

Contents:

What is Plastic Packaging Tax?

What is plastic packaging?

Which plastic packaging will be taxed?

Who must account for the tax?

Who must register for the tax?

Returns, payments and record keeping



Primary legislation is in law and forms Part 2 of the Finance Act 2021



Secondary legislation will be introduced before 1 April 2022



Guidance on GOV.UK will be updated to reflect any changes



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What is Plastic Packaging Tax?

14

What is Plastic Packaging Tax?



Plastic packaging manufacturers or importers

30% recycled
plastic



What is Plastic Packaging Tax?



Importers of packaging that contains goods



If you import drinks in plastic bottles



Liable for PPT on the bottles

What is Plastic Packaging Tax?



All plastic packaging manufactured or imported contains at least 30% recycled plastic



No Plastic Packaging Tax to pay



May need to register

What is Plastic Packaging Tax?



What is Plastic Packaging Tax?



What is plastic packaging?

22



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What is plastic packaging?

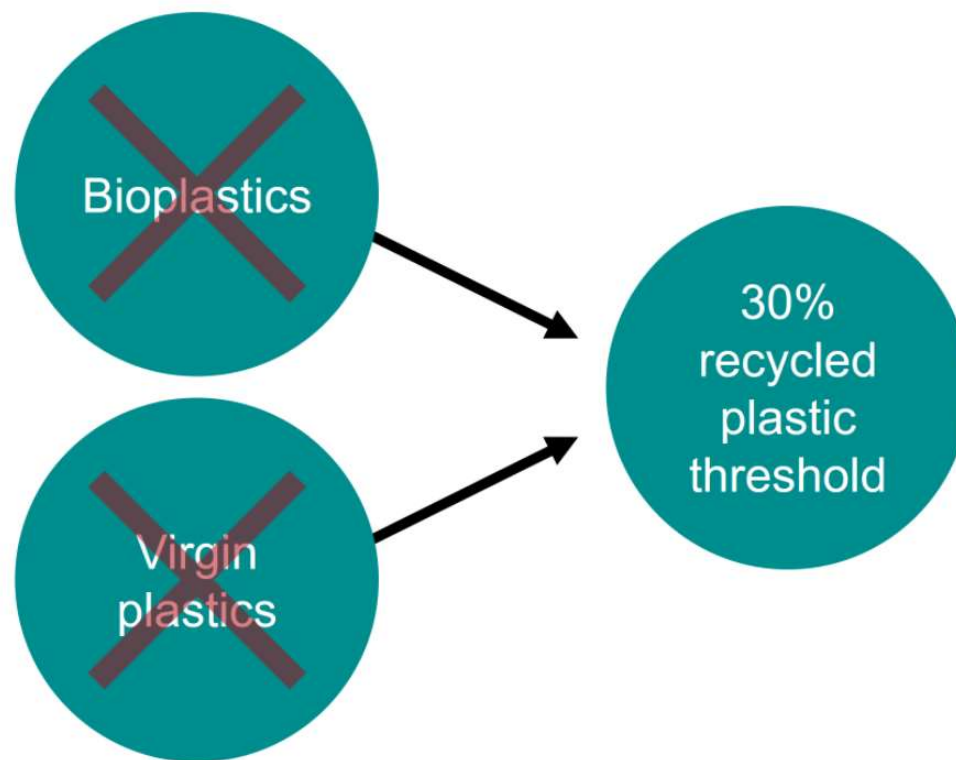


A packaging component is plastic if made of more plastic by weight than any other single material



Plastic packaging

What is plastic packaging?



What is plastic packaging?

Bioplastics include:

- Biodegradable plastic
- Compostable plastic
- Oxo-degradable plastic

What is plastic packaging?



Packaging that meets the definition of a packaging component is likely to be liable to PPT



Exceptions

What is a packaging component?

Definition:

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 of the supply chain of goods, from the producer of the goods to the consumer or user.

