

Good morning,

My name is Jon Clark and I am General Manager of BPIF Cartons- the UK trade association representing over 90% by value of the UK Folding Carton Industry which has sales in excess of £1.1 billion, converts over 650,000 tonnes of cartonboard annually and employs 6,500 people.

I am responding to the Technical Consultation on the Plastics Packaging Tax (PPT) which was announced on 20<sup>th</sup> July 2021.

It is our view that HMRC is making the implementation of the PPT unnecessarily complex over its view of “finished” plastic packaging components and “last substantial modification”.

In our opinion the PPT should become payable as early in the manufacturing process as possible i.e., at the first point in the plastic component’s production process and not when it is finished. This way confusion will be avoided as to when the tax has to be paid and will ensure that all plastic products that contain less than the 30% recycled content are subject to the PPT. It will also avoid the potential where multiple tax points are unknowingly created by further processing down the supply chain. Very often suppliers will not know if their product will be further processed. This will lead to confusion given the way the legislation is currently proposed.

Therefore, we believe that the tax should be payable either,

- 1) on importation into the UK,
- 2) on extrusion of the plastic sheet,
- 3) on laminating of the plastic to another substrate,
- 4) on injection or blow moulding of the product. Thermoforming of a product from a pre-extruded sheet would not pick up the tax as it would have been paid at the extrusion stage.

Printing is certainly NOT a substantial modification process as printing is just adding decoration to an already formed plastic product and should not be included in any list of substantial processes. A printer has no say in the specification of the material used, this is decided by the brand owner so to expect the printer to pay the PPT is unfair. Also, printing does not meet any of the criteria regarding “significant change” or “chargeable modification” i.e., printing does not change the shape, structure, thickness or weight of that plastic packaging component. Printing, therefore, must be removed from the list of “chargeable modifications.”

We also believe that major confusion currently exists when several components, one or more of which is plastic are brought together. It is unclear if or when the PPT would be payable and clear guidance must be given.

As an example, a Quiche carton may include a small plastic window to allow the consumer to see the product inside the carton.

The manufacturing process would consist of

- 1) A third party would extrude a reel of plastic material for the window and supply it to the carton converter. As this is for a food product then no recycled content is allowed.
- 2) The carton converter would then take the reel of plastic material and cut it to the required size for the window and glue the window into the carton which is then a finished packaging component and would then be supplied to the food manufacturer for filling with the product.



In this case the plastic window is less than 50% by weight of the finished carton so under the examples given in the "Packaging containing multiple materials" the carton containing the window would not be considered as plastic for the tax.

So, would the manufacturer of the plastic reel that is in the window have to pay the PPT even though the final component is not classed as plastic?

Clarification on this particular point is required as a matter of urgency as there are many similar examples to this particular case.

If you would like any further information on the above, then please contact me directly and I look forward to your response on the query regarding the "quiche" carton.

Many thanks

Regards

Jon Clark, BPIF Cartons General Manager