

Experiences with taxes/levies on fertilisers and pesticides in European Countries - Contribution from Denmark

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Fertilisers	Pesticides
<p>Tax on nitrogen in artificial fertilisers</p> <p>The tax on fertilisers is measured per kg nitrogen and is put on all artificial fertilisers with a nitrogen content of more than 2 percent</p> <p>The tax rate is 5 DKK/kg N</p> <p>Agricultural and horticultural holdings with a yearly turnover of more than 20.000 DKK are <u>excepted</u> from the tax (<i>de facto</i> all farmers). Other firms using <u>more</u> than 2.000 kg nitrogen fertilisers per year is also excepted from the tax. Firms using <u>less</u> than 2.000 kg nitrogen fertilisers per year can get the tax revenue refunded if the annual amount is more than 1.000 DKK.</p>	<p>Tax on pesticides</p> <p>The tax rate is measured in percent of the wholesale price</p> <p>The tax levels are differentiated between types of pesticides: <u>53%:</u> Insecticides, Combined pesticides, Soil disinfectants, Product against pests on farm animals. <u>33%:</u> Herbicides, Fungicides, Growth regulators, Repellents. <u>3%:</u> Wood preservatives, Rodenticides, Other pesticides</p> <p>Tax rates do not reflect differences in environmental risk, but are motivated by the development in the treatment intensity among the different groups of pesticides before 1995</p>
<p>No effect of the tax is expected besides the tax revenue. The primary purpose is to counterbalance the control-and-command regulation of the agricultural sector</p>	<p>No specific measurements of the effect have been made, but the overall aim is to reduce the treatment intensity to 1,7 before 2010 (the current level is approximately 2,0)</p>
<p>No economic effect for farmers. The only effect occurs for private households. The tax revenue is insignificant and is not labelled to any special purpose.</p>	<p>Of the tax revenue in 1998, 60% was channelled back into the agricultural sector through different subsidy schemes, such as those to organic farming and extension services. The remaining 40% were used for public research and pesticide monitoring programmes. The total tax revenue in 2000 were approximately 375 m DKK</p> <p>The reduction in pesticide use is not</p>

	expected impose other costs to the farmers than the tax revenue, as the reduction is caused by increased productivity (introduction of better spraying techniques and extension services).
No other experiences	No other experiences
<p>The existing tax is hardly recognised in the public.</p> <p>In the current political discussions leading to the third version of the Danish Aquatic Environment Plan, it will be discussed if the existing control-and-command regulation – specifically the crop base quota on total nitrogen application – should be replaced by a tax based on the nutrient balance for the agricultural sector. The political discussion has just started in December 2003.</p>	<p>Since the differentiated tax were introduced in 1996 there has been an ongoing discussion if the tax could be targeted on the environmental effects of the pesticides. Till now it has been considered to be too administratively costly and scientifically uncertain.</p> <p>It is the intention of the government to investigate the opportunities for “greening” the pesticide tax.</p>
<p>The existing tax has no notable effect besides raising tax revenue. If the proposed change in nitrogen regulations are realised (shift form crop quotas to nitrogen balance tax) there is a significant potential for making the policy more cost efficient.</p>	<p>Experiences in e.g. Norway show that a “green” pesticide tax need not take into account every environmental aspect of every single pesticide. It seem that a large step could be made in the green direction – and thus towards a cost efficient tax – by using some simple indicators for labelling pesticides into environmental classes.</p>

Further reading:

Schou, J.S. & J.C. Streibig. 1999. Pesticide Taxes in Scandinavia. *Pesticide Outlook*, Vol. 10, December 1999, pp. 127-129.

An Evaluation of the Impact of Green Taxes in the Nordic countries (TemaNord 2001:566). <http://www.norden.org/pub/miljo/ekonomi/sk/2001-566.pdf>