

UK Plastic Packaging Tax- Summarising statement

In the UK 2020 budget announcement in March, there was further confirmation a Plastic Packaging tax will be implemented and at present this is planned for April 2022. The second consultation on policy design to determine how this tax is going to be implemented closed in August 2020.

Aim is to make new plastic more expensive and stimulate collection and recycling. There is a Plastic Packaging Tax Consultation Document (published March 2020) which outlines what is being considered in terms of implementation and related requirements ([Link](#)).

Key points and proposals within this document:

- The rate has been set at £200/tonne of plastic packaging manufactured or imported with <30% recycled content- **the rate and % threshold has been set and is not within the scope of the consultation.**
- There is an annual de minimis of 10 tonnes threshold to be eligible, manufactured exports & import/export will not be subject to the tax.
- Eligible businesses will be required to register with HMRC (this can be done as a group where applicable) and account for any tax that is due via **quarterly** tax returns [p33 of the consultation document] (similar to existing tax regimes, such as the Soft Drinks Industry Levy).
- **All packaging** within the scope of the tax will be **presumed** to contain less than 30% recycled plastic unless it can be proved otherwise with sufficient evidence.
- Liable businesses will need to maintain records and relevant evidence pertaining to the above.
- It is proposed that transport packaging used to transport imported goods should not be in the scope of the tax. If transport packaging is itself the good being imported, this will be subject to the tax just like any other unfilled packaging.
- **Exports**- tax can be suspended for plastic packaging which is manufactured or imported to fulfil an existing export contract.
- Imported plastic packaging includes empty and filled packaging. This ensures plastic packaging placed on the UK market is subject to similar tax treatment, irrespective of whether it has been manufactured in the UK or overseas.
- Manufacturers and importers are the main liable parties; others in the supply chain, including online marketplaces who have reasonable grounds to believe/ have agreements in place that the tax isn't accounted for will have the tax liability. There are some good examples of different scenarios within the Consultation document (page 15)

Many of these requirements will depend upon the response to the current consultation.

At present the UK packaging reporting is annual and does not discriminate between different types of plastic nor recycled content. Therefore, to satisfy any reporting requirements for the new tax, there will be increased frequency of reporting and additional information will likely need to be sourced from suppliers which will take time and require supplier cooperation.