

Incentive tax on volatile organic compounds (VOC)

Country: <i>Switzerland</i>	Sector: <i>Industry / consumer products</i>
Type of strategy, policy or measure: <i>economic instrument (incentive tax)</i>	Level: <i>national</i>
What is the main objective of the strategy, policy or measure? When has it been implemented/or will be implemented? <i>The VOC tax is a market-based instrument designed to create a financial incentive to further reduce VOC emissions, by substitution or recycling of organic solvents and giving a price signal in favor of VOC-free or low-VOC products. It is an additional instrument to emission limit values (ELVs) for organic compounds to address fugitive sources of emissions. The tax has been levied since 1st January 2000.</i>	
Background and driving forces: <i>The ozone control strategy of Switzerland calls for a reduction of 70 to 80% of ozone precursor emissions (NOx and VOC) compared to their maximum emission level in the mid-1980s in order to achieve compliance with national ozone air quality standards. This target corresponds to a reduction of approximately 30% compared to 2005, which is also the emission reduction commitment of Switzerland for NMVOC in the amended Gothenburg Protocol. With a view to further reducing VOC emissions, the Federal Government has opted for a financial incentive, especially for controlling fugitive emissions. An incentive tax leaves it up to the company or the consumer to make an optimal choice for abatement techniques or alternative products.</i>	
Description of the strategy, policy or measure: <i>The tax is levied on importers, manufacturers and wholesalers of VOCs (solvents) or VOC containing products. VOCs are taxed at the time of importation into Switzerland or domestic production. Imported products containing VOCs are taxed on importation according to the quantity of VOCs they contain. Products manufactured in Switzerland are taxed indirectly through the tax already levied when VOCs are purchased. The tax rate was CHF 2 per kg after entry into force in 2000 and was increased, as planned, to CHF 3 per kg at the beginning of 2003. VOCs in products whose VOC content does not exceed 3% and VOCs in products not included in the positive list are not subject to the tax. Exemptions from the tax can be granted for VOCs eliminated by abatement techniques or exported as substances or in products. Furthermore, exemptions are also possible for companies that have reduced their VOC emissions along the whole production process in accordance with best available technology, which has to be demonstrated by establishing a solvent management plan.</i>	
Costs, Funding and Revenue allocation: <i>The tax revenue rose from CHF 67 million in 2000 to a peak of over CHF 140 million in 2005. It is estimated that the figure will level off at approx. CHF 125 million over the next years. The tax, which is redistributed to the population per capita through the health insurance system (corresponding to approx. 15 CHF per person and year), represents 0.3% of the federal revenue and 0.1% of all public authority revenue.</i>	
Effect and impacts on air pollution abatement: <i>VOC emissions in Switzerland have been reduced by 70% since 1990, due to implementation of emission limit values for stationary sources, Euro standards for vehicles and the incentive tax on VOC. The specific effectiveness of the VOC tax is illustrated by the reduction of VOC emissions from industrial sources which are subject to the tax (48% reduction from 2000 to 2014) which is significantly higher than the reduction of VOC emissions from industrial sources which are not subject to the tax (23% reduction from 2000 to 2014).</i>	

References/Further information:

- *Ordinance on the Incentive Tax on Volatile Organic Compounds (OVOC):*
<https://www.admin.ch/opc/en/classified-compilation/19970460/index.html>
- *Swiss Federal Office for the Environment:*
<http://www.bafu.admin.ch/luft/13793/14818/15146/index.html?lang=fr>
-

Contact:

Name: Richard Ballaman

Country: Switzerland

Organization: Swiss Federal Office for the Environment

Address: CH-3003 Bern

Telephone: +41 58 462 64 96

Email: richard.ballaman@bafu.admin.ch

Additional comments:

This measure is in fulfillment of the basic obligations of the 1991 Geneva VOC Protocol and the 1999 Gothenburg Protocol. The measure is considered as an alternative reduction strategy according to art. 3 para. 2 and 3 of the Gothenburg Protocol. According to art. 7 para. 1 (a)(i) Parties applying such different reduction strategies shall document the strategies applied.

16.11.2016 / TH