Annex A. Sweden's Charge on NOx Emissions (Taxation, Innovation and the Environment)

This case study outlines the tax on NOx emissions in Sweden, implemented in 1992. The tax rate is very high compared to other OECD jurisdictions but nearly the full amount is refunded to firms. Through a number of metrics, it was found that the tax did have significant impacts on innovation. Many of these were process innovations that made the firms' existing operations less pollution intensive, even for firms not adopting capital-based abatement strategies. This case study also includes a theoretical exposition of the impact of the recycling mechanism on the incentives for innovation.

**Country:** Sweden [1]

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**Links**

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