

Plastics Packaging Tax

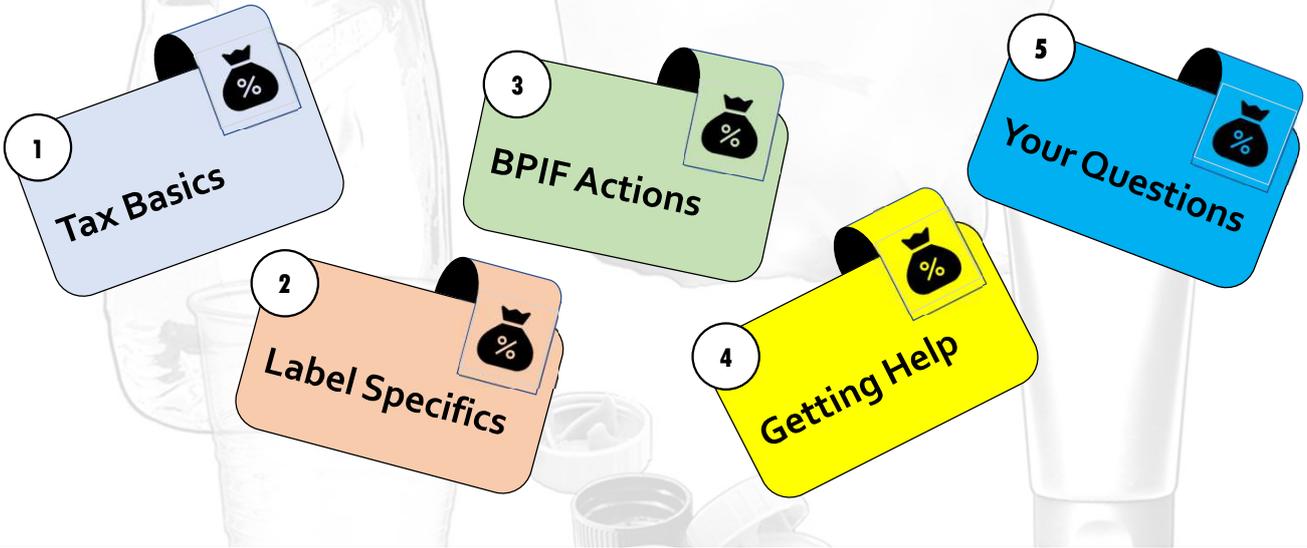
Please Note

All information has been confirmed by HMRC either through direct communication or their webinars, but their guidance is evolving and regularly changing.

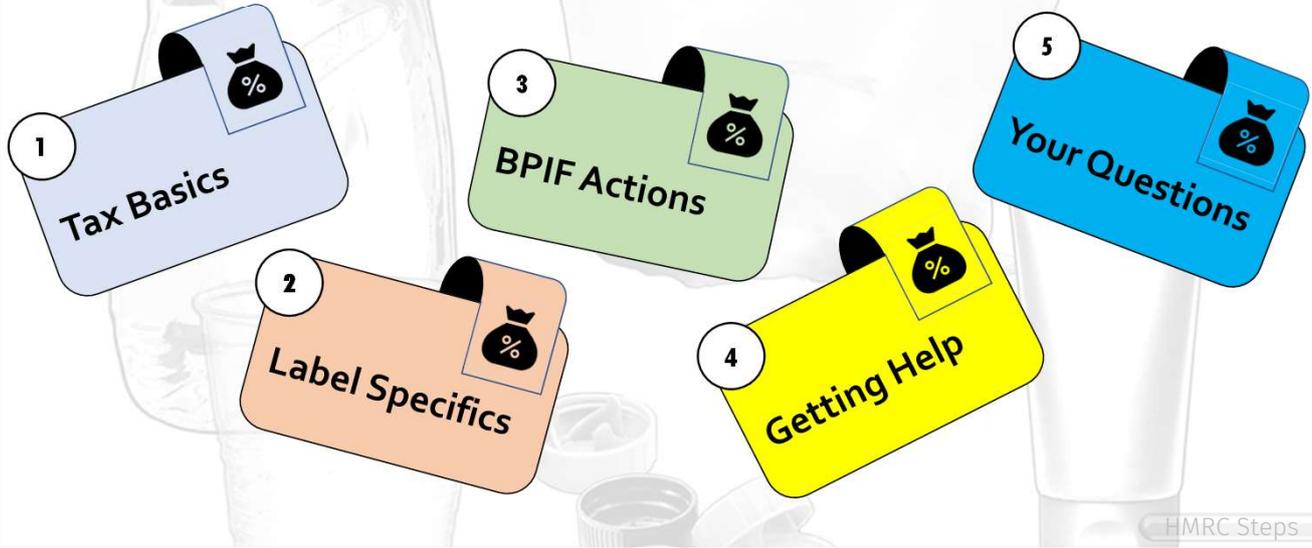
They have been inconsistent in answering certain questions in their webinars and in written responses.

