

Necessary activities due to the new UK plastic packaging tax starting in April 2022

The UK plastic packaging tax will come into force on 1 April 2022. The new tax will apply to plastic packaging manufactured in or imported into the UK that does not contain at least 30% recycled plastic. In this context, plastic packaging is defined as packaging that is predominantly made of plastic by weight. The tax will also be levied on imported plastic packaging, regardless of whether the packaging is unfilled or filled.



Plastic packaging is defined as any product made of any material used for the storage, protection, handling, delivery and presentation of goods, from raw materials to processed goods, from the manufacturer to the user or consumer. Disposable items used for the same purposes are also considered as packaging. This also includes products that serve as packaging for the end consumer, e.g. cling film.

Businesses who manufacture or import a finished plastic packaging component into the UK will need to pay the tax.

In the case of manufacturing in the UK it is the business that completes the “last

substantial modification” before it is packed and filled that is liable for the tax.

A company will need to register for and pay Plastic Packaging Tax if it has manufactured or imported 10 tonnes or more of finished plastic packaging components within the last 12 months or will do so in the next 30 days, unless certain exemptions apply.

Tax rate

The tax is to be 200 GBP per ton of taxable plastic packaging.

Need for action and costs for affected companies

An estimated 20,000 manufacturers and importers of plastic packaging will be affected by the tax as they will become tax debtors.

Initial costs may be incurred on building knowledge of the new regulations as well as establishing the underlying compliance capabilities. This could include but is not limited to staff training, registration with HM Revenue and Customs (HMRC), and the development of the mandatory reporting system for filing purposes. Companies manufacturing or importing plastic below the threshold are nevertheless required to maintain evidence that they are not in scope.

Ongoing costs may include preparing and

filing tax returns, paying taxes, maintaining appropriate records, and amending returns. In addition, businesses could have secondary or joint and several liability if their suppliers do not account for plastic packaging tax. Therefore, it is best practice for certain companies to conduct due diligence on their supply chain or take action to mitigate the risk of potential non-compliance.

The average annual net increase in administrative expenses for companies is estimated to be 0.4 million GBP. These are largely costs associated with completing tax returns, but also the cost of new registrations after the tax comes into effect.

Passing on to the end consumer

”Companies responsible for accounting for the tax are encouraged to make the Plastic Packaging Tax paid visible to business customers, and work with them to try and increase the amount of recycled plastic they use wherever possible. However, HMRC does not require the tax to be passed down the supply chain as a separately identifiable charge like VAT. Businesses may choose to pass down the costs by increasing price, however this should be assessed from a commercial perspective as VAT charge will increase as the price increases.”

Those liable for the tax are expected to include the cost of the excise duty in their price calculations and pass it on to their customers. The tax is thus ultimately borne by the end consumers who buy plastic packaging or goods in plastic packaging in the UK. In practice, however, there are limits to the extent to which manufacturers can pass on additional costs to their customers.

Non-compliance penalty charge

An initial fixed penalty charge of £500, followed by a daily charge of £40 thereafter as well as late payment interest charge will be

applicable for non-compliance. This typically includes failure to register, failure to submit returns or maintain adequate records.

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