

E-commerce tax and sustainable shipping fees

What: A tax or fee on goods purchased online that have high-carbon delivery methods. A flat rate or percentage fee could be applied at check-out for online purposes and then be ramped up the farther that the product is sourced from the destination or the faster the product is expected to arrive at its destination.

Why: A tax on e-commerce can simultaneously encourage shopping from local retailers while reducing trip lengths and minimize resulting air and greenhouse gas pollutants. Reducing or waiving the tax or offering discounts for deliveries made sustainably (in cleaner vehicles or using slower delivery methods) would push businesses to adopt cleaner methods to incentivize consumers to opt for low-impact delivery options when available. Taxation or mandatory fees would prompt quicker and more transformative change but may be harder to pass, while voluntary fees may not see a significant impact. Alternatively, businesses can give customers the option to voluntarily opt-in for sustainable shipping at check-out. When designing an e-commerce tax, considerations should be given to how the tax applies to different businesses (e.g., local vs. multinational businesses), possible exemptions to certain groups, and ways to encourage a more sustainable delivery system.

Testing grounds: In 2018, a [proposal](#) was put to the French Senate for a tax on e-commerce deliveries, which would be scaled according to distance travelled. For delivery distances less than 50 km, goods would be taxed 1 percent, for distances between 50 to 80 km it would be 1.5 percent, and for distances greater than 80 km it would be 2 percent, with a minimum tax of €1.00 per online order. Deliveries made using modes that do not consume fossil energy like electric vehicles or cargo bikes, however, would be exempt from the tax. As of March 30, 2021, the bill had not been approved. A revised bill is reportedly being developed that would calculate and show delivery costs on online purchases. That bill is expected to be brought forward later in 2021.

International package delivery company [UPS offers a carbon neutral shipping option](#) to counteract the negative impacts of shipping on the environment. UPS charges flat fees of 5 cents per package for ground (standard) shipping, 20 cents for air (expedited) shipping, and 75 cents for international shipping. The fees are added to the bill for each package shipped, which businesses could pass on to customers who want to choose sustainable delivery options.