BPIF
LONDON

Today's Agenda



Today's Agenda



**Plastics
Packaging Tax**
1st April 2022

Basic Information
1 of 4



All companies that import or manufacture plastic packaging will need to keep records to prove their PPT tax status to HMRC

All plastic that does not contain 30% or more recycled material will qualify for plastic packaging tax

Companies importing or manufacturing more than 10 tonnes of finished components in a 12-month period will need to register for PPT

Do not register until you reach the 10 tonne de-minimis calculated from the 1st April 2022. Pay tax on qualifying finished components from the date you recognised the need to register

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- 1 Record keeping will be important
- 2 There is guidance on what is acceptable as recycled material. and acceptable ways of measuring
- 3 Please note you calculate on the weight of finished components
- 4 Calculating when you reach de-minimis will be different in other years

**Plastics
Packaging Tax**
1st April 2022

Basic Information
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Tax exempt recycled plastic must be included when calculating if you have reached the 10 tonne de-minimis registration trigger

You calculate reaching the de-minimis and paying tax on the weights of finished components not what you purchase

Tax on components due for export can be deferred for up to 12 months. If not exported in 12 months the tax will have to be paid.

Tax can be reclaimed on exported items up to 24 months after the last substantial modification. The company who paid PPT is the only company who can claim it back

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1. You must include recycled, tax exempt plastic in this calculation
2. Your suppliers are not in a position to calculate your tax.
3. If you know the components will be exported you can deferred
4. Only the tax payer can claim tax back. This presents a communication and potential refund issue

**Plastics
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1st April 2022

Basic Information
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You will need to keep records on the specifications of your plastic materials, any tax already paid, the amount of plastic by weight for each order shipped and if the product is to be exported

The tax point (who pays the tax) is determined by who performs the last substantial modification in the component supply chain but before the packing, filling, and labelling stage.

Modifications, even substantial modifications are disregarded at the packing, filling, and labelling stage.

Components containing multiple substances will be subject to tax on the weight of the whole component, if a qualifying plastic is the largest substance by % weight

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1. HMRC are sounding keen on companies doing due diligence
2. There is guidance on what is a substantial modification. We will come back to this on labels
3. This is providing the substantial modification is done at the same time as the packing filling and labelling
4. Examples are on the HMRC website. Component made up of three substances. 4g Plastic, 3g paper, 3 gram aluminium = tax payable on 10g

**Plastics
Packaging Tax**

1st April 2022

**Basic Information
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HMRC are stressing due diligence in testing and verifying the specifications and information you use for calculations. You will need proof if challenged

HMRC have dropped the requirement to show PPT on your invoices. We suggest good practice would be to state PPT has been paid where it has been and include the amount paid.

You can pass on the PPT in your prices or as a separate line on your invoice. VAT is payable on all PPT passed on to your customers

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1. As HMRC get on top of the initial problems. This is likely to get more focus
2. We are pretty sure this requirement will come back, perhaps in the second year
- 3.

**Plastics
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1st April 2022

**Label Specific
1 of 3**



Labels manufactured from filmic materials are in scope of the tax

Laminating and printing are both substantial modifications and therefore label converters are likely to make the last substantial modification to a plastic label

Plastic face materials and plastic backers are being treated as two separate components. Both come under scope of PPT

A printer/converter who prints, foils or laminates a label will make a significant modification and most likely be liable for the tax.

