

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

---

### EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

---

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](#)

---

For additional information with respect to this Alert, please contact the following:

**Ernst & Young LLP (United Kingdom), London**

- ▶ Andy Bradford                      [abradford@uk.ey.com](mailto:abradford@uk.ey.com)

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

Indirect Tax

© 2020 EYGM Limited.

All Rights Reserved.

EYG no. 007892-20Gbl

1508-1600216 NY

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

**[ey.com](http://ey.com)**