuals and businesses, encouraging more sustainable practices. This comprehensive strategy not only aims to mitigate the negative impacts of pollution and resource depletion but also fosters innovation and economic growth by creating new opportunities in green industries. Additionally, green taxes hold the potential to improve public health and social equity, addressing environmental injustices and enhancing the overall quality of life for Sri Lankans. Through this holistic approach, Sri Lanka can pave the way towards a more resilient and sustainable future, aligning with global sustainability trends and reinforcing its commitment to environmental stewardship

6.1 Potential Environmental Benefits

The implementation of green taxes in Sri Lanka holds significant potential for environmental benefits. By internalizing the cost of pollution and resource depletion, green taxes can incentivize both individuals and businesses to adopt more sustainable practices. For instance, taxes on carbon emissions can encourage the reduction of greenhouse gas emissions by promoting energy efficiency and the use of renewable energy sources such as solar and wind power. This shift can lead to cleaner air, reduced reliance on fossil fuels, and a substantial decrease in the country's carbon footprint. Additionally, green taxes on single-use plastics and other pollutants can reduce waste and enhance recycling efforts, leading to a cleaner and healthier environment.

Moreover, green taxes can help protect Sri Lanka's rich biodiversity and natural resources. By imposing levies on activities that harm ecosystems, such as deforestation and overfishing, these taxes can discourage environmentally destructive practices. This can result in the preservation of forests, wetlands, and marine habitats, contributing to the conservation of wildlife and the overall health of ecosystems. Ultimately, the adoption of green taxes can foster a culture of environmental responsibility and stewardship, promoting sustainable development and ensuring the long-term sustainability of Sri Lanka's natural heritage.

6.2 Economic Benefits

Green taxes offer notable economic benefits for Sri Lanka by generating revenue that can be reinvested in environmental and sustainable development initiatives. The funds collected from green taxes can be allocated to projects that improve infrastructure, enhance public transportation, and promote renewable energy sources. This can lead to job creation in emerging green industries and stimulate economic growth. Furthermore, by reducing environmental degradation, green taxes can lower the costs associated with health care, disaster management, and environmental restoration, leading to long-term economic savings.

Additionally, green taxes can enhance the competitiveness of Sri Lankan businesses by encouraging innovation and efficiency. Companies that adopt sustainable practices and invest in clean technologies can gain a competitive edge in both domestic and international markets. This can open up new opportunities for exports and attract foreign investment, boosting the country's economic development. Moreover, by aligning with global trends in sustainability, Sri Lanka can position itself as a leader in green growth, attracting environmentally conscious consumers and investors.

6.3 Social Benefits

The social benefits of green taxes in Sri Lanka are equally compelling. By promoting cleaner air and water, green taxes can lead to improved public health outcomes, reducing the incidence of respiratory and waterborne diseases. This can enhance the quality of life for Sri Lankans, particularly in urban areas where pollution levels are often higher. Additionally, the revenue generated from green taxes can be used to fund public health initiatives and improve access to healthcare services, further benefiting the population's well-being.

Green taxes can also contribute to social equity by addressing environmental injustices that disproportionately affect marginalized communities. For example, communities located near industrial areas often suffer from higher levels of pollution and environmental degradation. By imposing taxes on polluters, the government can generate funds to clean up these areas and invest in infrastructure and services that improve living conditions. Furthermore, green taxes can support educational and awareness programs that empower citizens to participate in environmental conservation efforts, fostering a more informed and engaged society.

7. Challenges in Implementing Green Taxes in a Sri Lankan Context

Implementing green taxes in Sri Lanka faces several economic challenges that need to be carefully navigated to ensure success. One significant challenge is the potential impact on competitiveness, especially for industries that are heavily reliant on fossil fuels or other environmentally harmful practices. Increased production costs due to green taxes could make Sri Lankan products less competitive in the global market, potentially leading to job losses and economic downturns in affected sectors. Additionally, there is a risk that the costs of green taxes could be passed on to consumers, leading to higher prices for goods and services, which could disproportionately affect low-income households.

