



ENSURING THAT POLLUTERS PAY

Sweden

Sweden's revenue from environmentally relevant taxes is below the average in the EU. Environmental taxes stood at 2.06% of GDP in 2019 (EU-27 average: 2.37 %). The largest portion of the environmental taxes were the energy taxes at 1.56% of GDP, against an EU average of 1.84 %. Transport taxes represented 0.45% of GDP (exactly at EU average), and taxes on pollution and resources were at 0.05% which is below the EU average of 0.08%. In the same year, the environmental tax came to 4.71% of total revenues from taxes and social security contributions (below the EU average of 5.76%)¹.

The Swedish debate on **environmental tax reform** (ETR)

There was a debate on ETR during 2019-2020, but in recent years, the percentage of environmental taxes in total revenues from taxation have decreased, as can be read here: <https://www.svt.se/nyheter/inrikes/andelen-miljoskatter-minskar-i-sverige>

The budget agreement for 2020-2021 included proposals for ETR, aiming for a rise by SEK15 billion with a corresponding decrease of taxes on jobs and businesses. More can be found at the government website: <https://www.regeringen.se/artiklar/2019/09/gron-skattevaxling-ska-ge-ytterligare-skattesankningar-2021/> and <https://www.regeringen.se/regeringens-politik/skatt-och-tull/gron->

[skattevaxling/](#) and <https://www.regeringen.se/4a6ec6/contentassets/bc0f4b1a4ce844f2aa59949d09c93f29/hela-bp21-som-pdf.pdf>

Comments on this proposal by Deloitte: <https://www2.deloitte.com/se/sv/pages/tax/articles/budgetpropositionen-2021-deloitte-kommenterar-skatteforslagen.html>

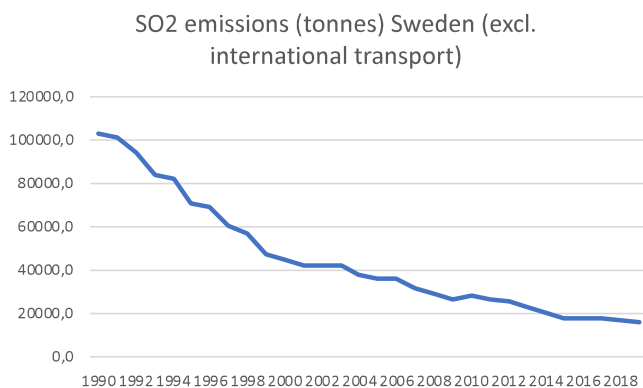
And here is the decision on the budget proposal: <https://www.riksdagen.se/sv/sa-funkar-riksdagen/riksdagens-uppgifter/beslutar-om-statens-budget/planen-for-hostens-budgetdebatter-ar-klar/>

SULPHUR TAX

In 1991, Sweden implemented a sulphur tax. The tax is aimed at reducing SO₂ emissions from combustion of peat, coal, coke and other solid fuels or gaseous products. Throughout the period 1990–2020, tax levels have remained constant at SEK 30/kg (€3,0) sulphur in solid fuels and SEK 27/kg (€2,7) for each thousandth of sulphur content by weight in oils² (some types of use are exempted). If SO₂ emissions are reduced by cleaning or binding to the ash, a part of the tax proportionate with the saved amount of SO₂ emissions is reimbursed to the polluters³. A 1997 analysis of the reimbursement demonstrated that 44–57% of the revenue was reimbursed each year⁴. Total SO₂ emissions in Sweden have decreased substantially since the tax introduction.

The background of the tax introduction: until the end of the 1980's there was little interest in introducing environmental taxes in Sweden. However, at that time some major focusing events took place in the marine environment – e.g. there was a severe decline of the seal population. Additionally, there was a political focus in Sweden at the time at reducing income taxes since large segments of the population paid 80% in marginal tax rate. Environmental tax reform could pave the way for decreasing income taxes without incurring a too large budget deficit by generating revenue from environmental taxes and meanwhile contribute to solving environmental problems⁵. Consequently, environmental tax reform became part of the solution and a number of environmental taxes were introduced in Sweden during the 1990's – in particular regarding energy taxation.