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LABELS

1. This includes biodegradable, compostable, oxo-degradable
2. Because the next stage is most likely packing filling and labelling
3. Because HMRC had difficulty justifying PPT on the backer they now describe it as packaging to carry the label
4. Printing a label creates a substantial modification

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1st April 2022

**Label Specific
2 of 3**



Die cutting, slitting and waste stripping are not significant modifications. So it follows that the PPT tax point on plain filmic labels will be with the importer or manufacturer of the laminate.

Unless the backer is printed or undergoes some other significant modification, it will be the laminate producer/importer who will need to pay the PPT.

Adhesive should be included in the weight calculation for plastic face materials when reporting on and paying PPT

Silicone should be included in the weight of the backing material

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B P I F
LABELS

1. Although many think dies cutting and waste stripping is a significant modification because it changes the weight. It is not
2. In most cases it will be the importer or producer of the backing material who pay the tax on filmic backers.
3. Confirmed by HMRC. Note that if the adhesive coat weight is higher than the filmic face material. The multiple substance rule does not apply
4. HMRC confirmed this

**Plastics
Packaging Tax**
1st April 2022

**Label Specific
3 of 3**



Information you will need from your supplier

- Face material type
- Face material weight – gsm
- Face material – proof of recycled content
- Adhesive weight in gsm

- Backing material type
- Backing material weight – gsm
- Backing material – proof of recycled content
- Silicone weight - gsm

- Details of any PPT already paid

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1. Your supplier cannot calculate you PPT liability. They are obliged to provide the information you need to do that
2. The mass balance method of calculation for recycled content is under question
3. There is more on HMRC about what is acceptable proof

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BPIF Actions



BPIF Labels, BPIF Cartons and the BPIF have responded to all calls for consultation

Challenged HMRC on aspects of the tax. Particularly with regard to printing as a substantial modification and challenged that the backing paper should be considered waste

Raised numerous questions on rules that are not clear when applied across the industries we represent

Put considerable resource into clarifying the tax for members and raising awareness across the industry

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Packaging Tax**
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BPIF – Comment



It is looking like there will be no formal response to the last round of consultations

We understand that the 2nd part of the legislation is a 'done deal' and has or will shortly pass into law

We believe it will be impossible for many companies to reclaim tax on exports as the information will not pass back down the supply chain

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3. For example a company like Unilever hold multilingual labelled stocks and ship to various countries. This information, with evidence will not feed back to the label printer who paid the tax.

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BPIF – What next



Continue to raise awareness and support our members in understanding and implementing the tax

Continue to work with HMRC to clarify application of the tax to scenarios specific to our industry

Build challenges to aspects of the tax that will not or are not working across our industry

Work with members and the wider industry to develop guidance on best practice in administering Plastic Packaging Tax

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3. It is unlikely challenges will result in change for at least the first year.
4. We would be interested to hear if you think an industry best practice guide would be worthwhile

**Plastics
Packaging Tax**

1st April 2022

**Getting Help
and
Information**

1 of 2



HMRC continue to build information resources and the best place to start is the HMRC Plastics Packaging Tax – Collections Page

HMRC have issued 8 recommended steps to help you establish your PPT status - these are linked from their Collections Page

Look at the PPT section on the BPIF website

Email the BPIF PPT Helpline

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1. HMRC collections page web address :
<https://www.gov.uk/government/collections/plastic-packaging-tax>

**Plastics
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**Getting Help
and
Information**

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Email HMRC direct on their dedicated email address

HMRC have recently updated two decision tree documents

We will email you a PDF of the PowerPoint presentation together with website links and email addresses

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HMRC email: indirecttaxdesign.team@hmrc.gov.uk

Decision trees: We will send PDF's

**Plastics
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Your Questions



We will now do our best to answer your questions



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Steps to take when deciding if you should pay the tax

1. Work out [which packaging is subject to Plastic Packaging Tax](#).
2. [Decide if you need to register for the tax](#).
3. [Work out the weight of the packaging you manufacture or import](#).
4. Check [when you must register for the tax](#).
5. Find out [how to register](#).
6. Check which [records and accounts you must keep](#) and how to carry out [due diligence](#).
7. Read how to [claim a credit or defer paying Plastic Packaging Tax](#) (if applicable).
8. Find out [how to complete your return](#).

**Plastics
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1st April 2022

Getting Help



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HM Revenue
& Customs