

Plastic Packaging Tax: FAQ

4 March 2022 version

Please find below some of the frequently asked questions about Plastic Packaging Tax. We would encourage you to support business preparing for the tax, by drawing on and sharing the resources supplied in these documents when answering these or other questions you may receive about the tax.

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Scope of the tax

How will I know if the plastic packaging that I manufacture, or import is taxable?

There are broadly 2 types of plastic packaging subject to the tax. These are packaging components designed to be suitable for:

- use in the supply chain from the manufacturer of the good to the user or consumer to contain, protect, handle, deliver or present the goods, although it does not matter if it is used in the supply chain or by the end user; and
- single use by the consumer to contain, protect, handle, deliver, or present a commodity or waste.

There are certain types of packaging which are exempt or excluded from the tax. You can find more about these on GOV.UK: ['Check which plastic packaging is exempt from plastic packaging tax'](#).

The tax becomes chargeable when the plastic packaging component is treated as 'finished'. This means when it has undergone its last substantial modification.

You will need to consider whether you import finished plastic packaging, or if you carry out the last substantial modification in the UK. Guidance is available on GOV.UK to help you with this: ['get your business ready for the plastic packaging tax'](#).

What do you mean by a component?

Packaging can be made up of several packaging components and are generally manufactured separately before being assembled into a packaging unit. Each component would be subject to the tax. As an example, a soft drink bottle is made up of 3 components, the bottle, the lid, and the label. Each component will need to include at least 30% recycled plastic for no tax to be charged.

Another example is cardboard packaging with a plastic window. The plastic window is a component in its own right and tax is charged on it. The cardboard box is a separate component and not taxed.

What do you mean by multiple material packaging?

A packaging component that is made of multiple materials but contains more plastic by weight than any other single substance will be a plastic packaging component for the purposes of the tax.

For example, if a 10 gram packaging component is made of 4 grams of plastic, 3 grams of aluminium and 3 grams of cardboard, all 10 grams will be considered plastic packaging for the purposes of this tax. Likewise, if the 10 gram packaging component was 3 grams of plastic, 4 grams of aluminium and 3 grams of cardboard, none of the item would be taxable.

If the weight of plastic in the component is equal to the weight of another single material used, the component would not be considered as plastic for the tax.

Are alternative plastics, such as biodegradables and compostables, in scope of the tax?

Yes. Biodegradables and compostable plastic packaging components are plastic for the purpose of the tax.

The government has committed to work with industry and the research community to better understand the impact of using bio-based, biodegradable, and compostable plastics and will keep their tax treatment under review.

Is my component integral to the product?

Plastic Packaging Tax is not charged where the packaging is an integral part of the good. The packaging component is integral if the good cannot reasonably be used or consumed without it, and the packaging is discarded together with the good, or after the good has been used or consumed.

To view some examples of the types of packaging that is in and out of scope of the tax, please visit the examples page on GOV.UK: [Check which plastic packaging is exempt from plastic packaging tax](#)

Are glues/adhesives plastic or are they treated as other substances for the purposes of the tax?

Glues/adhesives will not be treated as 'other substances' for the purposes of the tax. This means that they cannot be used to change the treatment of packaging from being plastic to non-plastic (for example by adding a very thick layer of glue to a label).

Unless the glue/adhesive meets the definition of plastic (i.e. a cellulose based polymer that have been chemically modified) they are not treated as plastic. This means that they do not need to be considered when determining the recycled plastic content.

Where a glue/adhesive is plastic, it is treated as any other plastic and must be included in the recycled plastic content test.

All my packaging is fully recyclable – does that mean I am exempt?

It does not matter whether your packaging is recyclable – the tax is on plastic packaging that does not contain at least 30% recycled plastic.

Is backing paper of a label subject to PPT? Why?