Packaging component – examples



Plastic bottles filled with drinks



Ready meal trays



Bubble wrap



Sticky tape



Re-usable plastic boxes

Packaging component – examples

Single use packaging products designed for home use



Sandwich bags



Bin bags

Packaging component exceptions



Do not count as packaging for the purpose of PPT



Where the packaging function is secondary to the storage function



Packaging that's an integral part of the goods



Packaging designed primarily for the presentation of goods and is re-used

Which plastic packaging will be taxed?

35



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Which plastic packaging will be taxed?

30% recycled
plastic



That plastic packaging component
is subject to PPT

Which plastic packaging will be taxed?



Four groups of plastic packaging are exempt:

Exemption 1

Transport packaging used when importing goods into the UK.

Exemption 2

Plastic packaging used in aircraft, ship or railway stores for international journeys.

Exemption 3

Plastic packaging produced or imported for use in the immediate packaging of a human medicine.

Exemption 4

Components permanently designated or set aside for non-packaging use

Exemption 1

Transport packaging used when importing goods into the UK



Only applies to extra packaging used to protect the goods during the journey



It does not include the packaging that will hold the goods wherever they're going

Exemption 1 – example

Transport packaging used when importing goods into the UK

- Children's toy is packed in a blister pack
- The toys in their blister pack are supplied to retailers in packs of 12, wrapped in further plastic to hold them together in a larger box
- When transported internationally, several larger boxes are placed on a plastic pallet and wrapped with film

Covered by the exemption



Exemption 3

Plastic packaging manufactured or imported for use in the immediate packaging of a human medicine product



Applies to the packaging which comes into immediate contact with human medicine

Example: Blister pack or plastic pill bottle

You're muted.



Click the microphone to unmute.

[Don't remind me again](#)

Exemption 4

Components permanently designated or set aside for non-packaging use, before or as soon as they are manufactured or imported



Example:

Film which is used to coat white boards rather than used as packaging

Plastic packaging intended for export



In addition to the four exempt groups



Where plastic packaging is intended for export, PPT can be deferred and later cancelled

Deferring the tax liability



Intend to export packaging



Intend to export packaging within
12 months

Deferring the tax liability



PPT is not due if the packaging is exported within the 12-month window



PPT is due if the packaging is not exported within the 12-month window

Deferring the tax liability



Destination not known when the packaging is produced or imported



Need to pay any PPT due



If the packaging is later exported



Claim a credit for the PPT paid

Who must account for the tax?

52



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Who must account for the tax?

Component is
produced or modified
in the UK



The business responsible
for finishing the component
is responsible for PPT

Component is
imported already
finished



The business responsible
for importing it is
responsible for PPT

Who must account for the tax?



Packaging finished in UK or imported



PPT due



Packaging finished in UK or imported



No PPT due



When is a packaging component finished?



Finished when the last substantial modification is made before packing or filling

Substantial modification

A process that makes a significant change to the packaging component

Significant change

Changes to the shape, structure, thickness or weight

Example processes

- ✓ Extrusion
- ✓ Moulding
- ✓ Printing

Substantial modification exceptions

Four processes that change the shape, structure, thickness or weight of a component **not** classed as substantial modifications



When is a packaging component finished?



Final substantial modification is part of same process as filling

The last substantial modification for PPT would be the one before this final process

When is a packaging component finished?



Business that
finishes and fills

or



Business that
supplies preforms



Whoever makes the last substantial
modification is responsible for the PPT

When is a packaging component finished?



Packaging you made or modified is usable when supplied



No evidence substantial modification to be made before the filling process



You must account for PPT

Who must account for the tax?



If you pay PPT on a product and it's further modified into a new component which is liable



You may be able to claim a tax credit for the PPT you have paid

Who must account for the tax?



Last substantial modification before filling



You're liable for PPT on the packaging



You're also liable for PPT on any that becomes waste later in the process



Unless you know exactly what waste there will be when you account for PPT

Who must account for the tax?



If the waste is easy to identify



Calculate PPT based on the weight of plastic used to make the product

Who must account for the tax?



