

CHARACTERISTICS OF PLASTIC BAG FEE AND THE EVALUATION OF THIS FEE BY MEANS OF FISCAL AND ENVIRONMENTAL POLICY

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Abstract

In many countries of the world and mainly in European countries, implementations in order to reduce the use of plastic, by means of academic, administrative and political efforts, have resulted in the form of scientific reports, conventions, directives and legal regulations at national and international level. The implementations are rapidly spreading.

In parallel to these developments in Turkey, a new and integrated environmental policy began with the “Zero Waste Project” in order to implement waste segregation at source, reduce and recycle waste. In this context, the first legal step was taken to reduce the use of plastic by a series of legal regulations known as “plastic bag fee regulation”. The goal was determined as reducing the amount of annual average plastic bag usage by 90%, from 440 to 40 per capita. After that, it is foreseen to establish a recycling infrastructure which will be financed by the revenues, to be obtained from the plastic bags. This development, of course, necessitates the pursuit of an environmentally motivated fiscal policy that supports the new environmental policy.

In this study, first of all the characteristics and elements of the plastic bag fees will be emphasized, and after determining the type of income of this fee, the issue will be evaluated by means of fiscal and environmental policies. Afterwards, some countries which have realized the same issue will be evaluated and it will be compared with the situation in Turkey. In the final chapter suggestions to the problems which can be encountered during the implementation will be made.

Keywords: Fiscal Policy, Environmental Policy, Public Revenues, Environmental Taxes

JEL Code: H23, H30, K32

1. Introduction

In order to reduce the environmental pollution caused by plastic bags, Additional Article 13, entitled ‘plastic bag fee’, is included in the Environmental Law No. 2872; with the article 8 of the Law dated 29/11/2019 and numbered 7153. With this additional article, it was decided that the plastic bags would be sold to the user or the consumer for not less than 0.25 TL per unit.

With the same legal regulation, Additional Article 11 entitled ‘The recovery contribution fee’ and Additional Article 12 entitled ‘Deposits’ were included in the environmental law in order to complement the plastic bag fee regulation. Provisions regarding the recovery contribution fee (recycling tax) have been implemented since 1/1/2019.

It was stated that plastic bag usage reduced by half and the number of plastic bags used per capita was reduced by 90% from 440 to 40. (<https://www.haberturk.com/bakan-kurum-plastik-poset-kullanim-sayisini-kisi-basi-40-a-dusurmek-istiyoruz-2381026-ekonomi>) Given and targeted numbers present the clues of the environmental policy, aiming for prevention of environmental

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pollution caused by plastic bags, with the steering fiscal policy as well. The numbers given, show this very significant development and progress in the first place.

In this study, first of all the characteristics and elements of the plastic bag fees will be emphasized and the issue will be evaluated by means of fiscal and environmental policies. Afterwards, some countries will be evaluated which have realized the same issue, and a comparison will be made with the situation in Turkey. In the final chapter, suggestions to the problems will be made which can be encountered during the implementation.

2. Elements and Characteristics of Plastic Bag Fee

Since the title of Additional Article 13 is ‘the plastic bag fee’, the money received is considered as the cost of the plastic bag in the public opinion. However, the article regulates the minimum plastic bag cost, which is obtained by the seller from the user or consumer, and it includes the recovery contribution fee (recycling tax). Public revenue within the price was determined as 0,15 TL. in the list No. 1 of the Law No. 2872 with reference to the Additional Article 11 titled ‘the recovery contribution fee’. In other words, the consumer pays the cost of the plastic bag as 0,25 TL., while the recovery contribution fee that is hidden within this price which is paid indirectly. As a result, consumer pays 0,08 TL. plastic bag fee, 0,02 TL. value-added tax and 0,15 TL. the recovery contribution fee (recycling tax).

The recovery contribution fee is a financial obligation, oriented to the public service about environmental pollution prevention in the scope of recycling of waste. The recovery contribution fee is different from the cost of the plastic bag. The plastic bag cost was previously free for the consumer, which was covered by the seller or reflected to the product prices.

In this respect, the recovery contribution fee is similar to indirect tax such as Value Added Tax and Special Consumption Tax. At the same time, it is directly taken for a specific public service -waste recycling-, and due to the fact that the payer will benefit indirectly from this service, brings this type of income closer to charges.

