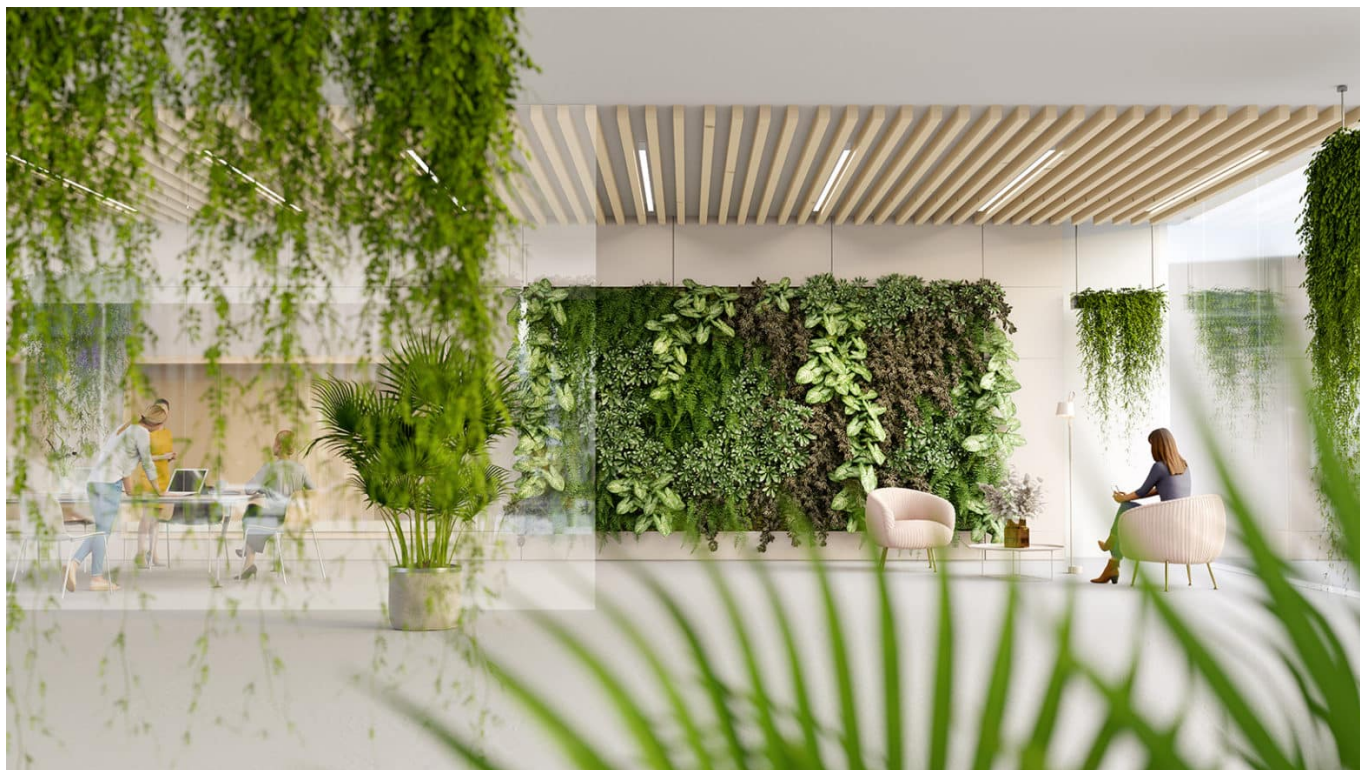


## Are you aware of the new tax regime?



If your business uses packaging, then it's likely you'll have heard about the new Plastic Packaging Tax (PPT) that was introduced on 1<sup>st</sup> April 2022. In this update we highlight the key components of the new tax.

### Why has a new tax been introduced?

The government's aim in introducing the tax is twofold: first, to encourage businesses to use packaging that can be recycled and, secondly, to use more recycled plastic in their packaging. This new tax will work alongside planned reforms to the packaging producer responsibility system as announced in the government's 25-year plan for the environment.

### How does the new tax bite?

Businesses manufacturing or importing plastic packaging will pay a flat tax rate of £200 per tonne, unless:

- they are manufacturing or importing less than 10 tonnes in a 12-month period; or
- 30% or more of the plastic packaging contains recycled plastic

### Do I need to register?

Companies manufacturing or importing more than 10 tonnes of plastic packaging in a 12-month period from the 1<sup>st</sup> April 2022, recycled or not, are required to register for PPT.

You must also register for PPT if you expect to meet or exceed the 10-tonne threshold in the next 30 days. You



will be liable to pay any tax due on packaging manufactured from the date you had reason to expect you would reach the threshold. You have 30 days to register for PPT from the date you meet or exceed the threshold.

It is important to remember that the 10-tonne threshold can be made up of a combination of a company's manufacturing and importing activities.

## Is that it?

Not quite. There is still some confusion as to who is responsible for paying PPT and the products upon which the tax is payable. The government's guidance refers to 'finished' plastic packaging components, defined as:

- imported plastic packaging that is already filled with goods
- manufactured plastic packaging that has undergone its last substantial modification

If plastic packaging is imported and not filled with goods, it must be determined when its last substantial modification occurred. Further guidance on what is meant by a substantial modification can be found on the government's website.

## Exemptions

Although there remains uncertainty around which packaging PPT applies to, the following packaging will be exempt from the tax:

- transport packaging for imported goods
- aircraft, ship and rail stores packaging
- plastic packaging permanently designated for use other than packaging
- immediate packaging on medicinal products for humans (veterinary medicines are not exempt).

## In summary, will my business need to pay PPT?

If your business:

- manufactures or imports more than 10 tonnes of plastic packaging in a 12-month period; and
- all or some of the plastic packaging is not made of at least 30% recycled plastic; and
- the purpose of the packaging does not fall within the guideline's exemptions,

then the answer is yes, you must register for and pay PPT.

## For further assistance

For further guidance you can find more information on GOV.UK [Plastic Packaging tax](#)



[Noel Ruddy](#)

Partner