If the waste is not easy to identify



Calculate PPT based on the full weight of plastic supplied

Waste example



You supply 5 rolls of film and the customer tells you in advance

3 rolls
used for
product
'A'



15% waste
per roll

2 rolls
used for
product
'B'



25% waste
per roll

PPT due on

- 85% of weight for 3 rolls
- and
- 75% of weight for 2 rolls

Who must account for the tax?



If you know your customer creates waste



Work with them now so you have evidence



To reduce your PPT liability

Who must register for the tax?

75

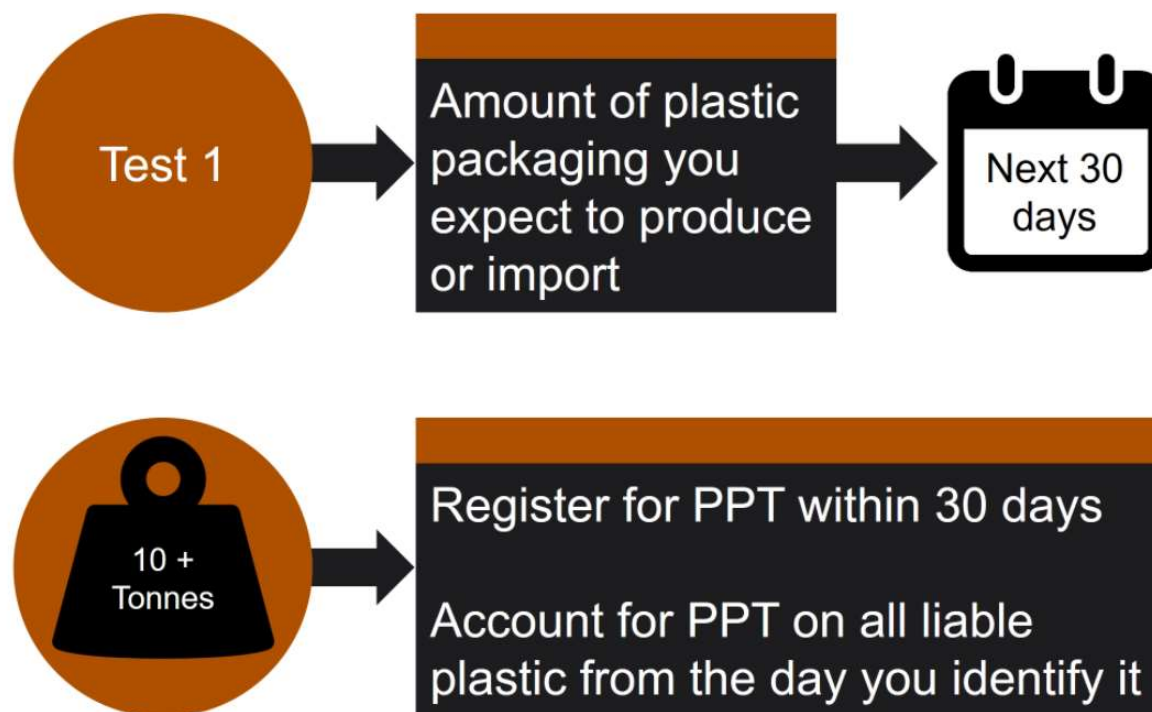
Who must register for the tax?

