

## UK Plastic Packaging Tax- Summarising statement

The 2021 Finance Bill included further details on the UK Plastic Packaging tax set to be introduced in April 2022. This tax has been through two consultations rounds, the second on policy design to determine how this tax is to be implemented closed in August 2020.

The aim of the tax is to make new plastic more expensive and stimulate collection and recycling. The Second Plastic Packaging Tax Consultation Document (published March 2020) outlined what was considered in terms of implementation and related requirements ([Link](#)).

A [Policy paper](#) , [Summary of responses](#) of the second consultation and [Draft legislation](#) were published in November 2020.

### Key points:

- The rate has been set at £200/tonne of plastic packaging manufactured or imported with <30% recycled content.
- 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 (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 will 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)
- For Manufacturers, the tax point will arise at the final stage of conversion, after packaging has undergone its last substantial modification (after all ancillary processes), but before the packaging is packed or filled. **Guidance on ancillary processes will be published by HMRC before the tax is introduced.**

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.

Further guidance from the HMRC is expected regarding various aspects of the tax including the registration, reporting and charging process as well as further guidance on some the definitions.

**Greenstreets can work with you to navigate the changes and provide further guidance and support, please [contact Greenstreets for further information](#).**