

Why is this important for your business?

- This is a new tax applicable in the UK;
- There are penalties for obligated businesses who do not register
- Costs for some businesses may be significant

ERP UK has produced this briefing for companies wanting to understand the new tax.

What is the Plastic Packaging Tax?

A new £200 per tonne tax on plastic packaging in the UK - from April 2022.

Plastic Packaging Tax, its reporting requirements and costs will be in addition to pre-existing requirements (for example Packaging Waste compliance under producer responsibility regulations).

What is the aim of the Plastic Packaging Tax?

To increase the use of recycled material in the production of plastic packaging.

The tax will encourage businesses to work with suppliers of products whose packaging includes recycled material. Demand for recycled material is expected

to increase the collection and recycling of waste plastic – reducing the amount which is landfilled or incinerated.

Overview

Scope

The tax will apply to:

- Plastic packaging manufactured in the UK
- Plastic packaging imported into the UK

Notes:

1. The definition of plastic packaging under PPT results in a scope wider than that of the current Packaging Waste Regulations – for example, including plastic bags and disposable plastic cups.
2. Plastic includes bioplastics, including biodegradable, compostable and oxo-degradable plastics.
3. There are 3 categories of products which will not be subject to the tax:
 - a. products designed to be suitable to contain goods at the time of sale to the consumer or user.
 - b. products designed so that the packaging is an integral part of the goods and are necessary to enable the goods to be used by the consumer or user.
 - c. products which are primarily designed to be re-used for the presentation of goods to a consumer or user and

have been permanently set aside for this purpose, before or as soon as they have been manufactured or imported.

4. There are 4 exemptions which remove specific forms of plastic packaging from the scope of the tax:
 - a. plastic packaging manufactured or imported for use in the immediate packaging of a medicinal product
 - b. transport packaging used on imported goods
 - c. packaging used as aircraft, ship and rail stores
 - d. components that are permanently designated or set aside for use other than a packaging use
5. As this is a new tax guidance and decisions on scope remain in development.

Registration

A registration threshold of 10 tonnes of in scope packaging in a 12 month period applies for companies or company groups.

You must register if:

- After 1 April 2022, you expect to import or manufacture more than 10 tonnes of plastic packaging in the following 30 days
- You are a VAT registered non-UK business that imports plastic packaging
- You meet or exceed the threshold but your packaging is not chargeable or subject to the tax

Notes:

1. This threshold is different from (and lower than) that for the current Packaging Waste Regulations.
2. If you import or manufacture less than 10 tonnes of plastic packaging in a 12-month period, you will still need to keep records on file to verify this.
3. Imports which have not cleared customs or are not in free circulation should not be included in any calculation.
4. The default position is that all plastic packaging is assumed to have recycled content of less than 30% unless evidenced otherwise.

Myth busting:

Recyclability of packaging is NOT the same as recycled content.

Regardless of whether you recycle packaging or your packaging can be recycled, unless it has recycled content of 30% or more, the Plastic Packaging Tax will be charged.

Reporting

Whilst there are many similarities, it is important to be aware that there are subtle differences between reporting to comply with the current Packaging Waste Regulations and with the Plastic Packaging Tax.

Notes:

1. Plastic packaging tax legislation provides that tax which is not paid may implicate secondary businesses further down the supply chain who become jointly and severally liable for the tax.

Exports

Where plastic packaging is intended for export, payment of the tax can be deferred for up to 12 months. Only if certain requirements are met and if the packaging is exported within that 12-month period the liability for that tax is cancelled. However, if the direct export condition is not met, the tax on the packaging becomes due from that date it was not met.

Tax payment

Plastic Packaging Tax will be due on all in scope plastic packaging that is not exempt from the tax. Reporting and payment of any tax due is required quarterly.

What are the risks of non-compliance?

Like VAT, Plastic Packaging Tax is regulated by Her Majesty's Revenue and Customs (HMRC). Significant financial penalties will be imposed on companies for deliberate or unintentional non-compliance and/or providing inaccurate information.

What to do next

A non-exhaustive list of suggestions to prepare your business for the Plastic Packaging Tax:

- Whether your business' activities are covered by the PPT
- Where your business activities sit in the supply chain
- (others may pass PPT on to you)
- Whether your plastic packaging is within the scope of the PPT
- What records you have of:
 1. The weight of plastic packaging you import (including around products) and the plastic packaging you manufacture
 2. The recycled content of this plastic packaging
- Estimate cost liability
- Alert your finance team – for budget and possible changes to invoices (which may need to show PPT paid)
- Plan your data gathering and record keeping to support PPT submissions
- Consider whether you need external support

How ERP can help your business?

Our data services team can help you manage the Plastic Packaging Tax.

We recognise businesses may not:

- Know the weight of packaging components for every product
- Know the material type of each packaging component
- Be able to evidence the plastic packaging's recycled content
- Have the resource available to do this

In anticipation of Plastic Packaging Tax and related Packaging EPR reforms we have adapted our data collection methods and updated our weight database to allow businesses to outsource these to ERP.

ERP's data services team will:

- Contact suppliers on your behalf and gather the required information quickly and efficiently
- Identify: in scope, out of scope, and exempt packaging
- Identify: what packaging has a recycled content of 30% or greater
- Confirm if you are under, meet or exceed the 10-tonne tax threshold
 - For those currently under the threshold a tracking services is provided
- Determine your Plastic Packaging Tax liability
- Provide a bespoke report to accurately complete HMRC tax declarations
- Upon request of HMRC produce supporting evidence for all exemptions and recycled content declarations
- Identify suppliers which contribute the most to your liabilities for future targeted packaging improvements

Interested?

Please complete our online **Plastic Packaging Tax data service enquiry form**.

Find the follow information online

UK Government webpages cover the Plastic Packaging Tax in simple and straightforward detail:

Policy Paper

<https://www.gov.uk/government/publications/introduction-of-plastic-packaging-tax/plastic-packaging-tax>

Guidance

<https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/further-information-for-businesses>

Related legislation changes

Plastic Packaging Tax is part of a group of policy proposals for collection and packaging reforms in the UK.

Plastic Packaging Tax Overview

Visit the following webpages:

Extended Producer Responsibility for packaging

<https://www.gov.uk/government/consultations/packaging-and-packaging-waste-introducing-extended-producer-responsibility>

Deposit Return Scheme for England, Wales and Northern Ireland

<https://www.gov.uk/government/consultations/introduction-of-a-deposit-return-scheme-in-england-wales-and-northern-ireland>

Deposit Return Scheme for Scotland

<https://depositreturnscheme.zerowastescotland.org.uk/faqs>

Consistency in household and business recycling in England

<https://consult.defra.gov.uk/waste-and-recycling/consistency-in-household-and-business-recycling/>

Other services

ERP provide WEEE, Battery and Packaging compliance in the UK – simple pricing and great customer service reduce the complexity of compliance for our members.

Please visit: www.erp-recycling.org/uk/

ERP is part of the Landbell Group – the leading global supplier of environmental and chemical compliance solutions. Find out more at: www.landbell-group.com/

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