Test 1

Test 2

If either test is met the business must register for PPT and pay anything due

Test 1



Test 1 – example

Normally produce 0.25 tones



Receive order for 20 tonnes



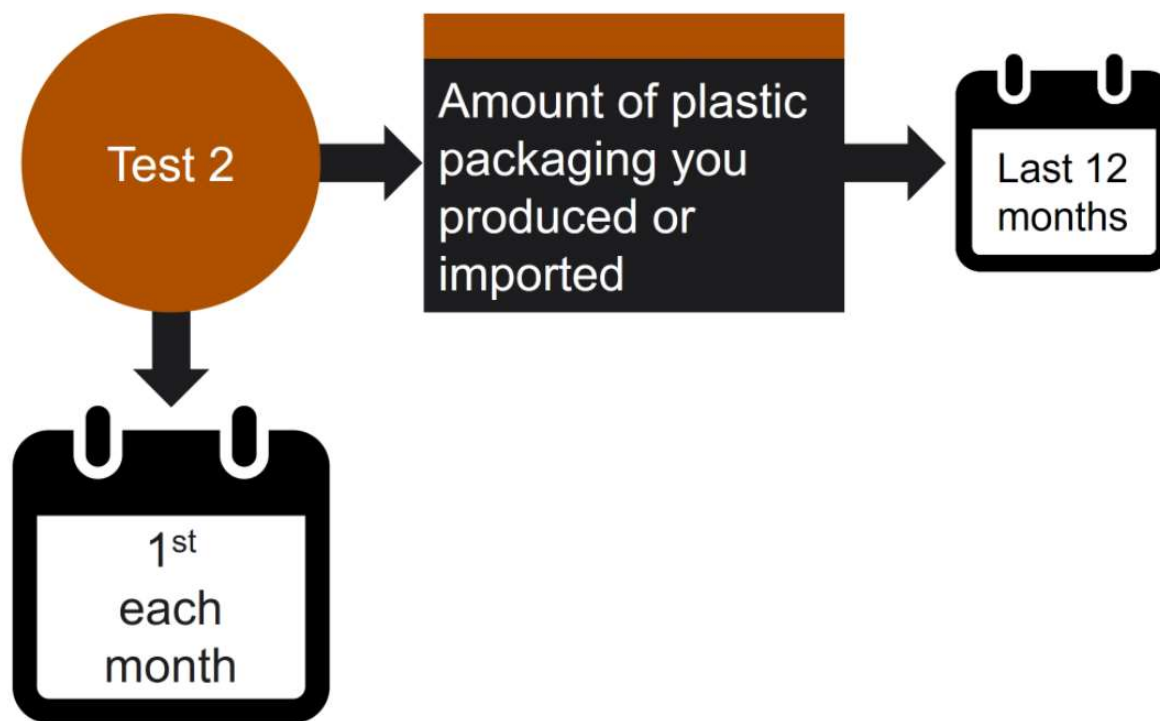