It is similar to the fee revenues in terms of its relation with the market price and its appearance. However, like VAT, being taken from everyone who gets plastic bag, it eliminates the possibility of describing this contribution fee as charge or fee.

All of these features indicate that the recovery contribution fee is an indirect tax-like financial obligation hidden in the plastic bag price. At the same time, this financial obligation can be considered as environmental tax because of the fact that it is taken directly with environmental motivation. In this case we meet a new environmental tax after the Environmental Cleaning Tax, which is taken directly for environmental purposes in Turkey. Here it should be stated that the VAT taken as 0.2 TL per bag is not an environmental tax but a beneficial tax for the environment because of its effect on increasing the cost of the pollution-generating product. (Ercan, 2015: 211).

3. The Role of Bag Fee in Fiscal and Environmental Policy

As mentioned above, the plastic bag fee includes the recovery contribution fee which can broadly be considered as a tax. The reason for introducing the plastic bag fee and recovery contribution fee is the prevention of environmental pollution. This statement is actually a direct reference to the prevention principle of the principles of environmental law.

While the goal is primarily reducing the use of plastic bag, there is no hesitation about presence of the prevention principle. On the other hand the polluter pays principle comes to life with the expression of the recovery contribution fee and the exemption regulation in the last paragraph of Additional Article 11. As a matter of fact, when the deposit regulation in Additional Article 12 is considered with the other articles as well, it is understood that Turkey has revealed a holistic environmental policy on waste reduction at source and waste recycling.

Pursuant to the aforementioned provisions, fiscal policy should be carried out in accordance with environmental policy. The recovery contribution fee can be considered as steering tax as it reveals the prevention and polluter pays principles. Also, the ones who implement the deposit mentioned in the Additional Article 11 are exempted from the recovery contribution fee. In addition to these, with the amendments made on 21/2/2019 about notification and collection methods of recovery contribution fee are considered together with the aforementioned matters, it is understood that the fiscal policy is being implemented integrated with the environmental policy. As a matter of fact, the Ministry of Treasury and Finance has been authorized for taking the opinion of the Ministry of Environment and Urbanization on the subject about declaration periods of the plastic bag fee, changing and extension of these periods. Also tax offices have been determined as collection offices.

4. Major Examples of The World

“2018 Report on Single-Use Plastics” of The United Nations Environment Program (UNEP) includes the laws about plastic bag and their consequences in many countries in the world. Accordingly, some countries try to reduce the use of plastic bag by means of charging or taxation, while in some countries cooperation with the private sector or direct prohibition is preferred. (Single-Use Plastics, A Roadmap for Sustainability, 2018: 27 vd.)

The European Union, with the Directive 2015/720, introduced an obligation to Member States in order to reduce the average annual plastic bag consumption to 90 per person by the end of 2019 and to 40 by the end of 2025. This target is consistent with Turkey’s 2023 targets. The European Union has not imposed any restrictions about the method used in the member countries for achieving this goal. (Measures to reduce the consumption of plastic bags and disposable tableware, 2017: 1) In 2030, it is aimed to switch to a system where all plastic packaging can be recycled or reused. (European Commission, “Questions & Answers: A European strategy for plastics”, 2018: 1)

To give an example from EU countries, Ireland preferred taxation and introduced plastic bag tax (PlasTax) in 2002. In 1990s approximately 328 plastic bags were consumed per capita each year, but today this number is dropped under 21 per capita. Also The PlasTax is gathered in an environmental fund under the administration of the Ministry of Environment and is used in environmental investments. In Denmark after the law about plastic bag fees came into force, the consumption of 19,000 tonnes in 1993 decreased by 55% to 9.000 tonnes in 2015. In Greece, charging plastic bag fees started in 2018 and consumption was rapidly decreased by 75-80%. In accordance with the regulations initiated by the supermarkets in Belgium, the plastic bags are charged as of 2007. In ten-year period, the use of plastic bags decreased by almost 80%. Some federated states, such as Wallonia and Brussels in Belgium, prefer prohibition. United Kingdom, the Netherlands, Portugal, Romania, Bulgaria, Estonia, Czechia and Croatia could be added to the European countries that have made progress by the economic instruments in other words

the steering fiscal policies. Brazil, Colombia, Fiji, Indonesia, Malaysia, Taiwan and Vietnam are among the countries that try to reduce the use of plastic bags with economic instruments in the world. (Single-Use Plastics, A Roadmap for Sustainability, 2018: 27 vd., Measures to reduce the consumption of plastic bags and disposable tableware, 2017: 1 vd.)

