

# Textile as type of waste: changes in 2023 and tax developments 3/21/23



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One EU individual on average discards 11 kg of textiles a year. Globally, a consignment of textiles is buried or incinerated every second. The global production of textiles almost doubled over the period from 2000 to 2015. Clothing and footwear consumption is expected to grow by 63% by 2030.<sup>1</sup> In this article we'll be looking at some of the EU's proposed measures to address the problem of textile waste, as well as discussing what's being done in Latvia and what we can expect in taxation.

## Plans at EU level

From 2025 the member states will have to ensure separate collection of textiles under Directive (EU) 2018/851 of the European Parliament and of the Council on waste. According to the European Commission's report, textile consumption in Europe has the fourth highest impact on the environment and climate change after food, housing, and mobility. The Strategy for Sustainable and Circular Textiles mentioned in the European Commission's report proposes activities for the entire life cycle of textiles, while at the same time supporting the ecosystem in the green and digital transition. The strategy describes how textiles are produced and consumed, as well as outlining sustainable technology solutions and innovative business models. Let's now take a look at what some member states are doing to minimise their textile waste levels.

### France

An extended producer responsibility scheme (EPRS) has been set up for textiles, which ensures textile management similar to the procedure adopted in Latvia, e.g. for plastic packaging. By its order of 23 November 2022, the French government approved new rules and requirements for ecological organisations in the clothing, underwear and footwear industry that have joined the EPRS. According to the EPR policy, producers, distributors and importers must responsibly manage the end of the life of products sold in their country by either launching their own approved recycling programme or making a financial contribution to an accredited EPRS. From 2022 any textiles that remain unsold in France can no longer be destroyed<sup>2</sup> and must be donated or recycled.

### Sweden

An EPRS for clothing and textiles has been operative since 2022. According to the Swedish government's report "Producer's responsibility for textiles – part of the circular economy", the EPRS is being phased in over several years. The EPRS is expected to ensure that at least 90% of textile waste collected in the new scheme is reused or sent for recycling by 2028.

The EPRS covers clothing, home textiles, bags, and accessories. The obligation to separate textile waste from other waste affects all Swedish households and all textile producers.

## What's going on in Latvia?

Although this requirement is not becoming mandatory across the EU until 2025, Latvia launched a scheme for separate collection of textiles in 2023. The scheme allows us to collect clean, dry and untoned textiles such as shirts, trousers, jackets, coats, scarves, hats, gloves, towels, curtains, bed linen, cushions, and blankets.

Individuals can discard textiles in dedicated containers that are deployed across Latvia and managed by waste management companies. Amendments to the Waste Management Act effective from 11 April 2023 provide that a trader that places textiles on the market must ensure that textile waste is collected, accepted, prepared for reuse and recycled, and must cover all costs incurred in these activities. Traders that are unable to carry out these activities must enter into an agreement with a waste management company.

## Proposals for amending the Natural Resource Tax (NRT) Act

The scheme for separate collection of textiles is not working properly because we have yet to implement an EPRS that will make textile producers financially responsible for the efficient management of products they place on the market. Without resources and operational principles, implementation of the scheme is left at the discretion of municipalities and waste managers. The Ministry for Environmental Protection and Regional Development has put together proposals for amending the NRT Act that set up a new taxable item: textiles (clothing, footwear, and home textiles). The expected rate is EUR 0.50/kg and, since textile products are heavy, these changes will affect many traders who sell textiles or use them in business, according to the proposals for amending the NRT Act's section 3(2). The proposals also lay down rules for setting up an EPRS for textile products. Textile products will attract NRT in order to boost traders' motivation to manage textile waste and obtain an NRT exemption by using the EPRS. The EPRS for textile products is expected to operate on basic principles and requirements that are identical to the existing schemes.

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<sup>1</sup> "The EU Strategy for Sustainable and Circular Textiles" – the Commission's report to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions

<sup>2</sup> Textile EPR: Recycling laws for fashion e-commerce across Europe