



Plastic Packaging Tax



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Topics

- The tax at a glance
- What is and isn't in scope of the tax
- When the tax is charged and who must account for it
- Tax payer responsibilities, including:
 - Examples of evidence
 - Substantial modification
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 - Recycled plastic
 - Exports
- Next Steps



The tax at a glance

- To tackle the pressing global issue of plastic pollution, the government is committed to introducing the world leading Plastic Packaging Tax (PPT) from April 2022.
- The tax will encourage the use of recycled plastic instead of new material within plastic packaging.
- Charged at £200 a tonne.
- Paid by manufacturers and importers of plastic packaging that contains less than 30% recycled plastic.
- Manufacturers and importers of under 10 tonnes of plastic packaging are not required to register.



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What is in scope of the tax?

- A “packaging component” is a product that is designed to be suitable for use, whether alone or in combination with other products, in the containment, protection, handling, delivery or presentation of goods at any stage in the supply chain of the goods from the producer of the goods to the user or consumer.
- Products designed to provide a single use packaging function for the containment of a commodity or waste by a user or consumer. For example, nappy sacks and disposable cups.
- Packaging made of more than one material will be considered plastic if plastic is the predominant material by weight.
- Individual packaging components are taxed separately.



Examples



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What isn't taxed

Outside the scope of the tax:

- a) Transport packaging used to import goods
- b) Packaging manufactured or imported for non-commercial purposes
- c) Packaging which is integral to the product
- d) Items where packaging is secondary to a storage function
- e) Products primarily designed to be re-used for the presentation of goods
- f) Packaging used in aircraft, ships or railway stores for international journeys, or as road, rail, ship and air containers

Not taxed but is reported on returns:

- g) Immediate packaging for licensed human medicines
- h) Packaging exported outside the UK
- i) Packaging containing 30% or more recycled plastic



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Packaging integral to the product

- The packaging must be necessary to enable the goods to be used by the consumer or user.
- Once the goods have been used or consumed, the packaging is discarded



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Storage products

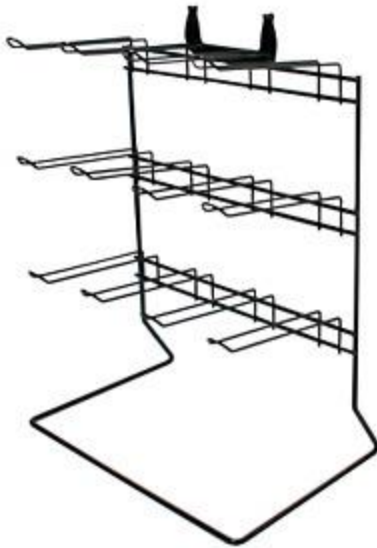
- The product must be designed to be suitable to contain goods at the time of sale to the consumer or user.
- Packaging should be a secondary role compared to its use by the end consumer for containing, supporting or preserving the goods throughout their lifetime.



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Products for presentation of goods

- Products which are designed to be re-used for the presentation of goods, and have been permanently set aside for this purpose



When is the tax charged and who must account for it?

- The business that must account for the tax will depend on when the packaging component is finished, otherwise known as the tax point
- The tax will be charged either when the packaging:
 - Is manufactured or finished in the UK; or
 - Imported finished into the UK on behalf of a business.
- The manufacturing is considered finished if:
 - It has undergone its last substantial modification, or
 - Where the last substantial modification happens during pack-filling, the last substantial modification before that



Taxpayer responsibilities

- When an organisation exceeds the 10 tonne threshold, they have 30 days to register for the tax.
- Companies under the same control can register as a group
- They must submit tax returns every quarter.
- They must keep records of their packaging, to evidence any claims they have made. These records should include:
 - Calculations of the weight of their packaging
 - Calculation of the recycled content of their packaging
 - Evidence of their medical exemption claims
 - Evidence of exportations
- Include a PPT statement on invoices to customers –this will not be commence on 1 April following industry feedback.



