

Belgium implements EU plastics tax measures

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

Executive summary

Every year in Europe, 26 million metric tons of plastic waste are generated, with less than 30% of this waste being collected for recycling. Packaging accounts for over 50% of this waste, according to a 2018 finding of the European Commission.

Two new European Union (EU) legislative and policy measures will impact plastic packaging producers and users from 2021 onwards: the EU plastics levy and the implementation of the EU Single-Use Plastics Directive.

Detailed discussion

EU plastics levy

The European Union is introducing a levy on non-recycled plastic packaging waste from 1 January 2021, levied through EU Member State contributions, in order to fund the EU's economic recovery plan.

The amount owed by each Member State will be calculated according to the weight of non-recyclable plastics packaging placed on each Member State's market. The rate will be €0.80 per kilogram (€800 per metric ton). Each Member State can choose how to finance this levy, whether by directly taxing the plastics sector, or through other methods of taxation.

Belgian application of the tax

For Belgium, this annual levy is expected to be around €153.4 million. The Federal Government will pay Belgium's contribution to the EU budget. However, to date, the Belgian Federal Government has not yet agreed on how it will finance this contribution. It is anticipated that the costs of this levy may be passed on to producers and users of plastics packaging, via their extended producer responsibility (EPR) compliance organizations. These organizations would pay the levy to the Belgian Federal Government and would in turn pass it to their corporate members (such as packaging producers, users of packaging, and retailers), through an increase in the EPR fees paid by the members.

Implementation of the EU's Single-Use Plastics Directive

In 2018, the European Commission proposed a Single Use Plastics (SUP) Directive, in order to target the 10 single-use plastic products most often found on Europe's beaches and in Europe's seas. This legislation is currently being transposed into national law by the EU Member States. It aims to reduce plastic litter in the EU by more than 50% for the 10 most common single use plastic items, such as plastic bags, cups, and drink bottles.

By mid-2021, the following plastic products with readily available alternatives will be banned from the EU market:

- ▶ Cotton bud sticks
- ▶ Cutlery and plates, beverage stirrers and straws
- ▶ Sticks for balloons
- ▶ Expanded polystyrene (EPS) food containers, beverage containers and cups
- ▶ Oxo-degradable plastics

For plastic packaging with less widely available alternatives (e.g., food containers and cups for beverages), the EU Member States will have to achieve an ambitious reduction by 2026.

Actions for business

Business that may be affected by these new rules should assess how the complex plastics packaging legislative landscape could apply to their activities. This includes carrying out an impact assessment of the EU plastics levy and the measures in the Single Use Plastics Directive, as well as ensuring that the business is compliant with all requirements for packaging as the rules evolve.

For additional information with respect to this Alert, please contact the following:

EY Brussels

- ▶ Edward Sims edward.sims@be.ey.com
- ▶ Sofie Van doninck sofie.van.doninck@be.ey.com

About EY

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 008329-20Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com