Must register for PPT by



Account for all PPT due from



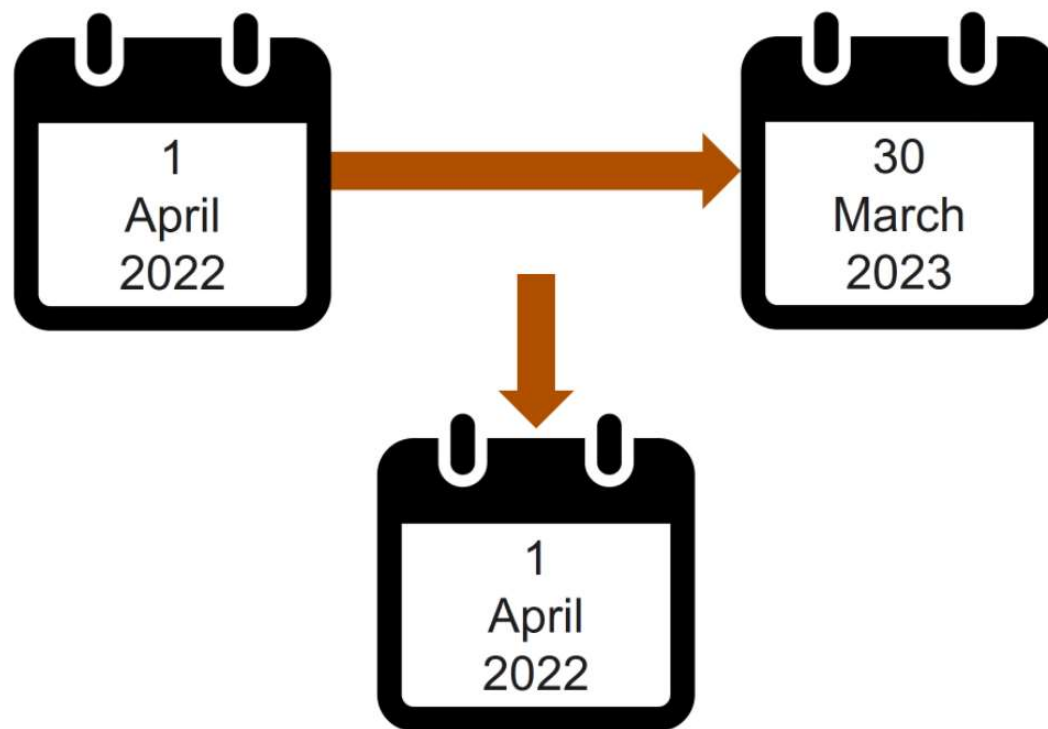
Test 2



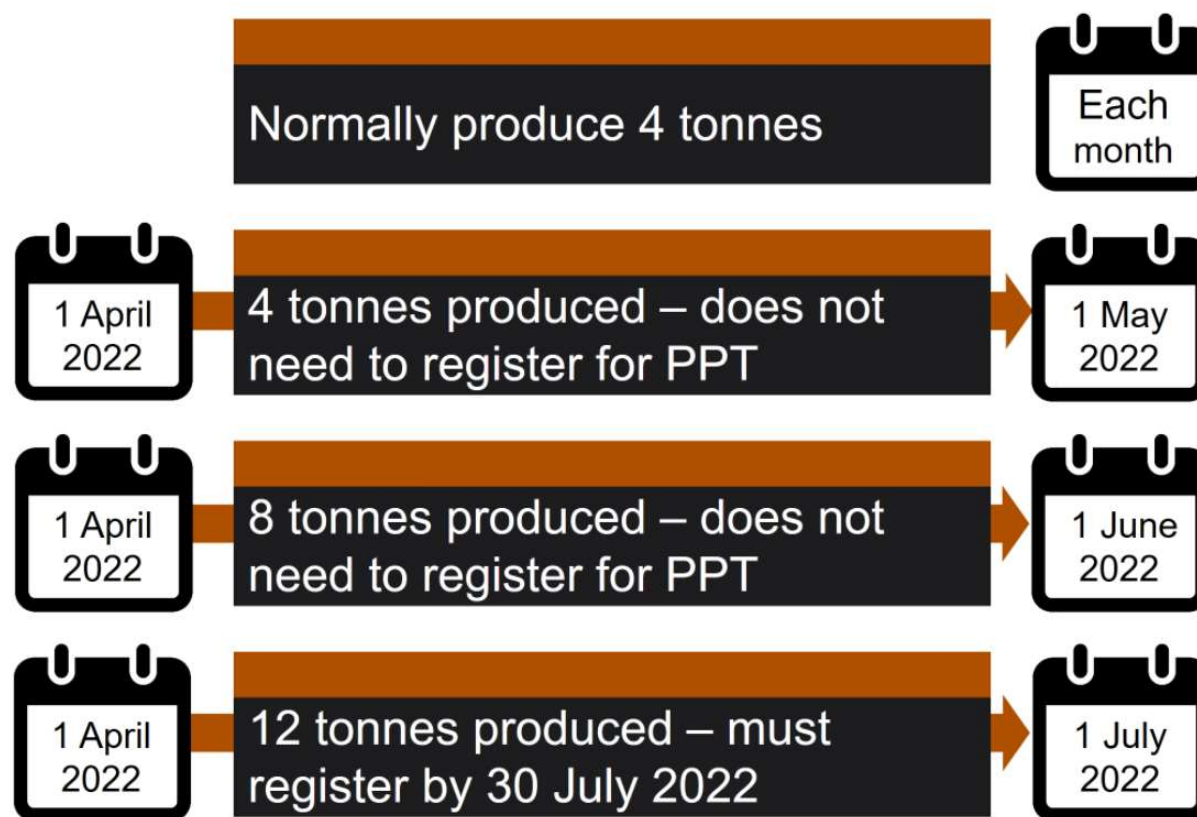
Test 2



Who must register for the tax?