Liability to register

- Forward look test – if at any time after 1 April 22 you expect to manufacture or import at least 10 tonnes of plastic packaging in the following 30 days.
- Backward look test – you have manufactured or imported at least 10 tonnes of plastic packaging in a 12 month period ending on the last day of a calendar month – you become liable for PPT from the first day of the next month



Examples of evidence

- Product specifications
- Contracts
- Product certificates and certificated of conformity
- Business accounting systems
- Accreditations and international standards
- Quality Assurance audits
- Sales and purchase invoices
- Environmental Agency accreditation or equivalent approvals from other bodies



Substantial modification

- Substantial modification means a significant change to the nature of a plastic packaging component.
- This is a change to the:
 - Shape
 - Structure
 - Thickness, or
 - Weight

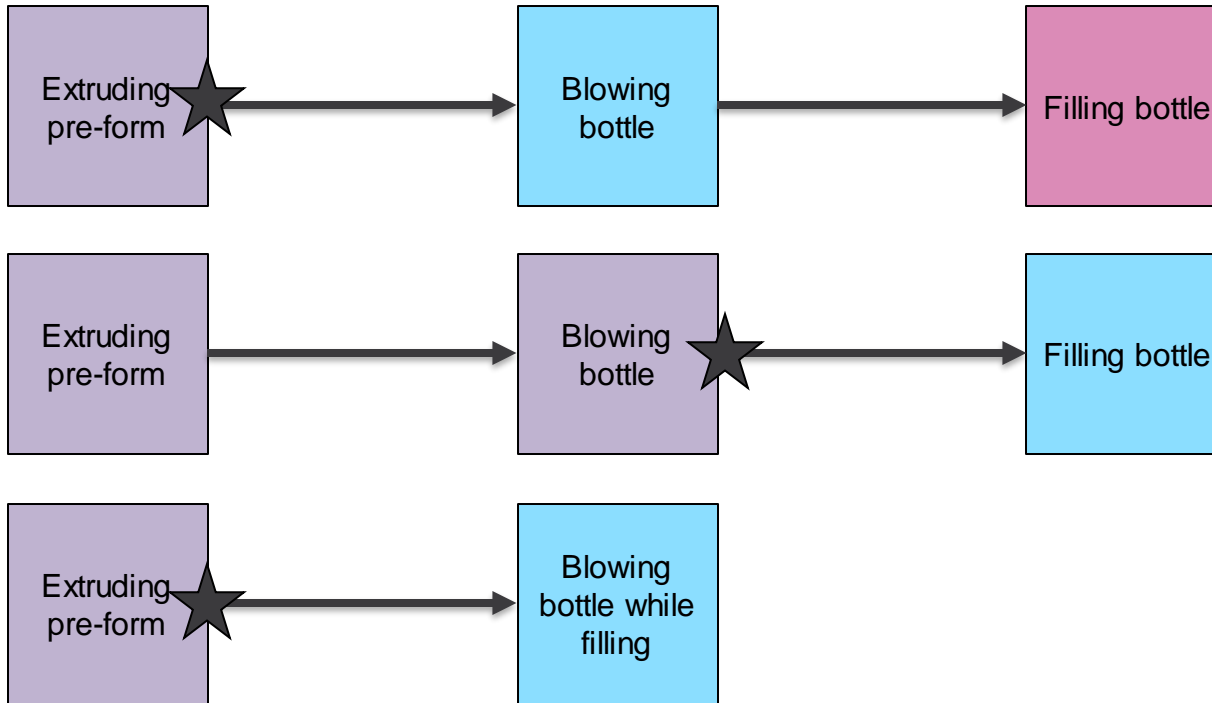


Substantial modification - exceptions

- Exceptions:
 - Blowing or forming from a pre-form
 - Cutting
 - Labelling
 - Sealing
- Where one of these processes is done by the same person who carries out substantial modification on the same plastic packaging component, it is treated as substantial modification.