Sweden has a long tradition for including stakeholders. The Environmental Tax Commission (ETC) preparing the environmental tax reform (initiated in 1987) involved a broad representation of interests. Furthermore, when the commission in 1989 presented the conclusions, including proposals for NO_x and sulphur taxes (and some other taxes), there was a comprehensive public hearing phase where a large number of stakeholders commented on the taxes⁶.



Source: Statistiscs Sweden 2021 <https://www.statistikdatabasen.scb.se>



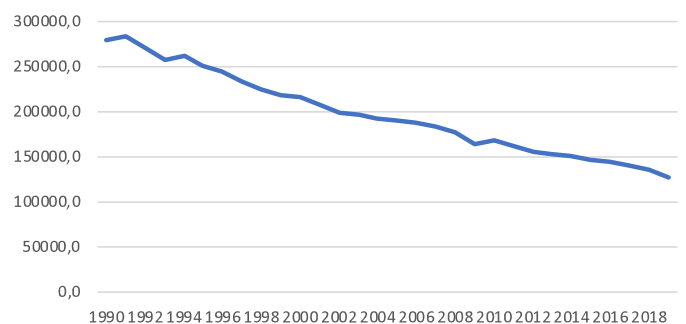
NOx TAX



In 1992, Sweden implemented a NOx tax on emissions from stationary combustion facilities, aimed at providing incentives to reduce emissions beyond the limit values, to combat acidification. All revenue generated from the charge is reimbursed back to the plants based on the amount of energy used at each plant in order to reduce potential negative impacts on competitiveness. Consequently, plants with low emission in relation to energy production are net receivers of funding, while plants with high emissions are net payers. Originally, the tax level was SEK 40/kg NOx emitted. In 2009, the tax level was increased to SEK 50/kg NOx emitted (€5/kg). Total NOx emissions in Sweden have decreased substantially after the tax introduction (table XX). According to the OECD, Swedish emissions of SOx and NOx per unit of GDP are among the lowest in OECD⁷.

Similarly to the sulphur tax, the tax introduction followed discussions in the Swedish Environmental Tax Commission starting in 1987 and broader discussion in Sweden in the late 1980's on environmental problems and potential environmental tax reform.

NOx emission (tonnes) Sweden (incl. international transport)



Source: Statistiscs Sweden 2021 <https://www.statistikdatabasen.scb.se>

The Swedish Environmental Tax Commission involved broad groups of stakeholders and the proposals from the commission went through a public hearing phase with many responses from stakeholders (see description above).

Key stakeholders

NGOs (environmental, consumer, green business networks, citizen science groups, etc)

The Swedish Society for Nature Conservation <https://www.naturskyddsforeningen.se>

Swedish Consumers' Association <https://www.sverigeskonsumenter.se>

Useful links:

Swedish Government Official Reports. Reports (in Swedish) of committees appointed by the Government of Sweden analysing issues before proposed legislation: <http://www.sou.gov.se/>

OECD Environmental Performance Review – Sweden: <https://www.oecd.org/environment/country-reviews/oecd-environmental-performance-reviews-sweden-2014-9789264213715-en.htm>

¹ https://ec.europa.eu/eurostat/databrowser/view/env_ac_tax/default/table?lang=en

² OECD Environmental Performance Reviews Sweden 2014. Swedish Tax Agency 2021: <https://www4.skatteverket.se/rattsligvagledning/edition/2020.15/323440.html#h-Skattesatser-svavelskatt>

³ Swedish Environmental Protection Agency and Swedish Energy Agency, 2006. Ekonomiska styrmedel i miljöpolitiken - Rapport från Naturvårdsverket och Energimyndigheten.

⁴ Swedish Environmental Protection Agency, 1997. Svavelskatt och NOx-avgift – Utvärdering. Stockholm: SEPA

⁵ Sterner, T., 1995. Environmental tax reform in Sweden. International Journal of Environment and Pollution, September 1995.

⁶ Swedish Government, 1989. Sätt värde på miljön! Miljöavgifter på svavel och klor. Delbetänkande av miljöavgiftsutredningen. Sveriges Offentliga Utredningar 1989:21. Swedish Government, 1989. Ekonomiska styrmedel i miljöpolitiken. Energi och trafik. Delbetänkande av miljöavgiftsutredningen. Sveriges Offentliga Utredningar 1989:83.

⁷ OECD 2014. Sweden – OECD Environmental Performance Reviews. OECD.



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