Label backing paper is a packaging component in its own right and where it is plastic, it will be in scope of the tax. This is because the backing paper acts as packaging of the label in the supply chain and although the two parts are joined together in the supply chain they remain distinct and separable from one another, similar to a lid and a bottle. The fact that the backing paper becomes waste in the supply chain does not alter this or allow the backing paper to be relieved as waste.

Reprocessing/types of recycling

What do you mean by recycled plastic?

Recycled plastic is plastic that has been reprocessed from recovered material, by using a chemical or manufacturing process, so that it can be used either for its original purpose or for other purposes. This does not include organic recycling.

What processes are considered mechanical reprocessing?

Mechanical reprocessing would include processes like grinding, melting, and granulating. It is important that businesses ensure that claims made by a reprocessor about the recycled plastic are correct.

I cannot get hold of the recycled plastic I need to use 30% - what can I do?

The government recognises that 30% recycled plastic is an ambitious level, but the tax is designed to increase demand for recycled plastic and in-turn stimulate increased levels of recycling and collection of plastic waste.

Do I need to purchase recycled plastic from an accredited re-processor?

The re-processor does not need to be accredited. However, businesses will need to ensure that claims made by a reprocessor about the recycled plastic are correct.

Does the reprocessing need to happen at another location to where the packaging is manufactured?

We are aware that some businesses have their own reprocessing facilities to recycle scrap and regrind into recycled plastic. There are no requirements which prevent this happening by the same business or at the same location as where the packaging is manufactured. However, the plastic must be mechanically or chemically reprocessed to qualify as recycled plastic.

Does scrap/regrind count as recycled plastic?

Recycled plastic does not include plastic that is reused, or capable of being reused, in the same or a similar process from which it was generated and recovered. This is often known as scrap and regrind. This means waste material which is factored into the production process to be ground or melted before being reused in the same process to make the same or similar packaging components is not classed as recycled plastic for the purpose of the tax.

For example, a business injection-moulds plastic tubs. There is 30% skeletal waste which the business regrinds and uses to make plastic trays. This does not count as recycled plastic as it does not meet the definition of pre-consumer plastic and was not intended to be used for energy recovery or disposed of as waste.

Can we use the mass balance approach to calculate the recycled plastic content?

Chemically recycled plastic is an allowable source of recycled plastic for the purposes of PPT. However, calculations will need to reflect the actual amount of recycled plastic within the packaging.

Where plastic has been purchased in a mixed batch of virgin and recycled plastic, then only the actual proportionate amount of chemically recycled plastic can count towards the 30% threshold.

For example, a company purchases 100 tonnes of plastic, which is made up of 10 tonnes recycled plastic and 90 tonnes virgin plastic. They can only count 10% of that material as recycled plastic the rest would be considered virgin plastic for the purposes of the tax.

Mass balance cannot be used to attribute mixed inputs to separate outputs where the material remains mixed. For example, if the inputs of a process are 5% recycled plastic and 95% virgin plastic

and these are mixed together, the outputs are a mixed batch which is all 5% recycled plastic. The outputs cannot be attributed so that either 5% of the outputs are treated as 100% recycled plastic, or so that approximately 12% of the outputs are treated as 30% recycled plastic. The government will keep this position under review.

When is the tax charged and who must account for it

Who is responsible for PPT?

Businesses that manufacture and import plastic packaging components (including plastic packaging that are already filled) are responsible for the tax. **This includes government departments, public authorities and charities where the production is for commercial purposes.**

Who is the importer?

For plastic packaging imported into the UK, the person on whose behalf the packaging is being imported must register, account for, and pay the tax. This will usually be the “consignee” on import documentation. Where a consignee can demonstrate that they are acting on behalf of another business that owns the goods (e.g., freight forwarders), then the owner will be the person who must register, account for, and pay the tax.

Who is responsible for the tax when packaging is imported on DDP incoterms?

When using incoterms, you should ensure that both businesses involved in the transaction know who is responsible for any PPT arising. The tax becomes due at the point of import.

When accounting for the tax, can we use the date the goods/packaging components are received rather than the import date?

