

The Plastic Packaging Tax – Frequently asked Q&As

Q: The Plastic Packaging Tax is paid by importers and manufacturers that are liable, so are purchasers of UK-produced packaging able to ignore the regulation?

A: No. Purchasers of UK-produced plastic packaging may not be liable for the tax, but they must show due diligence and seek to ensure that the tax is accounted for in any supply chain that they're part of. If HMRC deems a purchaser to have shown insufficient due diligence, as part of a supply chain in which Plastic Packaging Tax has been unpaid, the business could be held secondarily liable for the unpaid tax. If HMRC deems a purchaser to have shown insufficient due diligence that could lead to the tax being unpaid in the future, it may hold the business jointly and severally liable for Plastic Packaging Tax.

Q: Does the tax apply to Northern Ireland?

A: Yes. It's targeted at non-recycled plastic packaging manufactured within, or imported into, the UK (inclusive of Northern Ireland).

Q: What about components that are transferred between Great Britain and Northern Ireland? Are these treated as imports on arrival into either Great Britain or Northern Ireland? Are they treated as exports on leaving either Great Britain or Northern Ireland?

A: There are no tax charges or credits for movements between Great Britain and Northern Ireland. So, finished plastic packaging components that are transported into Great Britain from Northern Ireland will not be subject to the Plastic Packaging Tax at the point of their arrival into Great Britain. The Plastic Packaging Tax should have already been accounted for on these components by their manufacturers, at the point of their 'last substantial modification' before packing or filling. On the same basis, plastic packaging components that are transported from Great Britain into Northern Ireland will not be treated as exports for purposes of this tax. So, payment of Plastic Packaging Tax cannot be deferred on a component because it will be transported to Northern Ireland. Likewise, relief cannot be claimed on Plastic Packaging Tax which pertains to components that have been transported to Northern Ireland.

Q: What about components that are transferred between Northern Ireland and the Republic of Ireland/EU? Would such components be treated as imports on arrival into Northern Ireland and exports on leaving Northern Ireland?

A: Yes, they would – in accordance with the fact that Northern Ireland is treated the same as the rest of the UK for purposes of Plastic Packaging Tax. So, finished plastic packaging components arriving into Northern Ireland from the Republic of Ireland/EU are in scope. Payment of Plastic Packaging Tax can be deferred on a

component by a Northern Ireland business that would otherwise be liable for the tax, but which is transferring the component to the Republic of Ireland/EU within the next 12 months. Plastic Packaging Tax that's been paid on a component which is moved from Northern Ireland to the Republic of Ireland/EU can be reclaimed (subject to there being proof of export having occurred). Further information on deferring payment and claiming relief is available later within this document.

Q: Once a business meets one of the two tests, is Plastic Packaging Tax due on all its tonnage?

A: This depends on which of the tests has been applied. If the forward look test's applied, Plastic Packaging Tax is due on all components manufactured/imported on or after the date when the business knows it'll reach the 10-tonne threshold in the next 30 days. If the backwards look test is applied, Plastic Packaging Tax is due on all components manufactured/imported on or after the first of the calendar month after the month in which the threshold is reached.

Q: Couldn't there be circumstances where a business is better off applying the backwards look test before it applies the forward look test and registering for the tax on that basis, so their tonnage doesn't immediately become liable? Can my business choose whether it applies the forward look test or backwards look test first?

A: No. The forward look test must always be applied first; a business must register based on the forward look test if the conditions of that test are met. This is confirmed by the [Finance Act 2021 s55\(2\)](#).

Q: From 1 April 2023, the 12-month timeframe for the backwards look test will be a rolling one. Does this mean a business could fall in and out of the requirement to report?

A: If a business has met the conditions of the backwards look test on any given date, it must register for the tax and complete quarterly returns for at least 12 months. It would not be acceptable for a business that meets the backwards look test on 1 April 2023 to refrain from registering, on the basis that it will not meet the same test on 2 April 2023. If a business does not meet the liability conditions for a period of at least 12 months, they can request for their registration to be cancelled, as per the [Finance Act 2021 s57](#).

Q: A business has met one of the two tests. How quickly must it register?

A: A business has 30 days to register from the date when either of the two tests is met.

Q: A business is not in scope – it falls well beneath the 10-tonne threshold. Does it still need to monitor its plastic packaging usage and keep records of this?

