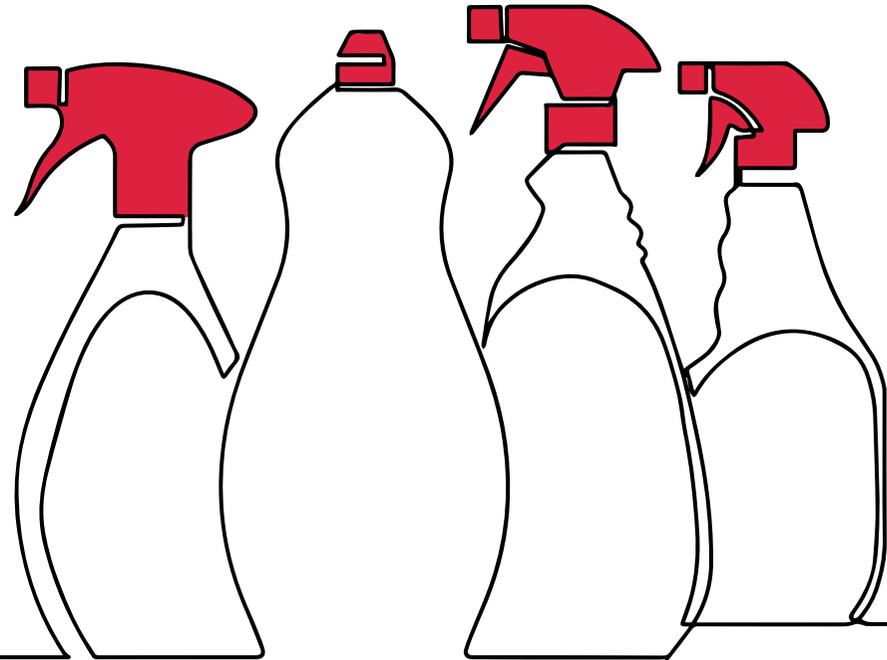


# Plastic Packaging Tax (PPT)



# The Plastic Packaging Tax was introduced on 1 April 2022 to tackle the pressing global issue of plastic pollution.

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The tax is designed to encourage the use of recycled rather than new plastic within plastic packaging.

It applies to businesses that manufacture plastic packaging in the UK or those that import either plastic packaging components or finished plastic packaging already filled with goods. For example, if a business imports drinks in plastic bottles, then it would be liable for PPT on the bottles once the threshold for registration is breached.

The tax levied is £210.20 per tonne of plastic packaging, from 1 April 2023 and it only applies if the plastic packaging contains less than 30% of recycled plastic.

The PPT registration threshold is set at 10 tonnes of plastic packaging manufactured or imported into the UK in a 12-month period. Once this level is exceeded then there is a requirement to register.

You must register within 30 days of meeting the threshold and you may need to pay a penalty if you do not.

A group registration is possible, and the 10-tonne threshold applies to each entity.

As the tax is based on weight of un-recycled plastic, records will need to be kept as to the materials used in the manufacturing of the packaging and the weight of each material, so keeping production specification, production certificates and certificates of conformity will be important.

There are rules around when the plastic packaging is considered to be a finished product and the person liable for the tax, so it's a good idea to be familiar with the various stages of plastic packaging manufacture as the tax applies once the last substantial modification has taken place. In the case of imported plastic packaging, getting the information from suppliers about the weight and make-up of the packaging will be essential.

Please be aware that there are specific provisions preventing a business being artificially split into separate smaller businesses in order to avoid paying PPT because the smaller business produces or imports less than 10 tonnes of plastic packaging in a year.

## Exemptions and credits

Small businesses who manufacture or import less than 10 tonnes of plastic packaging in a 12-month period are exempted from PPT. However, these businesses are still required to keep records so they can prove that they are not liable for the PPT.

PPT will not be chargeable where the plastic packaging is for use:

- With licensed human medicines, e.g. blister pack or plastic pill bottle
- As transport packaging to import goods into the UK, e.g. packaging to secure the safe transit of goods
- In aircraft, ship or railway stores for international journeys, i.e. not released into the UK
- Components permanently designated or set aside for non-packaging use before or as soon as they are manufactured or imported, e.g. film used to coat white boards rather than used as packaging or plastic packaging where the primary function is for storage, e.g. toolboxes, glass cases, CD, DVD, and video game cases

In addition to the exemptions above, where plastic packaging is intended for export, PPT can be deferred and later cancelled if the export takes place within a 12-month window. A credit is also available for any waste if you know this information from your customer and you can reduce your PPT liability.

## Return, payments and record keeping

The PPT returns are submitted to HMRC quarterly with the following accounting periods:

- 1 April to 30 June
- 1 July to 30 September
- 1 October to 31 December
- 1 January to 31 March

Return and payments are made online, and businesses caught by the tax will need to keep accurate records to include weight details of each plastic packaging component.

There are a number of set ways by which the weight of the plastic component in packaging can be determined. These are:

- The individual component method
- The sample component method
- The material inputs method
- The verified specification method
- The bulk weighing method

Alternatively, you can apply to HMRC to use a different method for calculating the weight of the plastic component.

Records should include evidence of any exemptions from the tax or credits claimed for exports.

Similar records are also required if you don't need to register for PPT because you fall below the 10-tonne threshold, or your packaging contains more than 30% recycled content.

These records must be kept for 6 years.

## What you must do when buying plastic packaging

You have a duty to carry out due diligence with suppliers to ensure PPT has been accounted for by a supplier in your supply chain.

If you cannot show that you have taken reasonable steps to ensure PPT has been accounted for, you may be held secondarily or jointly and severally liable for any unpaid PPT. You will only be held liable secondarily or jointly and severally liable for PPT, where you knew or had reasonable grounds to suspect PPT had not been paid. It is important that you keep records of the due diligence checks you have carried out to protect your business.

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