No. The tax becomes chargeable when the import takes place. If a later date is used, it may be in the wrong accounting period and mean that the tax is not paid on time.

For packaging manufactured in the UK, is the tax paid at manufacture or when it is sold to a customer?

You must account for the tax on plastic packaging component that is ‘finished’. A component is ‘finished’ when it has undergone its last substantial modification.

When plastic packaging is sold onto a customer is not relevant for determining when you must account for the tax.

Further guidance on when plastic packaging is considered ‘finished’ is available on GOV.UK: [‘decide if you need to register for plastic packaging tax’](#).

Will I need to pay tax on plastic packaging manufactured or imported before 1 April 2022?

No. The tax applies to plastic packaging manufactured or imported into the UK from the 1 April 2022 onwards only.

When does the tax charge arise / when is the packaging finished and what does last substantial modification mean?

The business that must account for the tax is the one that ‘finishes’ the packaging component or imports the ‘finished’ packaging component. A component is ‘finished’ when it has undergone its last substantial modification.

The last substantial modification is the last manufacturing process that makes a change to the packaging component’s shape, structure, thickness, or weight. Examples include extrusion, moulding and printing. There are 4 processes that are excluded from being substantial modification. These are blowing from a preform, cutting, labelling, and sealing.

A substantial modification may take place as part of the same process as the packaging being filled. In these cases, the last substantial modification for the purpose of PPT would be the one before this final process.

For example, there are two manufacturers, one who is extruding the pre-form and one blowing the bottle. Blowing bottles from pre-forms does not count as a substantial modification, so the component is finished and subject to PPT once the pre-form has been extruded.

Further guidance is available on GOV.UK: [‘decide if you need to register for plastic packaging tax’](#).

How do I know if I perform the last substantial modification?

Businesses are encouraged to speak to their supply chains to gather this information. There is provision within Finance Act 2021 (section 70) to allow contracts to be adjusted by suppliers to require their business customers who subsequently convert the plastic packaging component into another chargeable plastic packaging component, to provide the supplier with information about the conversion. Contracts can only be adjusted where not prohibited by current contract terms.

Is adding a label to packaging a last substantial modification?

No. A label should be considered separately. Where a label is predominantly plastic by weight and so is in scope of the tax, it is treated as an individual plastic packaging component. The backing for the label is another separate packaging component, as it is the packaging for the label.

Is perforation a substantial modification?

Perforation is a type of cutting. Cutting is not a substantial modification unless where it is carried out as part of a process which is a substantial modification. For example, if a film is extruded and cut during the same process, that cutting counts as part of the substantial modification process.

Is folding a substantial modification?

Folding is not a substantial modification as it does not change the shape, structure, thickness or weight of a packaging component. Where folding is carried out as part of a process which is a substantial modification, for example if a film is folded and formed into a bag during the same process, that folding counts as part of the substantial modification process.

Exemptions, including transport packaging

I cannot use recycled plastic because of regulatory requirements around food/chemicals/cosmetics etc. Why is my product not exempt?

The aim of the tax is to provide a clear economic incentive for businesses to use recycled plastic in the production of plastic packaging. Without being included in the tax, the areas where it is currently challenging to increase the level of recycled plastic would have less incentives to find new ways to overcome these issues.

What counts as transport packaging?

Transport packaging is used when importing goods into the UK. Transport packaging is often known as tertiary packaging. This is a packaging component that is used when:

- transporting multiple sales units or grouped packaging; and
- preventing damage during transportation.

It also includes plastic packaging products used in road, aircraft, ship, or railway stores.

Does transport packaging only apply to multiple sales units or can it apply to just one unit e.g., a car or an oven?

Transport packaging refers to the packaging used to facilitate the handling and transport of a number of sales units grouped together. The packaging around a single item that is imported would not be treated as transport packaging.

What packaging does the medical exemption apply to?