A: The fact that a business must register if either test is met means that any manufacturer or importer must monitor how much material they're using, to

demonstrate that they have not met the threshold of either test. Otherwise, they could breach the threshold without realising this. HMRC advises businesses that are not in scope to keep records which support this. For example, if a manufacturer is not within scope because it has manufactured less than 10 tonnes of plastic packaging since 1 April 2022 and will not exceed the 10-tonne threshold within the next 30 days, it could maintain a record specifying the weight of each component that it finishes. HMRC has stated that businesses which are well beneath the 10-tonne threshold will be expected to keep much fewer records than those businesses that are close to the threshold.

Q: How is packaging defined for purposes of this tax?

A: Packaging's used to contain, protect, handle, present and/or deliver goods. The two forms of packaging in scope are packaging intended for use in the supply chain and packaging intended for single use by the consumer (for example, a ready meal container). Packaging that's deemed an integral part of the goods themselves is exempt from the tax. [HMRC has given various examples](#) of when packaging would and would not be considered integral to the goods themselves.

Q: How is plastic defined for purposes of this tax?

A: Plastic's defined as any polymer material to which substances. For example, calcium, dyes or glass may have been added. [HMRC has published guidance](#) on when packaging's considered plastic.

Q: Are biodegradable and compostable plastics in scope?

A: Yes. HMRC has stated that plastics include polymers that are biodegradable, compostable or oxo-degradable.

Q: How does HMRC define recycled plastic?

A: [HMRC has provided guidance](#) regarding how it specifically defines recycled plastic. In summary, this is plastic that's been reprocessed, via a chemical or manufacturing process, from recovered material.

Q: If a plastic packaging component has some but less than 30% recycled content, does the tax apply to the entire component?

A: Yes. There's no exemption for any recycled content if this makes up less than 30% of the overall component.

Q: All the plastic that a business imports is 30% or more recycled – does it still need to register for the tax?

A: Yes. Businesses that import or manufacture only recycled plastic still need to register for Plastic Packaging Tax, even though the tax will not be payable. [Information is available from HMRC](#) on exempt components that count towards the threshold for registration.

Q: Does transport packaging on imports count towards the threshold for registration?

A: No. [Further information is available from HMRC](#) on exempt components that do not count towards the threshold for registration.

Q: What would be an example of how this tax needs to be accounted for on a 'per component' basis?

A: A ready meal container consisting of a plastic pot, layer of film and label would need each of these three components to be assessed individually.

Q: Are the non-recycled plastic components of seafood products such as plastic sheets in frozen cartons of shatterpack fillets in scope? Will importers of surimi seafood sticks have to assess and quantify non-recycled plastic volumes in these items?

A: Non-recycled plastic sheets in frozen cartons of shatterpack fillets protect goods and are intended for single use by the consumer, so they're in scope. Importers of surimi crab sticks must assess and quantify non-recycled plastic volumes in these items where those volumes contain and/or protect goods – unless the importer deems them to be an 'integral part of the goods', [the definition of which has been provided by HMRC](#).

Q: Are expanded polystyrene boxes for fresh seafood products in scope?

A: If the fish boxes are not primary or secondary packaging and they're being used to transport multiple sales units and prevent damage during transportation, they're covered by the exemption for transport packaging on imports and are not in scope. However, the exemption does not apply to primary or secondary packaging. So, the boxes would not be covered by the exemption where they're normal packaging around a sales unit or number of sales units and can be sold as such to the end user or consumer. Styrofoam fish boxes that act as the only layer of packaging around the goods themselves are therefore not covered by the exemption. This is reflected by [HMRC guidance](#).

Q: Are reusable fish crates in scope?

A: [HMRC has confirmed](#) that reusable plastic crates, which are being used to import multiple sales units and prevent damage during transportation, are transport packaging on importation and outside of scope.

Q: Is pallet wrap in scope?

A: HMRC has likewise confirmed that pallet wrap used to import goods into the UK is transport packaging on importation and outside of scope.

Q: What about intermediate bulk containers (IBCs)?

A: IBCs used to import seafood are in scope, as they are used to transport a bulk quantity of a single commodity rather than multiple sales units.

Q: At what point in the UK packaging manufacture process does the tax become due?

A: It becomes due at the point of the last ‘substantial modification’ before packing or filling.

Q: What about if the last substantial modification occurs as part of the same process as packing or filling?

