

PPT FAQ Document

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Scope

Question	Answer
Is my product in scope of the Tax?	<p>Plastic Packaging Tax will be charged on plastic packaging components that contain less than 30% recycled content. A packaging component is a product that is designed to be suitable for use, whether alone or in combination with other products, in the containment, protection, handling, delivery or presentation of goods at any stage in the supply chain of the goods, from the producer of the goods to the consumer or user. There are certain categories of products which are not chargeable. Additionally, single use consumer packaging which does not meet the definition of packaging component is chargeable.</p> <p>The tax is chargeable when the packaging is finished. If packaging is imported finished, the tax is charged when the packaging is imported into the UK. This includes when packaging is imported filled, in other words when being used as packaging.</p> <p>More information about what packaging is and when packaging is chargeable can be found in the guidance on gov.uk.</p>



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Tax Point

Question	Answer
Who must account for the tax?	If you are a business that manufactures or imports 10 or more tonnes of plastic packaging over a 12-month period you will need to register for the tax, regardless of whether you will have to pay any tax.
When is the packaging finished?	A component is finished if it has undergone its last substantial modification, or in cases where the last substantial modification happens when the component is packed or filled, its last substantial modification before being packed or filled.
How is waste treated?	In many cases packaging will be only substantially finished when the waste material is removed. Given the complexity of the plastic packaging industry, the government recognises that there may be some cases where waste material remains attached when the packaging is substantially finished. To support UK competitiveness, the legislation included in Finance Act 2021 clarifies that in these circumstances the waste material will not be liable for tax.
When is packaging imported?	Packaging is imported when all customs procedures have been cleared, or, where there are no customs formalities, at the time of importation for the purposes of the customs and excise Acts as set out in section 1(1) of the Customs and Excise Management Act 1979.



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Plastic and recycled plastic

Question	Answer
Are compostable and other bio-plastics in scope of the tax?	Compostable and other bioplastics are in scope of the tax. They are treated the same as any other type of plastic.
Are fillers/additives plastic?	Fillers and additives are considered plastic for PPT. These cannot be separated from plastic in the recycling process.
What counts as recycled plastic?	Plastic waste that's been recovered from a manufacturing process (pre-consumer plastic) or plastic that has been recovered from households or other facilities which can no longer be used for its intended purpose (post-consumer plastic).
What do you mean by reprocessing?	Reprocessing includes mechanical and chemical processes. When recovered plastic material is re-processed using a mechanical or chemical process to be deemed recycled plastic. Organic recycling is not reprocessing for the purposes of PPT.
Does reprocessing have to happen off-site?	Reprocessing may be on the same site that waste is produced and recycle is used. However, scrap and regrind recovered and reused within the same manufacturing process are not considered to be reprocessed and do not count towards recycled content.



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<p>Does the reprocessor have to be verified?</p>	<p>The re-processor does not need to be verified. Businesses will need to ensure that claims made by a reprocessor about the recycled plastic are correct.</p>
<p>What is composite packaging and will it be subject to the tax?</p>	<p>Composite, or multi-material, packaging is where plastic is the single greatest material by weight is treated as plastic packaging for Plastic Packaging Tax. For example, a packaging component weighing 10g, made of 4g plastic, 3g aluminium and 3g card would be considered plastic packaging for the tax.</p>



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Exemptions

Question	Answer
What is transport packaging?	Transport, or tertiary, packaging that is used to handle and transport a number of sales units or grouped packaging, to prevent physical handling transport damage. This includes road, rail, ship and sea containers.
Why is transport packaging exempt?	In recognition of limited records of transport packaging used on imports, such as pallets, crates and pallet wrap, transport packaging is exempt from the tax. Transport packaging is sometimes applied and removed a number of times at different stages of the supply journey by the transporter, depending on the need for protection and stability. The importer often will have little to no control over, or even knowledge of, the amount or type of transport packaging used.
To claim the exemption for the immediate packaging of a medicinal product, does the medicine require a license?	The exemption is only for the immediate packaging of human medicines, as recognised by the Medicines and Healthcare products Regulatory Agency (MHRA)



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Exported packaging

Question	Answer
How do you claim relief for packaging that's exported?	<p>Exports are relieved in two ways:</p> <ul style="list-style-type: none">• Exports can be relieved at the point of manufacture or import if the taxable person will be exporting the packaging, and they know this at the time of manufacture or import. In this case, the tax does not need to be paid in regard to the packaging being exported, as long as the conditions are met.• Tax credits can be claimed by the taxable person after the packaging has been exported. In this case, it does not matter who has exported the packaging. <p>You must hold records demonstrating that the export has taken place. Further information on claiming relief for exports will be included in guidance.</p>

Tax credits

Questions	Answer
Who can claim a tax credit?	<p>Only the taxable person will be able to claim this credit, and information sharing arrangements will need to be agreed between the exporter and the taxable person.</p> <p>This approach minimises the fraud risks associated with other options and is similar to the system used in the Soft Drinks Industry Levy.</p>



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Measurement

Questions	Answers
How should I calculate the recycled plastic content?	Recycled plastic content should be calculated using the following formula: $X (\%) = \frac{A}{B} \times 100$ Where— X is the proportion of recycled plastic of the plastic packaging component, expressed as a percentage. A is the weight of the recycled plastic used to produce the plastic packaging component. B is the weight of the plastic material used to produce the plastic packaging component.
How should I weigh the plastic packaging component?	HMRC will be publishing details about what methods businesses can use to calculate the weight of their packaging.



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Record keeping

Questions	Answer
What records should I keep?	<p>Records that must be kept for Plastic Packaging Tax include evidence of:</p> <ul style="list-style-type: none">• the weight and recycled plastic content of packaging• Exports of packaging from the UK• Eligibility for exemptions <p>HMRC will set out the full records requirements in guidance.</p>
What certifications does HMRC accept?	<ul style="list-style-type: none">• Product specification• Contracts• Production certificates and certificates of conformity• Business accounting systems• Accreditations and international standards• Quality assurance audits• Sales and purchase invoices• Environmental Agency and such like accreditation and equivalent approvals from other bodies



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Business administration

Question	Answer
<p>What information needs to in the PPT statement on invoices? [Suggest we only issue once we have a decision from XST on this point]</p>	<p>In light of helpful feedback from industry, the requirement to include a Plastic Packaging Tax statement on invoices, will not be commenced when the rest of the tax takes effect on 1 April 2022.</p> <p>HMRC is committed to making the tax as transparent as possible, as this will give visibility to where virgin plastics are being used in packaging and help drive the move to greater use of recycled plastic.</p> <p>We encourage businesses to consider how they can address this on a voluntary basis in the short term. In the medium term, HMRC will work with industry to agree an effective and practical requirement.</p>
<p>How do I account for VAT on PPT?</p>	<p>There is not VAT due on PPT. However, if you make the commercial decision to pass the cost of PPT to your customer this is considered part of the sale price of the product and VAT will need to be applied to this in the same way as to the rest of the price of the product.</p>

