Ministry of Finance

Response to proposal to raise energy tax and carbon dioxide tax on fuels for certain applications and to raise tax on chemicals in some electronic goods

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ChemSec takes a very positive view on the taxation of chemicals as a means of driving the reduction in use of hazardous chemicals in products, and calls on the government to consider a tax on all substances placed on the REACH Candidate List and thus identified as substances of very high concern.

The aim of this response is to urge the government to use this opportunity, as it considers raising the tax on electronic goods, to rectify areas that we believe reduce the incentive to phase out the most harmful chemicals and therefore reduce the effectiveness of the tax.

At present, all flame retardants based on bromine, chlorine or phosphorus are taxed. The group of phosphorus-based flame retardants includes some very harmful chemicals as well as several of the safer alternatives that many electronics companies use as replacements for bromine- and chlorine-based flame retardants. Because the flame retardants that are safer for health and the environment are also taxed, it means there is less of an incentive to choose them than if only the harmful phosphorus-based flame retardants were taxed. Phosphorus-based flame retardants therefore need to be assessed individually to decide which should be taxed and which should be tax-exempt. We recommend that the Swedish Chemicals Agency should be tasked with carrying out such an assessment, based on information from the electronics industry about which phosphorus-based flame retardants are currently in use.

Since the tax on electronics was introduced it has been found that the information that originally formed the basis for including the entire group of phosphorus-based flame retardants was inadequate. We therefore hope that the government will use the opportunity of the proposed tax increase to correct these shortcomings, so that the tax is more effective in helping to phase out the most harmful flame retardants from electronic goods, without penalising safer alternatives.

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