

## UK Government issues details of new Plastics Packaging Tax effective 1 April 2022

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The United Kingdom (UK) Government has issued a [Policy Paper](#) outlining a new tax, the Plastic Packaging Tax (PPT), to apply to plastic packaging produced in, or imported into, the UK. The tax will apply with effect from 1 April 2022.

For purposes of the new tax, "plastic packaging" is packaging that is predominantly plastic by weight. PPT will not apply to any plastic packaging which contains at least 30% recycled plastic, or any packaging which is not predominantly plastic by weight. Imported plastic packaging will be subject to the tax, whether the packaging is unfilled or filled.

The UK Government has stated that the aim of this new tax is to provide an economic incentive for businesses to use recycled material in the production of plastic packaging, which will create greater demand for this material. In turn, this will stimulate increased levels of recycling and collection of plastic waste, diverting it away from landfills or incineration.

It has indicated that PPT will affect UK producers of plastic packaging, importers of plastic packaging, business customers of producers and importers of plastic packaging, and consumers who buy goods packed in plastic packaging in the UK. However, there will be an exemption for producers and importers of small amounts of plastic packaging.

## Details of the new PPT

The tax will take effect from 1 April 2022 and [draft legislation](#) has been published for technical consultation (a draft explanatory note is available [here](#)). Key features of the tax include:

- ▶ PPT will be charged at a rate of £200 per metric ton of chargeable plastic packaging components of a single specification, and will apply to plastic packaging manufactured in, or imported into the UK.
- ▶ There will be an exemption for businesses who manufacture and/or import less than 10 metric tons of plastic packaging in a 12-month period.
- ▶ The tax will not be chargeable on plastic packaging which:
  - Has 30% or more recycled plastic content
  - Is made of multiple materials of which plastic is not proportionately the heaviest when measured by weight
  - Is manufactured or imported for use as immediate packaging of licensed human medicines

- Is in use as transport packaging to import products into the UK

- Is exported, filled or unfilled, unless it is in use as transport packaging to export products out of the UK

The draft legislation also sets out: (i) who will be liable to pay the tax and will need to register with the UK Tax Administration (Her Majesty's Revenue and Customs (HMRC)); (ii) how the tax will be collected, recovered and enforced; and (iii) how the tax will be relieved on exports. Further information may be found in the following:

- ▶ The [Plastic Packaging Tax: policy design consultation and summary of responses](#) which provides a summary of the responses to the consultation and the UK Government's decisions on the final policy design
- ▶ [UK Finance Bill 2021](#)
- ▶ [Draft Finance Bill 2021 legislation: impacting definitions and declaration](#)

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