Some countries, such as Germany, prefer both prohibition and charging. Waste collection and transformation activities are carried out by public-private cooperation, and 80% of the fees are collected by the contracted firm. There is a similar implementation in Austria as well. In Sweden, operators and producers are obliged to provide periodic information to the Environmental Agency. Thus, the amount of plastic usage is monitored, and with the help of some awareness activities, it is aimed to reduce the rate of use to the targeted levels. In case the usage rate does not decrease, the measures are reviewed and revised. (Single-Use Plastics, A Roadmap for Sustainability, 2018: 27 vd., Measures to reduce the consumption of plastic bags and disposable tableware, 2017: 1 vd.)

France, Italy, Catalonia State of Spain and two Belgian states are the major European countries that prefer to ban disposable plastic bags. In these countries, plastic bags are prohibited whose dissolving is difficult in nature and exceed certain limit values. There are similar implementations in India, China, South Africa, Kenya and Morocco. There was a 60-80% decrease in plastic bag use in China. (Single-Use Plastics, A Roadmap for Sustainability, 2018: 27 vd., Measures to reduce the consumption of plastic bags and disposable tableware, 2017: 1 vd.)

The system in Turkey, includes both the fee implementation and taxation. Over 40 micron bags with double layer thickness are subjected to fee and tax (plastic bag fee) (Procedures and Principles for the Charging of Plastic Bags dated 09/01/2019 and numbered 6267, Art.5/11). The tax named recovery contribution fee of plastic bags are collected by the Ministry of Treasury and Finance and counts as revenue in the general budget. However, in accordance with the amendment made in the second paragraph of Article 18 of the Environmental Law, the amount of the revenue obtained here has to be transferred to the Ministry of Environment and Urbanization.

This implementation is similar to the example of Ireland. Turkey's targets about plastic bag reduction are consistent with EU Directive No. 2015/720. It is understood that the European Union Directive plays a decisive role in determining the objectives. The cost of the plastic bag is not public revenue, the cost price of the plastic bag is charged from the consumer. So there is a nature about the prevention principle.

With the last amendments, Ministry of Treasury and Finance will collect the plastic bag fee declarations and payments; it would be difficult for the Ministry of Environment and Urbanization to monitor the data in order to carry out a healthy environmental policy at the point of taking necessary measures. In order to prevent this, it is necessary for the Ministry of Environment and Urbanization to access the plastic bag consumption and collection data, and to review the environmental policies according to these data. Otherwise, the environmental tax characteristic of the recovery contribution fee may be eliminated and this tax may become a financial tax.

5. Conclusion

The cost of the plastic bag including the recovery contribution fee is mainly taken with environmental motivation. With this cost, the purchasing and selling price of the plastic bag will be directly reflected to the consumer and thus the consumer will avoid using bags. Also with the recovery contribution fee used in recycling services, pollution caused by the plastic bags will be reduced.

It is foreseen that these revenues will not only be used for plastic bags but also for the other plastic packaging waste and for the realization of the deposit implementation as well. With the latest amendments dated 21/2/2019, although the collected taxes are to be recorded as revenue to the general budget, the equivalent value will be used in establishing the recycling infrastructure in order to reduce the plastic waste. So it should be ensured that the equivalent value must be transferred to the Ministry of Environment and Urbanization as per the amendment made in the Environmental Law. In the absence of financial means, limited progress will be achieved, and it will not be possible to execute the recycling and deposit system.

Although the use of plastic bags will continue to decline due to the price of a plastic bag, there will be garbage bags. This will inhibit the use of plastic bags below a certain amount. For this reason, the production and distribution of standard waste bins that will not require the use of garbage bags should be considered and fiscal policies should be developed to encourage the recycling of plastic garbage bags.

Furthermore, since the declarations and payments will now be made to the Ministry of Finance and Treasury instead of the Ministry of Environment and Urbanization, it is important for Ministry of Environment and Urbanization to take necessary measures in order to monitor the sector's declarations and other relevant fiscal data, harmonize fiscal and environmental policies, review the environmental policies in accordance with the developments and revise them if necessary.

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