The immediate packaging of licensed human medicines is exempt from the tax. The exemption for the immediate packaging of human medicines, is for medicines recognised by the Medicines and Healthcare products Regulatory Agency (MHRA). Other medical packaging, for example the packaging used for medical devices, will be subject to the tax.

My packaging is reusable and is exported and reimported many times. Will I have to pay tax each time it's imported?

The government does not want to penalise businesses who use reusable packaging such as plastic crates and pallets. Where these are exported and re-imported, they will need to account for the tax each time the packaging is imported into the UK but can claim relief each time it is exported. To do so, the taxpayer will need to obtain evidence from the exporter to demonstrate the fact that the packaging has been exported.

Why is the government taxing silage film?

Following careful analysis of the unique properties of silage film, HMRC can confirm that although silage film is within scope of the tax, it falls under an existing exemption in Finance Act 2021 for packaging that is permanently set aside for a non-packaging function (section 52(6)(a)).

The intention of this exemption is to exclude items from the tax which meet the definition of a packaging component but are manufactured or imported for a different primary purpose.

Record keeping

What records do I need to keep?

You will need to keep records to show the total amount in weight of the packaging component, where applicable, the data and calculation used to determine the recycled plastic content and that the input material is recycled plastic, the weight of plastic packaging that is exempt and the reason for the exemption and the amount in weight of exported plastic packaging.

Additionally, if you manufacture or import packaging components which contain plastic but it's not the predominant material by weight, you may want to keep records to show the weight of the all the materials used to manufacture the packaging to demonstrate the component is not taxable.

Further information and examples on record keeping are available on GOV.UK: [‘record keeping and accounts for plastic packaging tax’](#).

How will a liable business demonstrate to HMRC plastic packaging they manufacture, or import is not chargeable to the tax?

Businesses will need to hold evidence to demonstrate that the tax is not chargeable on any plastic packaging they manufacture or import. This will include packaging exempted from the tax.

Many businesses already keep records of the products they manufacture including the amount of recycled plastic in their packaging, particularly in sectors where packaging is already regulated such as food and cosmetics. Some businesses also audit their supply chains to national and international standards. In line with other taxes, we will take a risk-based approach to compliance and where businesses are using related standards/schemes, it will give us greater assurance about the claims they are making.

HMRC will not be mandating specific records which need to be retained as evidence. You should keep any records and documents you have received or have produced that will be used to inform your tax return, including any exemptions or reliefs claimed. To support businesses, we have

published guidance on GOV.UK giving examples of the type of records you will need to keep.

VAT

Is VAT applied before or after PPT?

VAT is charged on the price of the good as normal. If businesses choose to pass on the cost of the Plastic Packaging Tax through higher prices, then VAT will be charged on the new, higher price of the goods.

Registration

When will businesses need to register for the tax?

The public registration service will be available from 1 April 2022.

You need to register for Plastic Packaging Tax if you meet either of the following test:

- you expect to manufacture or import 10 or more tonnes of finished plastic packaging components in the next 30 days.
- you manufactured or imported 10 or more tonnes of finished plastic packaging components within the last 12 months

As the tax starts on 1 April 2022, this second test works differently between 1 April 2022 and 31 March 2023. You only need to look back to 1 April 2022.

Further information on registration, including the link for the registration system once live, will be available on GOV.UK

What packaging do I need to include towards the 10 tonnes threshold?

The only packaging you do not count towards the 10 tonnes threshold when working out if you need to register for the tax or not is: transport packaging used to import goods into the UK; packaging used in aircraft, ship, and rail goods stores; packaging that's integral to the product; packaging where the packaging function is secondary to the storage function; and packaging designed primarily to be reused for the presentation of goods.

Tax returns and exports

What information needs to go onto a return?

The information you will need to provide on your quarterly return will include:

- the weight of plastic packaging you have manufactured or imported
- the weight of plastic packaging containing at least 30% recycled plastic
- the weight of plastic packaging subject to the medical exemption
- the weight of plastic packaging exported
- the amount of tax credits you are claiming
- the total amount of plastic packaging tax payable.

