Valpak
a Reconomy Group company



UK Plastic Packaging Tax

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UK Plastic Packaging Tax.

The Plastic Packaging Tax is coming into force on 1st April 2022. In an attempt to stimulate the UK's circular economy for plastic packaging, the tax will apply a £200 per tonne flat fee to plastic packaging manufactured in, or imported into, the UK that contains less than 30% recycled content.

The 30% recycled content threshold will apply on a per component basis. It can not be met by taking the average recycled content used across multiple components that make up the packaging of an individual sales unit.

The affected businesses will be required to complete online returns due at the **end of April, July, October, and January each year.**

The tax is in addition to any costs businesses currently incur under the Packaging Waste Regulations. In future, it will be in addition to any costs businesses incur due to packaging extended producer responsibility reforms or the proposed deposit return schemes for drinks bottles and cans.

The tax will affect UK-based manufacturers and importers of plastic packaging. However, businesses that manufacture or import less than 10 tonnes of plastic packaging per year will be exempt from registering with HMRC and accounting for the tax.



Affected businesses.

UK-produced packaging

The tax will affect UK-based manufacturers that make finished packaging components. A packaging component will be considered finished following the last substantial modification action.

What counts as a substantial modification?

Extrusion, moulding, layering, heat forming and printing on packaging

Blowing a preform, cutting, labelling or sealing packaging

Imported packaging

In the case of imported packaging, the business upon whose behalf the packaging is imported will be liable to account for the tax. Liability for the Plastic Packaging Tax will run in parallel with pre-existing arrangements for the payment of other duties established between a buyer and their supplier in relation to goods imported to the UK, for example 'incoterms'.

Businesses that import or manufacture less than 10 tonnes of plastic packaging across a 12-month period **are not required to register with HMRC and account for the Tax.**

Evidencing recycled content.

Obligated businesses will have to provide verifiable, valid evidence of recycled plastic content within their packaging in order to deduct this tonnage from their tax liability.



If legitimate evidence cannot be provided, it will be assumed that the plastic packaging contains less than 30% recycled content and it will be subject to the tax.

Types of evidence that HMRC have indicated could be used to validate the presence of recycled content include (but are not limited to): production specifications, contracts, certificates of conformity, purchase orders, sales invoices, accreditations, and quality assurance audits.

Evidence documentation must state the weight of recycled plastic in an indicative component in comparison to the weight of all plastic used in the component. It must also state the source of recycled plastic used to produce the component(s) in question.

Evidence documentation does not need to be submitted to HMRC as part of quarterly returns. Instead, liable businesses will need to hold the documentation or prove that they can obtain it when requested by HMRC.

Exemptions.

Packaging made in UK or imported into the UK, having cleared customs checks prior to 1st April 2022, will not be taxable.

The only material-specific exemption to the Plastic Packaging Tax is for unmodified cellulose-based material.

The following use-specific exemptions also apply to the tax:

- Packaging in direct contact with human medicines licensed to be placed on the UK market.
- Items providing long-term storage to non-perishable or non-consumable goods.
- Packaging integral to the use of the goods it contains (e.g. dispensing).
- Items designated to be re-used in the presentation of goods to consumers.
- Transport packaging ('packaging facilitating the transportation and prevention of damage to a number of sales units or grouped units') in use around goods being imported into the UK.

Any tax paid on exported primary and secondary packaging will be relieved or refunded to the liable business. Tax paid on tertiary packaging produced in the UK after April 2022 that contains less than 30% recycled content will not be refunded.

Exporting plastic packaging.

In most cases, the Plastic Packaging Tax will be refunded to the business that paid it should packaging be exported out of the UK.



The tax will not be able to be reclaimed in the case of newly produced tertiary packaging that has been taxed.

Your liability to pay the tax will be deferred for 12 months where you intend to export or import the packaging and you declare this to HMRC.

Should this 12 month 'deferral period' lapse or the packaging is no longer intended for export, the tax becomes due. Tax paid on exported packaging can be reclaimed provided the claim is made within 2 years of manufacture/import.

Timeline

1st April 2022
Tax implemented HMRC's online returns portal opens for registration

↓

31st April 2022
Deadline for registrations

↓

1st July 2022
First return becomes due

↓

31st July 2022
Deadline for first return



How can Valpak help.

Valpak can help your business to meet the requirements of the Plastic Packaging Tax with our four-step process:

1. **Gather** recycled content data.
2. **Collect** valid evidence of recycled content in packaging components.
3. **Produce** quarterly tax returns.
4. **Use** data to explore alternative packaging and supplier options.

To find out more about how we can help your business to prepare for Plastic Packaging Tax, please contact us.

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