

What is Plastic Packaging Tax?

The purpose of Plastic Packaging Tax is to incentivise businesses to use recycled plastic in the manufacture of plastic packaging.

The tax is applied to plastic packaging manufactured in or imported into the UK that does not contain at least 30% recycled plastic. It does not apply to any packaging that is not predominantly plastic by weight.

The tax is chargeable when the plastic packaging component is finished if this takes place in the UK, or when finished plastic packaging is imported. For imports this includes new packaging for use in the UK, e.g. refuse sacks or stretch films, plus packaging which has been packed / filled with product. An example of the latter is plastic bottles filled with chemicals. These items are referred to by HMRC as 'filled imports'.

A component is finished in the UK when it undergoes its last substantial modification in the UK. The tax liability then lies with the manufacturer. The subsequent packing or filling is not classified by HMRC as being the last substantial modification.

Defining plastic

For the purposes of Plastic Packaging Tax, plastic means a polymer material to which additives or substances may have been added.

Cellulose-based polymers that have not been chemically modified, such as viscose, are not treated as plastic for the purpose of Plastic Packaging Tax.

Other cellulose-based materials which are chemically modified, such as cellulose acetate, are considered plastic.

Additives include materials such as calcium or dyes. When assessing the amount of plastic in a packaging component, the additives are classed as part of the plastic.

Plastics include polymers which are: biodegradable; compostable or oxo-degradable.

If a plastic packaging component is made from multiple materials but contains more plastic by weight (including additives which form part of the plastic) than any other substance, it is classed as a plastic packaging component for the purposes of the tax.

Registering for Plastic Packaging Tax

Organisations must register if they:

- Expect to import into the UK or manufacture in the UK 10 tonnes or more of finished plastic packaging components in the next 30 days.
- Have imported into the UK or manufactured in the UK 10 tonnes or more of finished plastic packaging components in the last 12 months.

The weight does not include the goods inside the packaging. It does include plastic packaging containing 30% or more recycled plastic, even though this plastic packaging is not liable for the tax.

Prior to registering, an organisation must decide if it is an importer, manufacturer or both. Importers become liable for Plastic Packaging Tax as soon as the product is imported, not when the product is sold.

Members of a business group can register as a group. This allows for only one of the businesses to complete returns and make payments on behalf of all members of the group.

Organisation must register within 30 days of becoming liable for the tax. Organisations must pay the tax on all chargeable components from the day they are liable to register. Failure to do so may incur a penalty.

The Government website provides information on how to register:

www.gov.uk/guidance/register-for-plastic-packaging-tax.

The charge

From 1 April 2025, the tax rate is £223.69 per tonne.

Tax paid on packaging that is then exported can be claimed as credits.

Due diligence

Organisations are expected to conduct appropriate due diligence checks if they:

- Manufacture plastic packaging components.
- Import plastic packaging components.
- Buy plastic packaging components from another business.

If these checks are not done or sufficient records kept of them, the organisation could be held jointly and severally liable (or secondarily liable) for any unpaid Plastic Packaging Tax.

The Government website has more information: www.gov.uk/guidance/how-to-make-due-diligence-checks-for-plastic-packaging-tax.

Record keeping

An organisation's account must show the workings for the figures on the return and the records must show the evidence that supports the figures.

The Government website has detailed information on the records that must be kept: www.gov.uk/guidance/record-keeping-and-accounts-for-plastic-packaging-tax.

For more information

www.gov.uk/guidance/check-if-you-need-to-register-for-plastic-packaging-tax.