Further information can be found on GOV.UK at <https://www.gov.uk/guidance/completing-your-plastic-packaging-tax-return>.

How do I get tax relief on exported plastic packaging components?

If you export the packaging yourself, you can defer your liability to pay the tax for up to 12 months. If someone else exports the packaging, you will need to account for the tax, but once the export has taken place and you have the records to show this you can claim a tax credit back on your next return.

What happens if I don't export my packaging within the 12 months limit?

You will have 12 months from the date the packaging was manufactured or imported to export the packaging. If the 12 months elapses and the export has not taken place you will need to pay the tax on your next tax return. This is the same if you decide within the 12 months to release the packaging onto the UK market and not export it.

If I import plastic packaging, pay the PPT due, without deferring, and then export the packaging later can I still claim the PPT tax credits on export?

You can claim a credit if you've paid Plastic Packaging Tax for packaging you have manufactured or imported which is then either:

- exported and you have records to show this
- converted into a different packaging component — this will stop the tax being paid twice

The credit must be claimed within 2 years of the packaging being either:

- manufactured
- imported
- converted into a different packaging

Once the packaging has been exported or converted into different packaging, and you have evidence to show this, you can account for the credit on your next tax return.

What evidence do I need to keep for direct exports?

If a component has been exported, you must keep sufficient evidence that the export took place. You may need to obtain this from another business. Commercially sensitive information can be redacted, provided that the records make clear that the components were exported.

The evidence must show that the components have been exported, they must be either:

- a document for any other tax or duty
- another document, such as an export invoice

What evidence do I need from my customers to claim a tax credit for subsequent conversion?

If a component has been converted into a new component, you must keep sufficient evidence that the conversion took place. This could be the production records for the new components, showing that the original components were used. You must also give evidence to demonstrate if Plastic Packaging Tax is due for the new component.

What evidence do I need from my customers to claim a tax credit for indirect exports?

If a component has been exported, you must keep sufficient evidence that the export took place. You may need to obtain this from another business. Commercially sensitive information can be redacted, provided that the records make clear that the components were exported.

The evidence must show that the components have been exported, they must be either:

- a document for any other tax or duty
- another document, such as an export invoice

Due diligence and compliance

What does due diligence mean?

In general terms, due diligence is the appropriate reasonable care a business exercises when entering into business relationships or contracts with other businesses. It is a series of checks to identify and manage any risk that a business may have within a transaction or supply chain

Reasonable care is using sound judgement or acting in a sensible manner. The actual due diligence carried out by a business should be proportionate to the level of risk it identifies.

How do I complete sufficient due diligence?

You should carry out due diligence checks in respect of Plastic Packaging Tax if you manufacture or import plastic packaging components, or purchase them from another business. Due diligence checks will help protect your business if any business you trade with avoids or evades PPT, or does not comply with the requirements for PPT. You should keep records of any checks you do.

Further guidance on what constitutes sufficient due diligence is available on GOV.UK: [‘how to make due diligence checks for plastic packaging tax’](#).

How will HMRC ensure that businesses comply?

HMRC is developing a comprehensive compliance strategy which is based on HMRC’s general approach of “promoting compliance”, preventing and responding to “non-compliance”.

HMRC has a range of enforcement and inspection powers to ensure compliance with the tax and will only resort to using tougher sanctions where businesses seek to deliberately evade the tax.

How will HMRC support businesses to get the tax right?

HMRC understands this is a new tax and businesses want reassurance they are preparing appropriately. We are working closely with industry to help businesses understand and be able to comply with the requirements. As with other taxes, we will do all we can to help businesses comply with the tax. We know that some businesses will need help with understanding their tax liabilities and others will seek to evade paying it. We will help businesses get it right at each step and will only resort to using enforcement powers where needed.

How often must I re-weigh packaging?

As a minimum you should check the weight of packaging every 12 months but more frequently if you become aware of any changes including change in suppliers and/or specifications.