Examples



Key

Business A

Business B

Business C

Business D

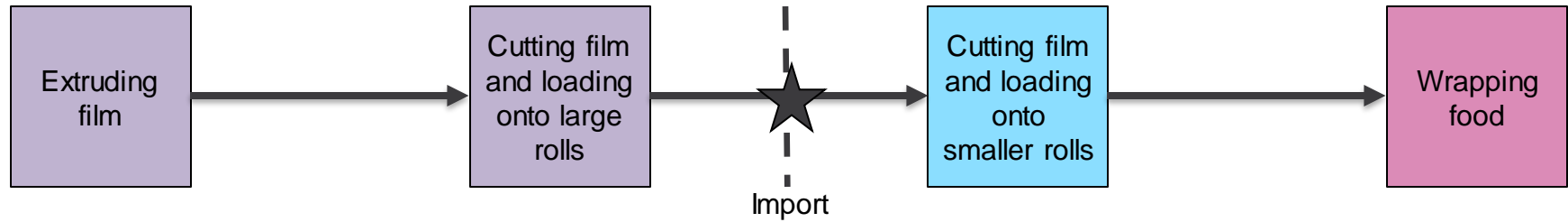


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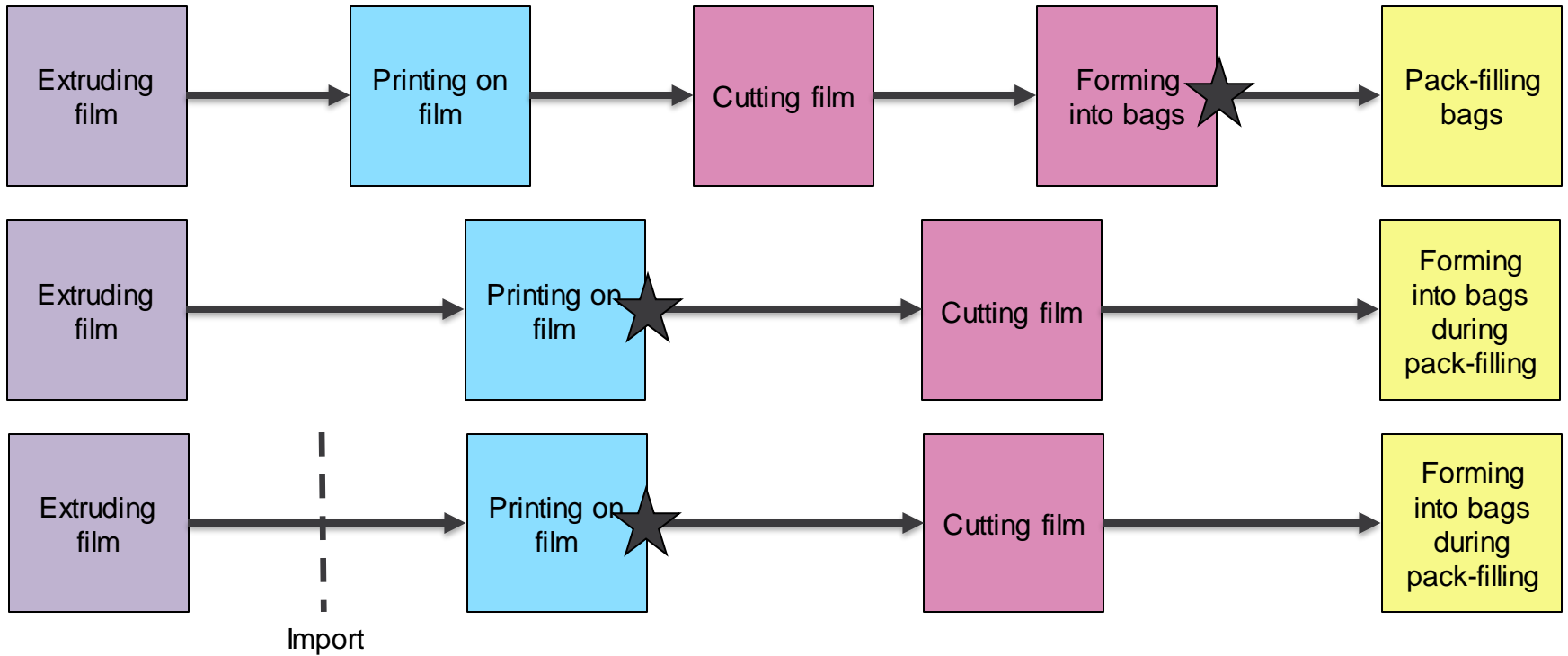