Test 2 – example 1 (from April 2022)



Test 2 – example 2 (from April 2023)



Who must register for the tax?

Exempt plastic packaging which is excluded from the two test calculations

Exemption 1

- Transport packaging when importing goods into the UK

Exemption 2

- Plastic packaging products used in aircraft, ship or railway stores for international journeys

Who must register for the tax?

Exempt plastic packaging which **is not** excluded from the two test calculations

Exemption 3

- Plastic packaging for use in the immediate packaging of a human medicine product

Exemption 4

- Products that are permanently designated or set aside for non-packaging use

Plastic which contains at least 30% recycled plastic must also be included in the two tests

Who must register for the tax?

- ✓ Meet one of the tests
- ✓ All plastic packaging is exempt
- ✓ You must still register for PPT
- ✓ Submit returns
- ✓ Keep records



Who must register for the tax?



Group of companies can link their registrations



One of the companies can make returns and pay for the whole group



The 10 tonne threshold for registration still applies to each individual company in the group

Cancelling your registration



Business no longer meets the two registration tests



It will be possible to cancel your registration

Returns, payments and record keeping

102

Returns, payments and record keeping

Registered
for PPT

- ✓ Submit returns
- ✓ Make payments due
- ✓ End of each quarter



First quarter



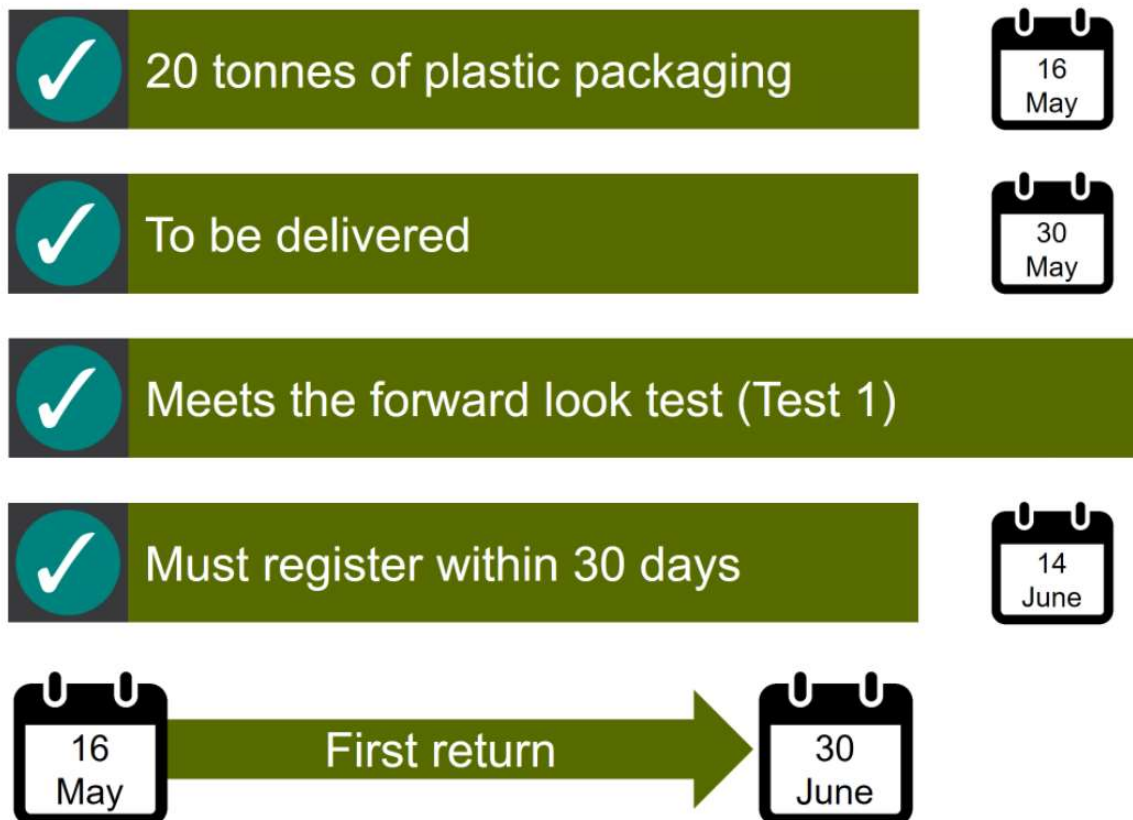
Returns, payments and record keeping

Register in
middle of
a quarter



Submit return





Return, payments and record keeping

Returns and payment system
will be online

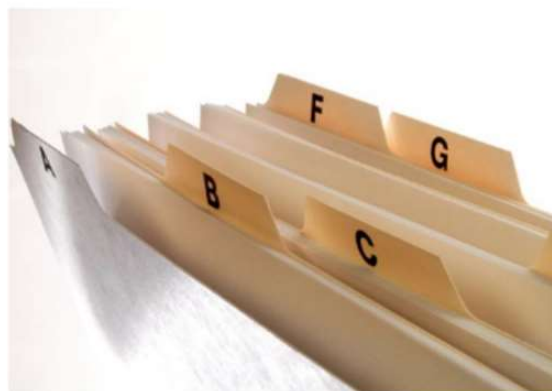
Further details will be published before registrations open

106

Returns, payments and record keeping



Keep accurate records



Records to keep



Weight details of each plastic packaging component



