

Plastics Tax Information for Customers

What is the tax?

The Plastics Tax is being introduced by the government to encourage the use of recycled material in plastic packaging used in the United Kingdom.

The tax will apply to all plastic packaging manufactured in or imported into the UK from 1st April 2022. Packaging that contains a minimum 30% recycled plastic will not be subject to the tax.

Who will pay the tax?

This depends on if the packaging is manufactured in the UK or imported into the UK.

For packaging manufactured in the UK the tax will be paid by the manufacturer.

For packaging imported into the UK the tax will be paid by the business who first takes ownership – this is usually the importer.

What packaging will be liable for the tax?

The tax will apply to all packaging where plastic is the majority material by weight.

Is any plastic packaging exempt from the tax?

There are two exemptions:

1. Plastic packaging for human medicines.
2. Plastic transit packaging around imports.

The tax paid on packaging that is subsequently exported may be reclaimed however the reclaim can only be made by the business that originally paid the tax.

How much is the tax and how will it be paid?

Plastic packaging that does not contain a minimum of 30% recycled content by weight will be liable for the tax at £200 per tonne. Businesses manufacturing or importing taxable packaging will be required to submit quarterly returns to HMRC detailing how much taxable packaging they have handled and pay the tax.



Financial Impact

The impact of the tax will depend on whether the business is a direct or indirect taxpayer.

Direct taxpayer

These are businesses either manufacturing or importing the packaging. These businesses will be required to submit data to HMRC on a quarterly basis detailing:

- the total weight of packaging manufactured or imported.
- details of the packaging that contains minimum 30% recycled content and is therefore not liable for the tax.
- details of any other packaging that is exempt from the tax.
- details of any packaging that is exported and on which the tax may be reclaimed.

The amount of tax will be calculated and paid quarterly to HMRC.

Direct taxpayers will be required to:

- state the amount of the tax on their sales invoice.
- hold evidence of minimum 30% recycled content where the tax is not being paid.
- hold evidence of export where the tax is being reclaimed.

Direct taxpayers will also incur administrative costs associated with collection and submission of the data to HMRC.

Indirect taxpayer

These are businesses/consumers who purchase plastic packaging but are not the first liable party in the UK and will not therefore pay the tax themselves. Indirect taxpayers are likely to see the cost of plastic packaging increase to offset the amount of tax payable on the packaging where the recycled content is less than 30%.



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