Denotes the tax point

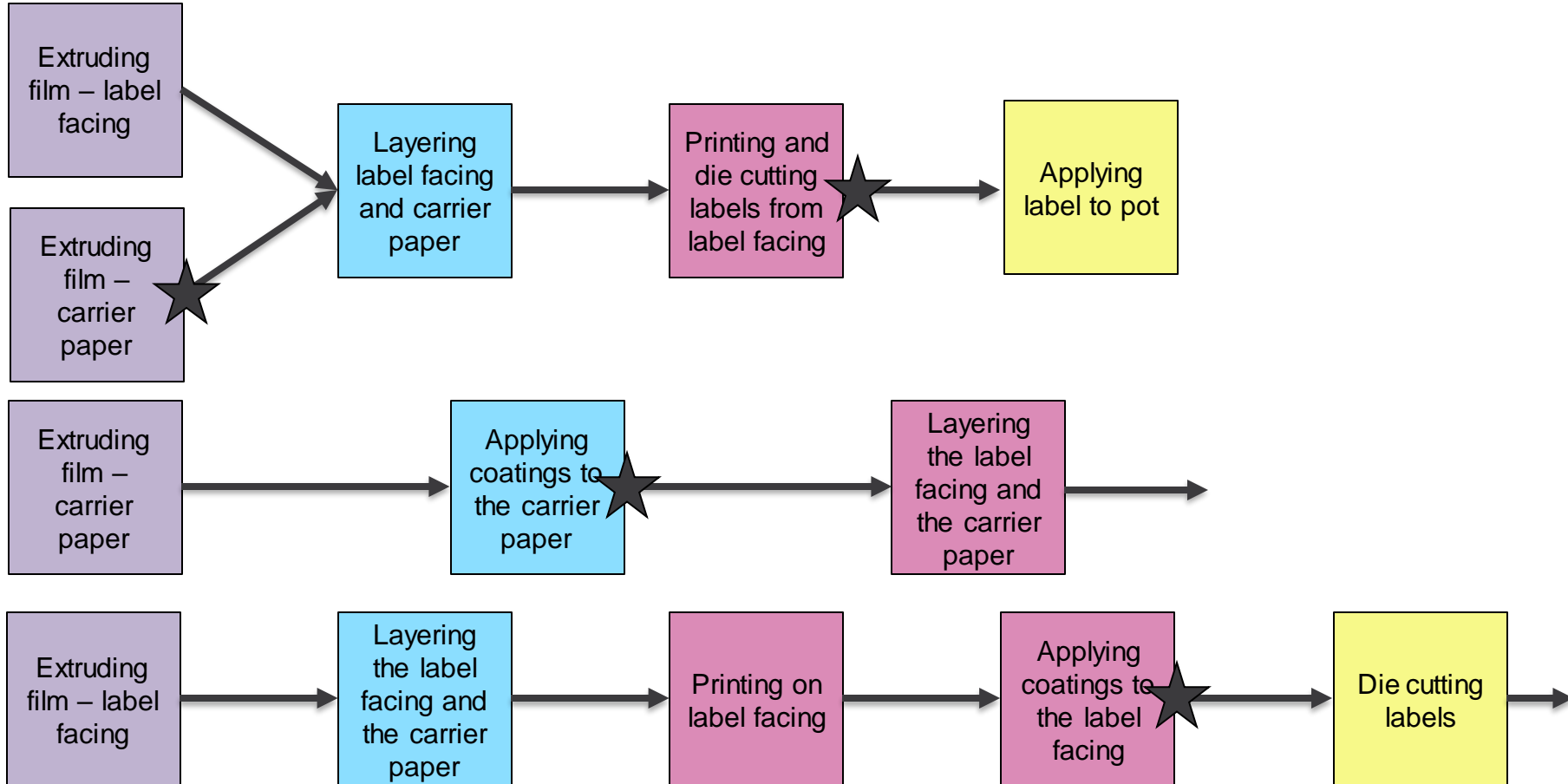
Examples



Examples



Examples



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Waste

- Any waste created prior to the tax point is not a chargeable plastic packaging component and no tax is due on it.
- Any waste or surplus material attached to the component at the tax point is not treated as part of the component and no tax is due on it, provided that:
 - It can be evidenced at the tax point that the material is waste or surplus
 - This evidence is kept to demonstrate that it was known at the tax point
- Any waste created after the tax point which was not known about at the tax point is part of a chargeable plastic packaging component and the tax is due on it.
- There is no relief for waste created after the tax point where it was not known it would be waste at the tax point.



Recycled plastic

- For plastic to qualify as ‘recycled plastic’ it must be plastic waste that’s been recovered from a manufacturing process (pre-consumer plastic) or it must be plastic has been recovered from households or other facilities which can no longer be used for its intended purpose (post-consumer plastic).
- This does not include organic recycling.
- Recycled plastic does not include plastic that is reused, or capable of being reused, in the same or a similar process from which it was generated and recovered. This is often known as scrap and regrind. This means waste material which is factored into the production process to be ground or melted before being reused in the same process to make the same or similar packaging components is not classed as recycled plastic for the purpose of the tax.



Exports

- The tax will not apply to plastic packaging that is exported.
 - Direct relief - Where known at time of production/importation packaging will be exported, the tax charge will be deferred if exported within 12 months.
 - Tax credits – Where the tax is paid but the packaging is subsequently exported, a tax credit can be claimed to offset against future liability for the tax.
- Transport packaging used on exported goods is not exempt from the tax.



Guidance

