

UKFT Guide to the new Plastic Packaging Tax (PPT)

From 1st April 2022, the Plastic Packaging Tax will apply to plastic packaging manufactured in, or imported into the UK, **if it does not contain at least 30% recycled plastic**. Plastic packaging is packaging that is predominantly plastic by weight.

It will not apply to any plastic packaging which contains at least 30% recycled plastic, or any packaging which is not predominantly plastic by weight (paper, card etc).

Imported plastic packaging will be liable to the tax, whether the packaging is unfilled or filled.

The aim of the tax is to provide a clear economic incentive for businesses to use recycled plastic in the manufacture of plastic packaging, which will create greater demand for this material. In turn this will stimulate increased levels of recycling and collection of plastic waste, diverting it away from landfill or incineration.

Companies which use, manufacture or import less than 10 metric tonnes of plastic packaging in a 12-month period are exempt from the charge but they may still have to register.

Companies with a turnover in excess of £2 million a year will also have new responsibilities.

What is PPT?

The Plastic Packaging Tax will apply to plastic packaging manufactured in, or imported into the UK, which does not contain at least 30% recycled plastic.

Any plastic packaging items (including tape and bubble wrap) manufactured in the UK, imported into the UK, or imported as filled product, containing **less than** 30% recycled plastic, (such as bioplastics, biodegradable, compostable and oxo-degradable plastics) and, equating to more than 10 metric tonnes in a 12-month period, will be liable under the tax and will be charged by HMRC at the rate of £200 per metric tonne.

PPT is a separate policy to Packaging Waste Producer Responsibility and Packaging Waste Recovery Notes, (PRN's). Obligated packaging producers will be those who handle 50 metric tonnes of packaging materials or packaging per calendar year OR have a turnover of more than £2 million a year (based on their last financial year's accounts). For details on those schemes visit: <https://www.gov.uk/guidance/packaging-producer-responsibilities>

If you are a 'small operator' who manufactures or imports less than 10 metric tonnes of plastic packaging in a 12-month period, you are exempted from the charge but you may still have to register.

The types of plastic packaging, consisting of less than 30% recycled plastic, included within the tax are:

1. Packaging designed to be suitable for use in the supply chain, to contain, protect, handle, deliver or present goods at any stage in the supply chain of the goods, from the producer of the goods to the consumer or user, eg plastic wrap holding goods together.
2. Single use consumer packaging .

Single use clothes hangers designed for use in the supply chain would also be included in the tax.

<https://www.gov.uk/government/publications/examples-of-packaging-in-and-out-of-scope-of-plastic-packaging-tax/packaging-in-and-out-of-scope-of-plastic-packaging-tax>

When will it be introduced?

01 April 2022 and returns and payments will be made quarterly.

Who is affected?

Registration for PPT is a mandatory requirement for any organisation that manufactures, purchases or imports more than 10 tonnes of plastic packaging in a 12-month period, regardless of the amount of recycled plastic it contains. However, once registered, only plastic packaging that does not contain at least 30 per cent recycled plastic will be liable to tax. Even if PPT is not ultimately due, all organisations importing or manufacturing plastic packaging must comply with the record keeping requirements, so it is important to consider compliance obligations in advance.

Where 30% or more recycled plastic is used, no tax will be due, but the plastic packaging will still need to be accounted for.

The tax will be paid based on the rate of £200 per metric tonne for any company which manufactures, purchases or imports plastic packaging in the UK that is less than 30% recycled and equates to 10 metric tonnes or more per annum.

Are there exemptions?

There are some exceptions. The main ones for the fashion and textile industry are:

- Packaging used for transport packaging for imported goods.
- Packaging used as aircraft, ship and railway stores for international journeys.
- Packaging for use other than as components that are permanently designated or set aside for use other than a packaging use, other than for the containment, protection, handling, delivery or presentation of goods.
- Packaging exported or intended for export within 12 months, unless as transport packaging for exported goods. Where tax has been paid and the related plastic components are then exported, credit or repayment will be available for the tax paid.

Companies will be expected to declare all relevant plastic packaging with less than 30% recycled for all forms of transport and resale.

Can I get a PPT credit for exporting packaging previously imported into the UK or converted into a different packaging component?

Yes, but you must be able to prove this and you must claim within 2 years of the manufacture, import or conversion.

Penalties for non-compliance

Significant financial penalties will be imposed on companies for deliberate or unintentional non-compliance and/or providing inaccurate information.

What should you do now?

- Conduct your own packaging audit to establish whether your business' activities are potentially liable to register for and pay PPT.
- If you cannot do this, engage an external consultant to do this for you.
- Include in the calculation all relevant packaging in your supply chain from production to retail or to point where you sell the goods .
- Consider whether others in your supply chain could reasonably pass any of their responsibilities to you.
- Identify whether your plastic packaging is within the scope of the PPT (i.e. contains less than 30% recycled material).
- Create and keep records of the weight of plastic packaging you use as a business **and** the recycled content of this plastic packaging.

- Estimate cost liability to your business and alert your finance team.
- Nominate a member of the team to gather relevant data and make the PPT submissions on time.
- Identify and evaluate alternatives to avoid having to pay the tax (these may include bioplastics, biodegradable plastics, compostable and oxo-degradable plastics as well as other sustainable forms of packaging).
- **Switch** to a replacement with either a higher (at least 30%) recycled content or, switch to a different type of packaging.

How do I register?

The HMRC Plastic Tax Portal will open for registration from 1st April 2022.

For examples of the type of plastic packaging included in the tax) see <https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/further-information-for-businesses>

For more information see <https://www.gov.uk/government/collections/plastic-packaging-tax>

UKFT members may also contact Steve McIntyre at TC Group for members rates on compliance research.

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