From a political and administrative perspective, the implementation of green taxes can be fraught with difficulties. Policymakers might face resistance from powerful industrial lobbies and stakeholders who are adversely impacted by the new taxes. This resistance can manifest in lobbying efforts to block or dilute green tax legislation, making it challenging to pass and enforce these taxes effectively. Administratively, the government must develop the capacity to accurately assess, collect, and manage green taxes, which requires significant investment in infrastructure and training. Ensuring transparency and minimizing corruption in the administration of green taxes is essential to maintain public trust and achieve the intended environmental outcomes.

Socially, the introduction of green taxes can face public opposition, particularly if the rationale and benefits of these taxes are not well communicated. Public acceptance is crucial for the successful implementation of green taxes, but there is often a lack of awareness and understanding of how these taxes work and the long-term benefits they provide. Without proper education and engagement, green taxes can be perceived as an additional financial burden rather than a necessary step towards environmental sustainability. Moreover, there is a risk of social inequality if green taxes disproportionately impact lower-income groups, who may spend a larger portion of their income on taxed goods and services.

To overcome these challenges, a comprehensive and inclusive approach is necessary. Economically, measures such as gradual implementation, subsidies, or tax rebates for affected industries and low-income households can help mitigate adverse impacts. Politically, building broad-based support through stakeholder engagement and transparent policymaking can reduce resistance and enhance the legitimacy of green taxes. Administratively, investing in robust tax collection systems and ensuring accountability is crucial. Socially, public education campaigns and transparent communication about the benefits and goals of green taxes can help build public support. By addressing these economic, political, administrative, and social challenges, Sri Lanka can more effectively implement green taxes and harness their potential for sustainable development.

8. Policy Recommendations

This paper aims to propose the following three strategies for the effective implementation of green taxes in Sri Lanka. These strategies could not only support the effective implementation of green taxes but also contribute to the full realization of the principle of sustainable development as a whole.

Firstly, increasing public awareness is vital for the effective implementation of green taxes in the country. To achieve this goal, a strategic plan should be prepared based not on a top-down approach but on a bottom-up approach. Adopting a bottom-up approach enhances local knowledge of green taxes, making it more practical and pragmatic. Scholars believe that the bottom-up approach is an effective method in addressing environmental problems since they attend heavily to local interests and search for context-adaptive solutions to local environmental problems.[16] For this purpose, policy measures that adopt a bottom-up approach are required, and these policies should be grounded in the principle of inclusivity while also including an effective implementation method.

Secondly, precisely identifying the roles of relevant stakeholders in implementing green taxes is pivotal. Accordingly, distinguishing the roles of government entities, the private sector, and civil society organizations is essential. Introducing a proper coordination strategy among these stakeholders will indeed advance the implementation of green taxes. To achieve this, a centralized authority is required to coordinate among the aforementioned entities, thereby contributing to upholding transparency, accountability, and good governance in this context.

Thirdly, this paper asserts that effective and efficient monitoring and evaluation mechanisms are crucial for implementing green taxes. To achieve this goal, a robust institutional mechanism with necessary powers is essential. Such institutions should operate based on the principles of sustainable development. Experts should serve as focal points within these institutions, possessing competence and technological proficiency. Moreover, establishing impartial, independent, and autonomous institutions in this regard will make a significant positive contribution.

9. Conclusion

In conclusion, the adoption of green taxes in Sri Lanka represents a pivotal strategy in addressing the country's environmental challenges while promoting sustainable development. Despite facing economic, political, administrative, and social hurdles, the implementation of green taxes offers substantial potential benefits. By internalizing the costs of environmental degradation, these taxes incentivize businesses and individuals to adopt cleaner technologies and practices, thereby reducing pollution, conserving natural resources, and mitigating climate change impacts. Moreover, green taxes can stimulate economic growth through innovation in green industries, improve public health by reducing pollution-related illnesses, and foster social equity by investing in environmental improvements that benefit all sectors of society. To realize these benefits, strategic measures such as increasing public awareness, enhancing stakeholder coordination, and establishing robust monitoring mechanisms are essential. By embracing green taxes within a comprehensive environmental policy framework, Sri Lanka can pave the way for a sustainable and resilient future, aligning its development trajectory with global sustainability goals.

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