Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of the Environment,
Transport, Energy and Communications DETEC

Federal Office for the Environment FOEN
Air Pollution Control Division

The Swiss incentive tax on VOC

Gaston Theis

Swiss Federal Office for the Environment

Objective

- 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 by giving a price signal in favor of VOC-free or low-VOC products.
- additional instrument to emission limit values (ELVs) for organic compounds, mainly to address fugitive sources of emissions
- incentive tax leaves it up to the company or the consumer to make an optimal choice for technical solutions or alternative products.

Background and driving forces

- Swiss ozone control strategy 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
- This target corresponds to a reduction of approximately 30% compared to 2005, which is also the emission reduction commitment of Switzerland for VOC in the amended Gothenburg Protocol

Description (1)

- The tax is levied on importers, manufacturers and wholesalers of VOC (solvents) or VOC containing products.
- VOC are taxed at the time of importation into Switzerland or domestic production.
- Imported products containing VOC are taxed on importation according to the quantity of VOC they contain.
- Products manufactured in Switzerland are taxed indirectly through the tax already levied when VOC are purchased.

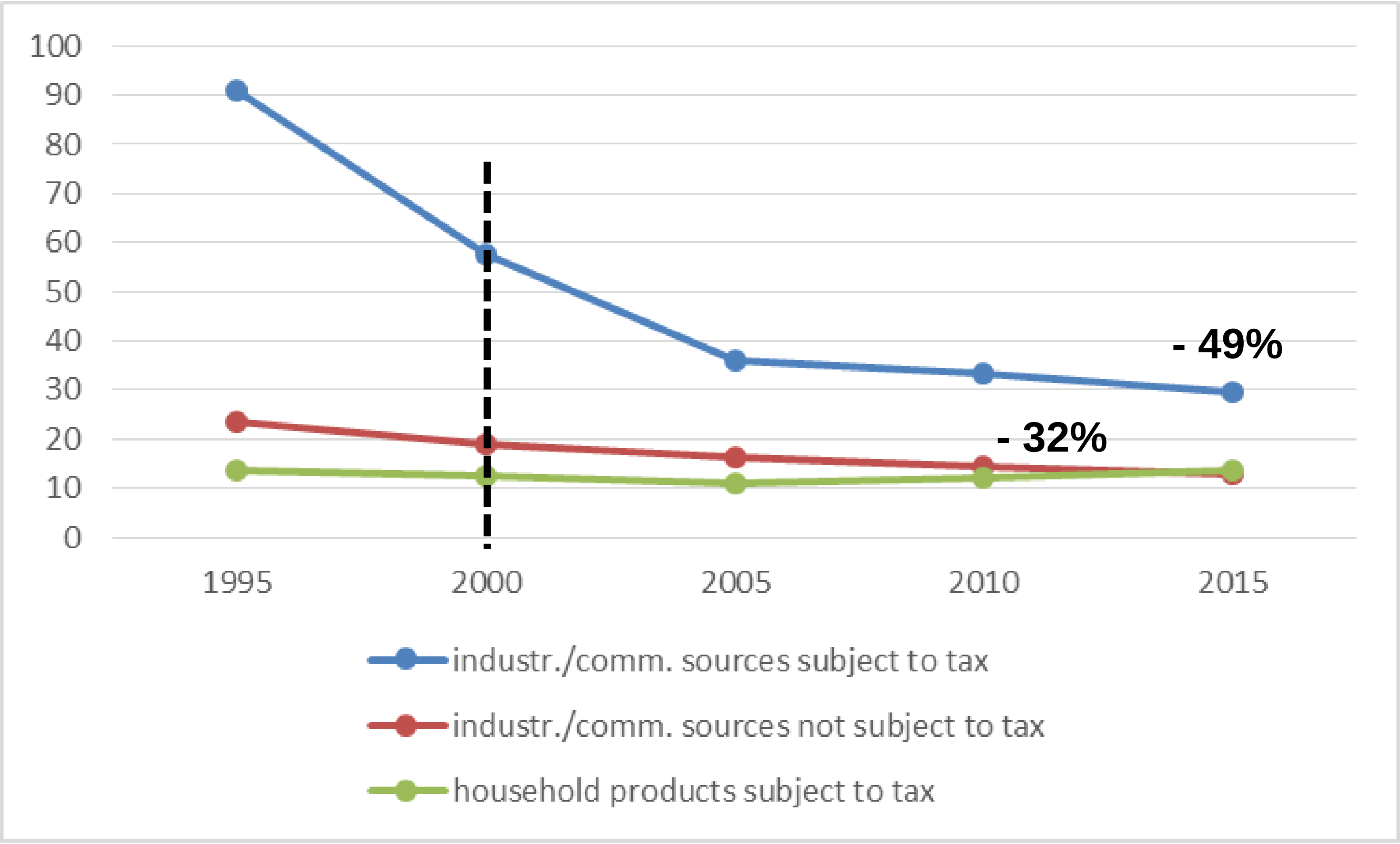
Description (2)

- Tax is only applicable to VOC included in positive list
- Tax is not applicable to
  - Motor fuels and heating fuels
  - VOC in products whose VOC content does not exceed 3%
- Exemptions from the tax can be granted
  - for VOC eliminated by abatement techniques or exported as substances or in products.
  - 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.

Costs, funding and revenue allocation

- tax rate: CHF 2 per kg after entry into force in 2000; CHF 3 per kg since 2003 .
- tax revenue showed a peak of over CHF 140 million in 2005; meanwhile has leveled off at approx. CHF 125 million.
- tax revenue - after deduction of administrative costs - is redistributed to the population per capita through the health insurance system (corresponding to approx. 15 CHF per person and year)

Effectiveness of VOC tax



Conclusions

- The incentive tax on VOC has been effective in further reducing emissions from industrial and commercial sources, especially fugitive emissions.
- The VOC tax is an instrument for the fulfillment of the basic obligations of the 1991 Geneva VOC Protocol and the 1999 Gothenburg Protocol.
- It is considered as an alternative reduction strategy according to art. 3 para. 2 and 3 of the Gothenburg Protocol.