

PLASTIC PACKAGING TAX

If you manufacture or import 10 or more tonnes of plastic packaging within a 12 month period, you may need to register for the tax.



From 1st April 2022

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WHAT IS THE PLASTIC PACKAGING TAX?

The Plastic Packaging Tax (PPT) will be charged from 1st April 2022. It is a tax on plastic packaging manufactured in or imported into the UK, where the plastic used in its manufacture contains less than 30% recycled plastic.

The tax will be due on finished packaging components. Where plastic packaging components are imported, this will include products that are both empty or pre-filled.

WHEN DOES THE TAX COME INTO EFFECT?

The Plastic Packaging Tax will be charged from 1 April 2022. Any tax-liable product that has undergone its last substantial modification or cleared customs prior to 1st April is not taxable even if that product is ordered or shipped on or after 1st April.

WHO IS LIABLE FOR THE PLASTIC TAX?

Any company that imports over 10 tonnes of plastic packaging into the UK over a 12-month period that does not include at least 30% recycled content is liable to pay the plastic tax.

WHAT PACKAGING IS INCLUDED IN THE TAX?

Plastic packaging that contains less than 30% chemically or mechanically recycled plastic is included in the tax. This will also apply to bioplastics, biodegradable, compostable and oxo-degradable plastics. In cases where packaging is made using multiple materials (paper/foil and plastic) if the packaging contains a larger proportion of plastic, the weight of the entire packaging will be considered plastic and will be taxable as such.

HOW MUCH DOES THE TAX COST?

Non-exempt plastic packaging manufactured in or imported into the UK that does not contain 30% recycled plastic will incur the tax at the rate of £200 per metric tonne.

I'M LIABLE FOR THE TAX, WHAT DO I NEED TO DO?

All manufacturers and importers of plastic packaging will need to register with the HMRC regardless of the amount of recycled plastic they use unless they produce or import less than 10 metric tonnes of plastic packaging in any 12-month period.

A business must register if at any time after 1 April 2022, it expects to manufacture or import at least 10 metric tonnes of plastic packaging in the following 30 days or it has manufactured or imported at least 10 metric tonnes of plastic packaging in a 12-month period ending on the last day of a calendar month.

Imports that have not cleared customs or are not in free circulation in the UK are not included within these calculations.

ARE THERE ANY COMPANIES NOT LIABLE FOR THE PLASTIC TAX?

Companies importing filled or unfilled plastic packaging to the UK and NI from any other country will be liable for any tax unless any of the below points apply;

- the packaging is exempt/out of scope
- it has 30%+ recycled content
- their total annual import is less than 10 tonnes.

WILL VAT BE ADDED TO THE TAX?

VAT is chargeable on the net price of the product plus tax.

WHAT INFORMATION DO I NEED TO GIVE THE HMRC?

Businesses will need to maintain records to show:

- The total amount in weight and a breakdown by weight of the materials used to manufacture the plastic packaging (including secondary packaging (cores, bags, liners, tapes, labels etc.) but (excluding packaging which is used to transport imported and UK produced goods)
- The data and calculations used to determine if a packaging component is, for the most part, plastic and how much-recycled plastic it contains
- The weight of exempted plastic packaging and the reason for the exemption

WHAT PACKAGING IS EXEMPT FROM THE TAX?

There are three main categories of packaging components that are exempt from the tax.

- products where the packaging is not the primary aim of the product but is instead there to store the good, e.g. a first aid box
- products such as inhalers where the packaging is an essential aspect of the product that will be used by the consumer
- Products which are created specifically for presenting products to consumers and will be re-used to this end, e.g. shop display units
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Plastic packaging that is used to transport imported goods, used in aircraft, ship and rail goods stores, used to package medicinal products or that has another permanent use other than packaging will also be exempt from the tax.