

## Plastic Packaging Tax – The experience of a UK seafood importer

### **Business model A**

This business is a UK seafood importer sourcing frozen seafood worldwide for clients in the UK processing, wholesale and retail sectors. It imports large quantities of plastic packaging from overseas. It also purchases large quantities of plastic packaging from UK-based suppliers. The business forms part of a connected group of companies, falling under common ownership. They may have a compliance team to prepare for new regulations.

### **The impact of Plastic Packaging Tax**

#### **Components in scope**

They are clear which packaging they purchase is considered plastic under the regulation. Therefore, the potential requirement to prove that a specific component is not plastic is unlikely to impact this business.

However, it is difficult for large importers such as themselves to establish when they can and cannot utilise the exemption for transport packaging on imports, as it is not straightforward to determine where packaging has been used for transport. For example, it is unclear whether plastic interleaving for frozen-at-sea fillets would be classed as transport packaging. (Seafish guidance on [plastic packaging in scope](#) clarifies the exemption for transport packaging on imports).

They have stated that the exemption for imported components that will be exported is adding to the administrative burden. This is because stock that is intended for exporting and stock that is intended for the domestic market may be placed on the same stock code, but the former will be exempt from the tax, whereas the latter will not.

#### **Weighing of components**

The volume of stock that they manage creates a significant administrative challenge, with respect to the weighing of components. Although some suppliers provide weights within their specifications, these specifications need to be checked against the importer's own weigh-ins using the verified specification weighing method. If the weight of a single component provided by a supplier is slightly different to what the importer has on record, large numbers of stock codes require updating.

As a result of the Plastic Packaging Tax, it is sometimes necessary for the product to be removed from its packaging, so that the packaging itself can be weighed. It may not be practical to repack the goods, leading to damaged stock and increased wastage of high value species.

## **Dealings with suppliers**

To meet HMRC's due diligence expectations and avoid being held liable for misdescribed packaging, it is essential to be thorough in their dealings with suppliers – for example, requiring suppliers to complete detailed forms regarding the packaging that they supply.

Supplier forms may include information requests on:

- plastic weight that is in contact with a food item (in grams per unit),
- plastic weight that is used within secondary packaging (in grams per carton),
- and plastic weight that is used within tertiary packaging (in grams per pallet).

It may be necessary to create new roles for updating the business' technical specifications following information received from suppliers. These would be permanent roles, as each new component will need a new stock code and a new stock code form, which confirms information including the packaging waste.

## **Software**

A business importing plastic packaging on this scale without software would require 3 months' FTE resource to calculate its Plastic Packaging Tax liability for each accounting period, due to reliance on manually constructed spreadsheets.

Software can largely automate the calculation process and make it possible to extract a summary packaging analysis report from the data, breaking purchases and sales down by material. The software calculates Plastic Packaging Tax liabilities at speed once the relevant data has been inputted into it.

However, software packages are only as good as the data being inputted into them; they are reliant on accurate manual input, which requires knowledge of when to apply different stock codes. Therefore, even with software, the administration of Plastic Packaging Tax requires employees that are knowledgeable about different types of packaging and how to account for each of these.

## **Group registration**

Although it is permitted for a single company in a connected group to register for the tax and complete returns on behalf of the entire group, each company's liability for the tax still needs to be assessed individually and this limits the administrative easement resulting from the concession.