A: If the last substantial modification occurs as part of the same process as packing or filling, the manufacturer is whoever made the last substantial modification before that one. However, HMRC has stated that for the last substantial modification to be classed as part of the same process as packing or filling, there cannot be a gap in space or time between the two, as this would indicate two separate processes. HMRC’s guidance suggests that for the last substantial modification to be considered part of the same process as packing or filling, it needs to happen on the same production line as the one on which packing or filling occur.

Q: What’s classed as a ‘substantial modification’?

A: A substantial modification’s a change that affects the shape, structure, thickness and/or weight of a component. For example, the final process to manufacture a plastic bag (prior to its usage within a ‘boil-in-the-bag’ product) would be the last substantial modification, where that process has affected the component’s shape, structure, thickness and/or weight. A substantial modification does not refer to different components being placed together to make a single container of goods, like a ready meal container involving a pot, layer of film and label. Placing these components together would involve sealing and labelling – [listed by HMRC](#) as changes which do not amount to substantial modifications.

Q: At what point in the import process does the tax become due?

A: It becomes due on any finished component imported into the UK once all custom procedures have concluded. If a component is imported into the UK and later undergoes a substantial modification that does not occur as part of packing or filling, the importer can reclaim any tax paid on the component.

Q: If a component leaves and re-enters the UK, does the tax need paying on re-entry?

A: Yes, if the business and component are in scope, but any tax paid can be reclaimed upon the component being exported again.

Q: Can a business rely on using estimates during the weighing process?

A: No. You must use one of [HMRC’s five established methods](#) when weighing components. You can apply to use a novel method by emailing HMRC. The contact email address is: pptapplicationforspecialweighingmethods@hmrc.gov.uk. Any such method must not rely on estimates.

Q: How is a component's recycled content weighed?

A: This should be done by each finished component. [Further information is available from HMRC](#) regarding how to establish the recycled content of a component.

Q: How can a business register for the tax?

A: Registration for the tax is done via [Government Gateway](#).

Q: A company's part of a business group. Does each company in the group need to register individually?

A: Where a business group's liable for the tax – it's acceptable for that group to register as one. Through this approach, a single business in the group can report and pay the tax on behalf of the others. However, each company's liability for the tax will still need to be assessed individually. [HMRC has defined](#) what constitutes a group of companies.

Q: When are returns and payments due?

A: Returns and payments are due no later than the last working day of the month following the end of each quarter. The first quarter in which the tax applies covers April, May and June 2022. So, returns and payments in respect of the first quarter must be submitted no later than Friday 29 July 2022.

Q: What information does a business need to include on its return?

A: [HMRC has described in detail](#) the information that needs including on a return.

Q: A business makes an error in a return. For how long will it be possible to correct this?

A: [HMRC has confirmed](#) that businesses have up to four years to correct an error in a return.

Q: Under what circumstances can relief be claimed against previously paid Plastic Packaging Tax?

A: This is possible if the component is subsequently exported or converted into another one (with a substantial modification being made to the component that does not occur as part of packing or filling). The relief must be claimed within two years of the component being manufactured, imported or converted into different packaging.

Q: What about if the component is exported in the same accounting period?

A: Under these circumstances, relief can be claimed on the tax in that period's return – the business does not need to pay the tax and wait until the subsequent month's return to reclaim it.

Q: What about if a different business to the one that's in scope exports or converts the component in the same accounting period?

A: If this happens, [HMRC has confirmed the process through which relief can be claimed on the component](#). Again, under these circumstances, there is no need for the tax to be paid on the component and then reclaimed through a subsequent return.

Q: What about if a plastic packaging component is processed by a waste management company, before being exported for recycling? Can relief be claimed under these circumstances?

A: HMRC has confirmed that if a component is processed by a waste management company before export and so is not considered a plastic packaging component when it leaves the UK, tax relief cannot be claimed on the component.

Q: Can relief be claimed if a component is exported but does not contain any goods and will not serve a packaging function once it leaves the UK?

A: HMRC has confirmed that tax relief cannot be claimed on an exported component if the business knows that it is not being exported as a packaging component.

Q: If a component is exported and a business defers payment of Plastic Packaging Tax on the item (or claims relief), does it need to keep supporting evidence that the export took place?

A: Yes. This evidence must be either a document for any other tax/duty or another document, such as an export invoice. HMRC has stated that the more records which can be kept reflecting the occurrence of an export, the better.

Q: If a component is converted into a different one and a business is claiming relief, does it need to keep supporting evidence that the conversion took place?

