

Proposed chemical tax revision is appreciated – necessary steps in the right direction, but complete withdrawal should still be considered

In the first official [evaluation of the tax](#) submitted in 2020, KEMI and the Tax Agency concluded that the tax has been largely ineffective in modifying flame retardant use in electronics, is not cost-effective, has increased prices for consumers and is administratively burdensome for the companies.

As requested by the Swedish Government, the Swedish Chemicals Agency (KEMI) and the Tax Agency, presented on May 17th their final [report](#) on how the current Swedish chemical tax on electric and electronic products should be amended to ensure that it better meets its purpose, i.e. to decrease the use of hazardous chemical substances in people's home environment and to stimulate producers of taxable products to use more environmentally preferred alternative chemicals.

The proposal to clarify the scope of the Swedish tax to flame retardants only and to base the level of taxation on substance hazard properties is welcomed and in line with our industry position. However, IT&Telekomföretagen and pinfa, a sector group of Cefic, would welcome the withdrawal of the Swedish tax in favour of other legislative and voluntary initiatives to promote substitution of problematic chemicals such as the European Chemical Strategy for Sustainability. It's a national tax for products that most often are designed for a global market, which is an ineffective way to drive development in a global industry.

Important improvements

The suggested changes to amend the current legislation contain important improvements. For example, that only flame retardants are to be taxed and the tax should be based on the intrinsic hazard properties of the substances. For substance hazard assessment, the GreenScreen™ methodology, which has been used for many years by the IT Industry, is recognised.

Areas of concern

Regrettably, there is no zero-tax alternative for products that only use best-in-class flame retardants or even none. Since no compliance control is possible, as there are no test methods to differentiate between additive and reactive flame retardants and no standardised analytical methods exist for all flame retardants in scope, it is not possible to fully implement the proposal advocated by the authorities in a legally secured way. And, although it is positive that the highest possible tax reduction is proposed to be increased, the suggested taxation principle is very complex and difficult to understand and will not make it easier for industry to apply. Additionally, the circular economy is not supported as the second-hand trade of used products is not exempt for taxation, leading to double taxation.

KEMI and the Tax Agency propose to extend the tax to include more products, including printers, memories, keyboards etc. Such an extension would have an impact on many additional companies, whose products are sold business to business and do not fall under the scope of the tax i.e. use in home environment. We also believe it's too early to extend the scope since no real impact on the use of chemicals can be noted and the way to perform compliance control is not clear. The current legislation appendix is also to be replaced by two new appendices, not yet available and such work will take time for an expert group to develop.

The way forward

If the Swedish tax will be maintained, we believe that KEMI instead of, or in combination with, Skatteverket should be responsible for the supervision of the tax and that such supervision must

include chemical analyses of randomly checked taxed products. Otherwise it will still be impossible to know whether a correct taxation is taking place or not. IT&Telekomföretagen and pinfa would like to emphasize the importance of revising the current tax with the positive amendments suggested by the authorities, that we highlighted above, as quickly as possible; since the tax according to the authorities and industry does not deliver on its goal: to promote the choice of more environmentally preferred flame retardants by the companies that are taxed. IT&Telekomföretagen and pinfa are willing to continue offering our support in the process needed to create a legally secure taxation and application of the law, minimise the administrative burden and reward those companies that have invested in proactive substitution programmes.

About IT&Telekomföretagen

IT&Telekomföretagen is a member organization for companies of all sizes within the entire IT and telecom sector, that wish to join the largest industry network in Sweden in order to promote and further develop the IT market and conditions for IT enterprises. We represent about 1 300 member companies and nearly 100 000 employees. www.itot.se

About pinfa, the (non-halogenated) phosphorus, inorganic and nitrogen flame retardants association

pinfa is a group of global flame retardant manufacturers and users committed to fire safety and improving the health and environmental profiles of our products. A sector group of Cefic, the European Chemical Industry Council, pinfa was founded in 2009. www.pinfa.eu