



Fact sheet: Tax on plastic bags

Purpose

The extensive use of plastic carrier bags is a serious environmental problem. The yearly consumption of plastic carrier bags in EU is nearly 100 billion, and 92% are single-use bags. The extensive use of mainly oil-based plastic bags is a waste of resources and an environmental challenge. Around 3% of the marine litter in Europe is “shopping bags including pieces”.

The main purpose of the Danish plastic bag tax, introduced in 1994, was to reduce the use of plastic carrier bags and to prevent waste production. Household waste is incinerated – if not recycled. Therefore, the rate of plastic bags littered in the Danish nature is low¹.

How the tax works

The Danish tax on plastic bags is a marginal tax of currently 22 DKK (€2.9) per kg.

The Danish consumer is paying up to 2- 3.50 DKK (€0.27-0.47) per bag. The share of the tax is around 0.44 DKK (€0.06) per bag and the marginal revenue for retailers is in certain cases around 1 DKK (€0.13) per bag. Bags are covered by the tax if they have capacity to handle at least 5 liters and they reasonably can be replaced by cloth bags, carrier net and the like. Very strong plastic bags directly comparable with cloth bags and carrier nets are not covered by the tax.

The effects

The tax had a remarkable effect on the use of plastic carrier bags in supermarkets, where customers buy the plastic carrier bags. In clothing and similar shops however, plastic carrier bags are offered free to customers by the shops, who pay the tax themselves.

The introduction of the tax halved the consumption from around 800 million bags to 400 million bags, which amounts to around 80 bags per person annually. The retailer revenue has amplified the effects of the tax. Figure 1 below, illustrates how Denmark is among the six to seven European countries consuming fewest plastic carrier bags annually.

The green line shows the EU goal of an 80% reduction of the total consumption of plastic bags in the EU, which amounts to 40 in 2025, as explained below.

Revenues from the tax

¹ http://ec.europa.eu/environment/waste/packaging/pdf/report_options.pdf

The tax on carrier bags of paper or plastic has had a considerable effect on the use of these bags, but the revenue from the tax is relatively unimportant: 0,03 % of total tax revenues in 1995 and 0,02 % of the total tax revenues in 2014.

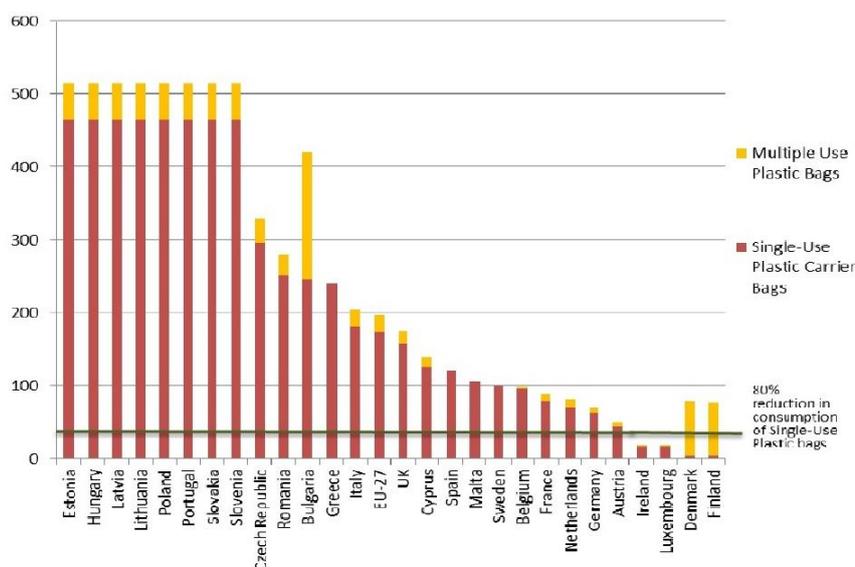
Table 1: Revenues from tax on bags of paper or plastic (in 1,000 €)

1995	2000	2005	2010	2014
21.564	23.779	25.723	26.818	24.547

Year of introduction and major changes since

The tax on plastic carrier bags was introduced in Denmark in 1994. At that time, the tax was 20 DKK (€2.6) per kg. In 1998, the tax increased to 22 kr. (€2.9 per kg). The level of taxation has been unchanged since 1998 and has therefore not followed the price development.

Figure 1: Plastic carrier bags used per person in the EU.



Note: 2010 or latest available data is used. The numbers for Estonia, Hungary, Latvia, Lithuania, Poland, Portugal and Slovenia are estimates. Source: European Commission.

In April 2015, the European Parliament agreed on the plastic bag directive. The new directive targets plastic bags with a wall thickness below 50 microns. The directive requires governments to introduce a charge on plastic carrier bags by the end of 2018 or to take measures to reduce their use to an average of 90 bags per person by the end of 2019 and to 40 bags per person by the end of 2025. In Denmark, the charge on the carrier bags is already in place in supermarkets, and consumption of single-use plastic carrier bags is less than 90 bags per person, even with the new definition of single-use bags. However, it might be a challenge to reduce the consumption of plastic carrier bags to 40 per person in 2025.

What could be better?

The Ecological Council recommends the following: Tax on paper and plastic carrier bags should be increased to reflect the price development since 1998 to create stronger behavior incentives. Indexation should be re-introduced. Today, consumers mainly pay in supermarkets, while other shops offer the plastic bags free. All retailers should be obliged to take a minimum price for plastic carrier bags. The tax should be expanded to cover carrier bags under 5 liters with a certain wall thickness, which are given free of payment.

Further information

DG Environment: [http://ec.europa.eu/environment/waste/packaging/pdf/report_options.pdf].

New directive: [<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013SC0444&from=EN>].

The FRE-COMMUNICATE! project is funded by the Velux Foundations. VILLUM FONDEN and VELUX FONDEN are non-profit foundations, founded by VILLUM KANN RASMUSSEN – founder of VELUX and other companies in the VCR group, with the purpose of bringing daylight, fresh air, and a better environment into people's everyday lives.

THE VELUX FOUNDATIONS

VILLUM FONDEN ✕ VELUX FONDEN