



Impact of Environmental Taxes on Renewable Stocks

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DESCRIPTION

Taxation is an important part of environmental preservation since it encourages sustainable activities and reduces environmental damage. Governments can internalize the external costs of pollution and resource depletion by taxing environmentally harmful activity. These levies encourage enterprises and individuals to adopt cleaner technologies and habits, resulting in reduced emissions, increased resource efficiency, and the preservation of natural ecosystems.

The usage of financial instruments, as well as growing attention in environmental regulations, are expected to have an impact on how businesses operate. Government environmental protection efforts can occasionally create significant fluctuations in economic and financial indices. On the other hand, taxes are an important and popular financial tool for regulating environmental quality. The balance of resources and the economy are both governed. Politicians have also considered the carbon tax as a taxation technique, and it appears to be a viable solution to reduce carbon emissions.

The use of financial instruments, as well as increased attention to environmental restrictions, are expected to influence how firms function. Government environmental protection initiatives can sometimes cause large variations in economic and financial indices. On the other hand, taxes are a significant and widely used financial tool for managing environmental quality. The balance of resources and the economy are both regulated. Politicians have also studied the carbon price as a taxing method, and it appears to be a realistic strategy for lowering carbon emissions.

The first best option should be executed through a succession of person-specific taxes, making other instruments redundant. Individual-specific taxes, however, are impracticable in the actual world due to a lack of knowledge and high administrative costs. As a result, politicians frequently opt for uniform taxes, despite their less desirable results. This involves the use of extra policy measures to address specific inefficiencies. Prevention-focused programs can help reduce these inefficiencies.

Because of their lack of self-control, smokers fail to incorporate the population's average marginal health costs into their consumption decisions, necessitating a tax rate equal to those costs in order to implement second-best efficient taxation. This benchmark rate needs to be adjusted based on how smokers react to the tax-induced price increase. Nonetheless, because taxes largely address the "externalities" of the average person, additional policy tools may be useful in better reflecting the variety of consumer behavior. For example, the implementation of antismoking activities leads in a broader range of reactions than those predicted by taxes for persons who smoke for various reasons internally.

Adoption of anti-smoking initiatives is justified in and of itself by the ability to more effectively account for agent variability, implying social welfare advantages. In a context where smokers differ in terms of the strength of their smoking preferences, the health costs associated with tobacco use, and the degree of self-control, we investigate the best design of tobacco consumption-reduction policies using two instruments: excise taxes and anti-smoking mass media campaigns. We discovered that anti-smoking campaigns combined with tariffs can successfully reduce tobacco usage. This study examines the impact of environmental taxes on Turkey's stock markets for renewable energy.

Overall, taxes can contribute significantly to environmental conservation by internalizing external costs, creating economic incentives, producing money, promoting behavioral change, and supplementing regulatory efforts. They are an important tool in the policy toolset for encouraging sustainability and addressing environmental issues. Stocks of renewable energy can be greatly impacted by environmental taxes. These taxes boost the cost of energy derived from fossil fuels, which benefits renewable energy firms economically. As renewable energy sources gain ground on conventional energy sources, this change may result in more money being invested in these technologies. Given the anticipated rise in demand for cleaner energy, investors may find equities in renewable energy sources more appealing.

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