Though the magnitude of fossil fuel subsidies (the "carrot") eclipses that of carbon pricing (the "stick") revenues, the focus of policies and economic literature remains carbon taxation. This paper aims to fill this gap by evaluating the environmental and economic impacts of fossil fuel subsidy removal and carbon taxation. Using a dynamic intertemporal CGE model of Ireland, we examine removing eight Irish fossil fuel subsidies and increasing the carbon tax to €100 per tonne by 2030. We find that both policies result in similar emission reductions. Carbon taxation results in lower negative GDP and investment impacts, whereas subsidy removal results in lower negative employment impacts, higher revenues, an improved trade balance and lower debt. The impacts across sectors and households are distributed more evenly under a carbon tax, where subsidy removal results in extreme impacts for specific sectors and households. Excluding households’ subsidies from removal can alleviate these household distributional impacts at no cost to emission reduction. With revenue recycling reducing tax rates, a double-dividend is found at the expense of worsened income distribution. The economic benefit of revenue recycling is greater when removing subsidies, limiting emission reduction. Our results confirm the importance of fossil fuel subsidies in climate policy.