

The Plastic Packaging Tax

Guide to Plastic Packaging Tax

A new tax on plastic packaging manufactured in, or imported into the UK, that does not contain at least 30% recycled plastic is being introduced from 1 April 2022. Manufacturers or importers of plastic packaging, including importers of packaging which already contains goods, will need to take action to prepare for the new tax. Other businesses in the supply chain will also have to be aware of the tax and may have due diligence obligations.

The rate will be £200 per metric tonne of plastic packaging. The tax applies only to those who manufacture or import ten or more tonnes of plastic packaging.

Key points:

- Plastic Packaging Tax is due to take effect from **1 April 2022**.
- The tax will be £200 per tonne (apportionment for part thereof).
- The tax applies to plastic packaging manufactured in or imported into the UK containing less than 30% recycled plastic when measured by weight. The Finance Act 2021 extended this to include filled plastic packaging as well (i.e. plastic bottles filled with drinks).
- It applies to businesses that manufacture or import plastic packaging components or import packaged goods into the UK.
- 'Small operators' who manufacture or import less than 10 tonnes of plastic packaging in a 12-month period are exempted from the charge.
- There are anti-avoidance rules dealing with the artificial separation of business activities to avoid the tax.

Further exemptions are available where the packaging:

- Is used for the immediate packaging of medicinal products as defined by regulation 2 of the Human Medicines Regulations 2012 (S.I. 2012/1916).
- Is used for transport packaging for imported goods.
- Is packaging used as aircraft, ship and railway stores for international journeys.
- Is for use other than as components that are permanently designated or set aside for use other than a packaging use, other than for the containment, protection, handling, delivery or presentation of goods.
- Is exported or intended for export within 12 months, unless as transport packaging for exported goods. Where tax has been paid and the related plastic components are then exported, credit or repayment will be available for the tax paid.

The [HMRC guidance](#) includes lists of plastic components that are not subject to the tax such as:

- Toolboxes.
- First aid boxes.
- Glasses cases.
- CD, DVD and video game cases.
- Water cartridge filters.
- Printer or toner cartridges.
- Inhalers.
- Shop fittings.

Who pays the tax?

- Where the packaging or component is produced in the UK it is the producer (manufacturer) who pays the tax.
- Where it is imported to the UK it is the person on whose behalf the packaging or component is imported who pays.

It is the UK business that completes the 'last substantial modification' to packaging components before the packing or filling process which is liable for the tax:

- Where businesses import finished plastic packaging components, the liability rests with the importing business.
- The HMRC guidance advises that the last substantial modification is one that makes a “significant change to the nature of the packaging component”, by altering its shape, thickness, weight or structure.

Reporting

Businesses will be required to register with HMRC. The taxpayer will have 30 days (the notification period) to notify HMRC of the need to register. The notification period starts when:

- There are reasonable grounds to believe that in the next 30 days, the threshold of 10 tonnes will be surpassed.
- The threshold of 10 tonnes was surpassed in the previous 12 months.

A group can nominate one member to deal with registration for all group companies.

- The 10 tonne threshold applies per group company and each company must separately register for the tax, there is no group registration available.

If a company ceases to meet the conditions for registration they will be able to cancel their registration. More details are expected about the process for cancellation.

Should you have any queries, please do not hesitate to contact us

Leofric House, Binley Road
Coventry, CV3 1JN
Tel: +44 (0)24 7625 1333
Fax: +44 (024) 7625 1777

Euston House, 12 Euston Place
Leamington Spa, CV32 4BN
Tel: +44 (0)1926 88 88 65
www.leigh-christou.co.uk

For Information of users: This material is published for the information of clients. It provides only an overview of the regulations in force at the date of publication, and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore, no responsibility for loss occasioned by any person acting or refraining from action as a result of the material can be accepted by the authors or the firm.

Leigh Christou Ltd are registered as auditors in the UK and regulated for a range of investment business activities in the United Kingdom by the Association of Chartered Certified Accountants.