A: Yes. This could be the production records of the new component. The business must also keep a record of whether the tax is due on the new component.

Q: How can a business claim relief against previously paid Plastic Packaging Tax?

A: [HMRC has provided examples](#) of how to offset a credit against previously paid Plastic Packaging Tax. There's a credit box in the online tax return form; eligible businesses should populate this box with the appropriate amount.

Q: Under what circumstances can a business defer payment?

A: Businesses can defer payment of the tax for up to 12 months if they intend to export the component. If the component is not exported within 12 months of it being manufactured or imported, the tax becomes due. It's only possible for a business to defer payment if they themselves are exporting the component. If the component will be exported by another business such as a purchaser, the manufacturer or importer

cannot defer payment and must instead account for the tax. They can claim a credit on their return that follows the export having taken place.

Q: Is the transport packaging used to export goods from the UK exempt from the tax?

A: It is not possible for payment to be deferred on packaging that's manufactured or imported with the intention of it being used for transport packaging on the export of goods. It should be included in calculations for the 10-tonne threshold and reported on quarterly returns if the threshold is reached. However, once this packaging is exported, a credit can be claimed (subject to the business having evidence to show that the export has taken place).

Q: What's the minimum level of due diligence checks required?

A: Although HMRC's stated that it's for each individual business to determine the precise set of due diligence checks that's appropriate to its circumstances, HMRC expects businesses to take steps to verify information provided to them. So, an importer or purchaser must have procedures to verify information about the packaging that it receives from its suppliers (regarding the packaging's recycled content, for instance). An importer would be held liable for the tax if it accepted a supplier's word that a component was exempt, without taking reasonable steps to confirm this. [There's further information available from HMRC](#) regarding their due diligence expectations.

Q: How long should businesses in scope keep supporting records for?

A: Businesses that are in scope should keep records that support how they've calculated their liability for a minimum of six years after the end of the accounting period. This includes businesses that are in scope but have a zero liability (for example, because all their plastic packaging is 30% or more recycled).

Q: Is it legal for recycled plastic packaging to be contact with food?

A: Rolled-over [European Regulation EC 282/2008](#) refers to how materials and articles that are made entirely or partially from recycled plastic, and are intended for use as a food contact material, should only be obtained from processes that have been assessed for safety by the appropriate authority. Notwithstanding the Northern Ireland Protocol, this indicates that it's legal for recycled plastic to be used in contact with food under specific circumstances. However, there are currently limited alternatives to non-recycled plastic. [Further information is available from the Food Standards Agency](#) regarding when recycled plastic can be used in contact with food in Great Britain, under the sub-heading 'AIMS and recycled plastic processes'.

Q: What can a business do to mitigate against the administrative burden of the tax?

A: There are multiple steps that businesses can take – for example, obtaining copies of any certifications or audits that have been conducted on their suppliers, to prove their usage of recycled plastic. This shows how due diligence checking can be

carried out by importers and purchasers without they themselves needing to calculate the recycled content of each component that they import.

Q: Can compliance procedures for packaging waste regulations be used to comply with the Plastic Packaging Tax?

A: Some businesses may be able to use the same software for the Plastic Packaging Tax as what they've been using for packaging waste regulations. However, any businesses that have been using estimations based on turnover to calculate packaging waste won't be able to take this approach to the Plastic Packaging Tax. HMRC is clear that estimates are not acceptable when weighing plastic packaging components for purposes of the new tax.

Q: Does the Plastic Packaging Tax in any way replace the pre-existing packaging waste regulations?

A: No. HMRC has confirmed that the Plastic Packaging Tax does not in any way replace pre-existing producer responsibilities. It intends the Plastic Packaging Tax to work in combination with the extended producer responsibilities once these come into effect.

Q: What about the packaging of goods that enter the UK which are not legally 'imports', as they are transit goods which are held in customs warehouses? Who is liable for the tax on the packaging of these goods?

A: If goods enter the UK and are then placed into a customs warehouse, the import does not take legal effect until the goods are released from the warehouse into circulation. So, that point of release is the point that the tax becomes due. The tax is payable by the business on whose behalf the goods are released from the warehouse.

Q: Is cardboard packaging in scope?

A: No, the tax is focused on plastic packaging – however, businesses must bear in mind that where a packaging component is made up of multiple materials, it's in scope if it contains more plastic by weight than any other single material. So, a component containing some cardboard and some plastic would be in scope if it contains more plastic by weight than it does cardboard (or any other one material).

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