

Chemical tax – do it again and do it right!

Why the intended goals of the chemical tax are not met

The overall goal of the chemical tax is stated to reduce the supply of hazardous substances in people's home environment and at the same time stimulate companies to select safer alternatives. For the following reasons, these goals are not met:

- the wrong chemical properties are taxed which leads to false and regrettable substitution, i.e. the tax law is counterproductive to its goals. This is very unfortunate as it creates an incentive for the taxable product manufacturer to select flame retardants that qualify for maximum tax reduction instead of selecting safer alternatives
- there is no possibility to monitor and check the right tax reductions as standardized test methods are missing for almost all the substances in the appendix to the legislation, which creates legal uncertainty – and cheaters may benefit.

What should be done to get it right

The signatories¹ of this paper strongly suggest to revise the Swedish Tax on chemicals in certain electronics (Lag 2016:1067). To do so, the following immediate actions are suggested:

- KEMI or the Swedish EPA should be tasked with checking the effectiveness of the current tax
- the basis for taxation should be the individual substance intrinsic hazardous properties and risk
- a chemical expert group should be established with representatives from KEMI, Chemsec, TCO Development, the Swedish Centre for Chemical Substitution and Industry
- the responsibility of the expert group is to review potential FR assessment schemes, replace the current annex to the law with a list of substances supported by independent assessment reports
- other flame retardants than those containing bromine, chlorine and phosphorus could be considered to be added to the revised law
- to maximize the industry substitution incentive, a zero tax alternative should be considered.

With the implementation of these suggested actions, the signatories believe that the Government's environmental goals will be met whilst at the same time the industry incentive to move to safer alternatives is strengthened.

A more detailed white paper is available at [IT Telekomföretagen](#). Please contact Henrik Edin (henrik.edin@itot.se) for further information.

¹ In general, most industry stakeholders do not support taxation of chemicals. Instead the EU rules of REACH and RoHs should be followed. Other stakeholders believe that chemical taxation could be a powerful instrument. But, all of the signatories to this document believe, that if the Swedish chemical tax law stays, it urgently needs to be revised.

Signatories

The following individuals and organisations endorse the suggested actions.

IT&Telekomföretagen

PINFA – Phosphorus, Inorganic and Nitrogen Flame Retardants Association

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