Evidence of recycled content



Evidence of why an exemption applies





HM Revenue
& Customs

Guidance

Further information for businesses

Updated 10 September 2021

Contents

- [1. Introduction](#)
- [2. Plastic packaging that is chargeable for the tax — key definitions](#)
- [3. Plastic packaging not chargeable for the tax](#)
- [4. Plastic Packaging which is exported from the UK](#)
- [5. About registration](#)
- [6. Record keeping](#)
- [7. Further help and support](#)

6. Record keeping

All businesses that manufacture or import plastic packaging must keep a record of the packaging they manufacture or import.

Records should be kept of plastic packaging that you manufacture or import even if you do not need to notify your liability to register for the tax.

This is so you can demonstrate to HMRC that you do not need to notify your liability to register and to help you understand when you may become liable to notify to register or pay the tax.

The records should show the:

- total amount in weight and a breakdown by weight of the materials used

Returns, payments and record keeping



Do not need to register



Produce or import plastic packaging



Still important to keep records

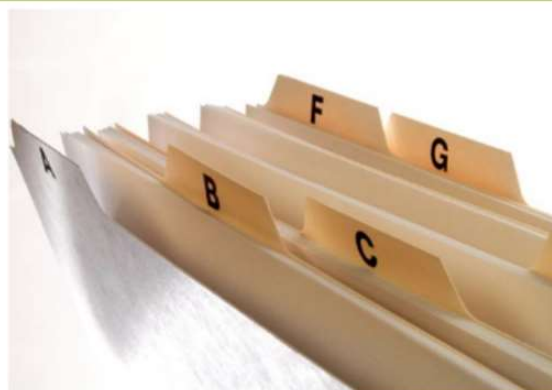
Returns, payments and record keeping



Already keep some records



Start recording details now from your suppliers



Returns, payments and record keeping

-  Recycled content not known
-  No evidence
-  Subject to PPT

Returns, payments and record keeping



Plan was for businesses paying PPT to be required to give details of tax paid with their invoices



This requirement has been postponed



If you pay PPT – tell customers which products are liable to PPT



Work together to increase the use of recycled plastic

Summary

118

Need more help?



Email



Online guides



YouTube



Tax agent toolkits



GOV.UK



HMRC community
forum



Twitter



Recorded webinars

120