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Taxing Plastic Packaging for a  
More Circular Economy:  
National Divergences and the Case  
for Harmonization in Europe

**Grégory De Boe,**

Louvain Research Institute in Management and  
Organizations, UCLouvain,  
Louvain-la-Neuve, Belgium

**Marie Lamensch,**

Louvain Research Institute in Management and  
Organizations, UCLouvain,  
Louvain-la-Neuve, Belgium

**Valérie Swaen,**

Louvain Research Institute in Management and  
Organizations, UCLouvain,  
Louvain-la-Neuve, Belgium

Univ. Lille, CNRS, UMR 9221 – LEM – Lille  
Economie Management,  
IESEG School of Management, Lille, France

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Editor: Prof. Karine Charry  
([president-lourim@uclouvain.be](mailto:president-lourim@uclouvain.be))

### **Taxing Plastic Packaging for a More Circular Economy: National Divergences and the Case for Harmonization in Europe**

**Grégory De Boe**, Louvain Research Institute in Management and Organizations, UCLouvain, Louvain-la-Neuve, Belgium

**Marie Lamensch**, Louvain Research Institute in Management and Organizations, UCLouvain, Louvain-la-Neuve, Belgium

**Valérie Swaen**, Louvain Research Institute in Management and Organizations, UCLouvain, Louvain-la-Neuve, Belgium & Univ. Lille, CNRS, UMR 9221 – LEM – Lille Economie Management, IESEG School of Management, Lille, France

#### **Summary**

Since the 1950s, the widespread use of plastic has led to significant environmental challenges. In response, the European Union launched its “Circular Economy Action Plan” in 2015, aiming to shift from a linear to a circular economic model. One of its key fiscal instruments is the EU Plastic Packaging Levy, effective from 2021, which requires Member States to contribute to the EU budget based on the weight of non-recycled plastic packaging waste. Although the revenues are not earmarked for environmental purposes, the Levy indirectly encourages national policies that promote plastic circularity. This article investigates the diverse tax strategies adopted by EU member States and the United Kingdom in response to the Levy, comparing their design and effectiveness in fostering circular practices. Three countries have introduced new plastic packaging taxes since the announcement of the Levy: the United Kingdom applies a weight-based tax on plastic packaging containing less than 30% recycled content; Spain levies a proportional tax on the weight of non-recycled plastic; and Portugal imposes a fixed per-unit tax on single-use packaging, regardless of weight or material. The article further assesses the potential benefits and drawbacks of introducing a harmonized European Union plastic packaging tax, in relation to existing instruments such as Extended Producer Responsibility and the Packaging and Packaging Waste Regulation. It argues that the optimal design of such a tax would need to balance several dimensions – rate, type, scope, exemptions, liable parties, and administrative feasibility – while anticipating unintended consequences. The analysis concludes that a harmonized tax could serve fiscal objectives and reduce legal fragmentation within the internal market, but its additional environmental impact would remain limited when compared to the influence of existing regulatory and market-based mechanisms.

**Keywords:** EU Plastic Packaging Levy; Circular Economy; Environmental Tax; Plastic Tax; Extended Producer Responsibility; Packaging & Packaging Waste Regulation; EU Harmonization

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**Corresponding author :**

Grégory De Boe

Louvain Louvain Research Institute in Management and Organizations / Campus FUCaM Mons

Université catholique de Louvain

Address

Chaussée de Binche 151/M1.01.01 7000 Mons Belgium

Email : [gregory.deboe@uclouvain.be](mailto:gregory.deboe@uclouvain.be)

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[President-lourim@uclouvain.be](mailto:President-lourim@uclouvain.be), LouRIM, UCL, 1 Place des Doyens, B-1348 Louvain-la-Neuve, BELGIUM

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