Plastics Tax

General Features **Indirect Tax**

01 April 2019

In the Budget 2018, the Chancellor announced the introduction of a new plastic packaging tax, effective from April 2022, and it released a policy paper, 'Single-use plastics: Budget 2018 brief'. The consultation has now been published, *Plastic packaging tax: consultation*, which sets out more details about the proposed tax and raises questions on the impact in the supply chain. The consultation period closes on 12 May 2019.

Who does it affect?

The tax would affect manufacturers and importers of plastic packaging, which would mean increasing costs for all types of businesses purchasing these products.

What is the plastic packaging tax?

It is proposed, subject to consultation, that for produced or imported plastic packaging that does not include at least 30% recycled content, a new tax will be levied on the full weight of the packaging product, at a flat rate set per tonne of packaging material. This may be straightforward for a single manufacturer of a product, and the consultation seeks views on the position where there are multiple manufacturers in the production process. For imported goods, the tax would be charged at the point that goods are released into free circulation in the UK. Exported product should be exempt from the tax.

The preferred position is a single threshold at 30% recycled content for simplicity with tax administration, though the consultation also looks at an alternative proposal for multiple thresholds with high/medium/low rates.

The government see this as an economic incentive for businesses to use recycled material in the production of packaging, thereby reducing the single-use plastic waste which it states is its primary concern. As plastic with recycled content is

generally more expensive than plastic with no recycled content, the tax would reduce the difference in cost, thereby it is anticipated that there would be greater demand for this type of product.

Next steps

If you would like to contribute to the CIOT's submission to the consultation, please email technical@ciot.org.uk by 23 April 2019 with your feedback.