- Recent updates includes guidance for importers of packaging components using incoterms on the '[When you must register for Plastic Packaging Tax](#)' page. Further additions to answer other common questions are being prepared.
- Mae'r holl arweiniad craidd ar y Dreth Deunydd Pacio Plastig bellach ar gael yn Gymraeg ar y [dudalen gasgliad ar GOV.UK](#) / All core guidance on PPT is now available in Welsh at the [collection page on GOV.UK](#).
- For further updates on the guidance, please ask to be added to the PPT mailing list via the team's inbox - indirecttaxdesign.team@hmrc.gov.uk



Secondary Legislation

- The Plastic Packaging Tax (General) Regulations 2022 were laid on 9 February 2022. This statutory instrument sets out the detailed administrative requirements for PPT ahead of its introduction on 1 April 2022.
- The Plastic Packaging Tax (Descriptions of Products) Regulations 2021 have been approved by Parliament. This statutory instrument removes three categories of products from the meaning of a plastic packaging component and adds a further category of products.



Next Steps

- Updated versions of the decision tree documents in light of new legislation. To view here [Check if you need to register and are liable for PPT](#) and here [Check if your plastic packaging is in scope of the PPT](#)
- The decision trees are also available to view in Welsh here [Check if you need to register and are liable for PPT](#) and here [Check if your plastic packaging is in scope of the PPT](#)
- Beta testing for the IT service user.experience@hmrc.gov.uk and title your email as “Plastic Packaging Tax User Research”
- Watch our most recent webinars on an Introduction to Plastic Packaging Tax and Admin and Technical Aspects here [GOV.UK](#).



Thank you and Q&A

- The slides will be shared after this presentation where you will be able to access the links.
- Useful links:
- Latest PPT guidance collection page here: [guidance](#)
- [Finance Act 2021](#) – Royal Assent 10 June 2021
- [Tackling the plastic problem - single use plastic call for evidence 2018](#)
- [2019 consultation and summary of responses](#)
- [2020 consultation and summary of responses](#)
- [Tax information and impact note](#) (updated July 2021)

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