The UK’s Packaging Extended Producer Responsibility

Environmental



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We examine how the UK’s Packaging Extended Producer Responsibility regime is impacting the finances of affected businesses.

Key Points

What is the issue?

From data collection to disposal fees, the UK’s Packaging Extended Producer Responsibility (pEPR) regime is reshaping the financial and operational burden of packaging compliance as the regulations continue to evolve.

What does it mean to me?

Producers are now expected to fund the full net cost of managing household packaging waste, covering collection, sorting and treatment. The regime also

introduces reporting obligations at a far more granular level, including packaging material, function and use, and future cost differentiation based on recyclability.

What can I take away?

For tax and finance professionals, the significance is growing. Packaging obligations are no longer just a line item on a compliance tracker; they are a strategic and financial consideration with real margin implications.

For UK businesses in the crosshairs of packaging legislation, bottom-line costs are about to climb. From data collection to disposal fees, the UK's Packaging Extended Producer Responsibility (pEPR) regime is reshaping the financial and operational burden of packaging compliance, with businesses seeking to understand their obligations as the regulations continue to evolve.

While the regime is still taking shape, the direction of travel is clear: more reporting, more cost and more accountability. This is not just a sustainability initiative; it's a material shift in how packaging obligations are financed and managed.

A quick recap: the evolution of packaging compliance

UK producers have long operated under an iteration of a packaging compliance regime, with the previous version of Extended Producer Responsibility being the 2007 Producer Responsibility Packaging Waste Regulations. That regime introduced the concept of shared responsibility of packaging, with costs spread across producers and local authorities. Reporting requirements were limited, and few businesses needed to understand the full composition of their packaging materials.

The new pEPR regime, legislated via the Environment Act 2021 and implemented from 2023, changes that equation. The most notable shift? Producers are now expected to fund the full net cost of managing household packaging waste, covering collection, sorting and treatment.

The regime also introduces new reporting obligations at a far more granular level – including packaging material, function and use, and future cost differentiation based on recyclability. These data points are no longer optional; they form the basis for future waste disposal charges and reputational scrutiny. Businesses must now

understand not just how much packaging they use, but what it’s made from, where it ends up and who is ultimately responsible for it.

These fundamental changes bring about an emerging cost complexity: many businesses are now subject to double financial exposure on plastics.

From 1 April 2025, the UK plastic packaging tax (PPT) rose to £223.69 per tonne for plastic packaging with less than 30% recycled content. This may apply alongside disposal fees under pEPR for the same packaging, if it enters the household waste stream.

Who is captured by pEPR?

At a glance, the rules are straightforward. Obligations apply to UK-established legal entities that meet both:

- an annual turnover of over £1 million; and
- more than 25 tonnes of packaging handled in a calendar year.

Those who meet both thresholds are then classified as one of the following:

- **Small producers** (25 to 50 tonnes): required to submit annual data only.
- **Large producers** (over 50 tonnes): required to submit biannual data and, from October 2025, to pay waste disposal fees for household packaging.

However, pEPR goes far beyond thresholds. A producer’s obligations depend upon which producer functions they perform, including:

- supplying goods under a brand name;
- packing or filling packaging in the UK;
- importing goods in packaging;
- distributing unfilled packaging;
- hiring/loaning reusable packaging; and
- operating a UK online marketplace.

A single company can perform multiple functions, each of which carries separate reporting and cost obligations. Each legal entity within a corporate group must be assessed independently, although a group registration model is available for simplification.

In reality, determining producer status is rarely straightforward. Modern supply chains are rarely linear, and we have seen businesses impacted where they hadn’t anticipated, particularly in cases involving parallel supply arrangements, contract manufacturing or third-party imports. The role a business plays can shift subtly depending on the contractual structure or where title transfers, thus making pEPR a more forensic exercise than it first appears.

It’s also critical to note that where a non-UK entity supplies packaging into the UK, it is the first UK owner who carries the legal obligations under pEPR.

Practical organisational challenges

Unlike other environmental taxes, packaging data rarely resides with finance. Instead, it’s distributed across procurement, packaging design, product development, logistics and third-party suppliers.

Systems such as enterprise resource planning (ERP) systems are seldom configured to capture the data needed to comply, such as weights per component, packaging type (e.g. primary, secondary, shipment) or destination classification (household vs. non-household).

Organisations face genuine challenges obtaining the required data at source. For many, packaging data is fragmented, spread across regional suppliers, legacy ERP systems and functions not traditionally involved in regulatory reporting. Building a complete picture often requires layered internal collaboration and the development of what is, in effect, an evolving organism of packaging data, which is continuously updated but rarely perfect.

Implementation complexities

As with any evolving regime, interpretative complexity adds further layers. The definition of shipment packaging, for example, changed between the 2023 and 2024 statutory instruments. The classification of household vs. non-household packaging is equally nuanced.

While the regulatory framework is becoming more established, interpreting and applying it to complex supply chains remains a challenge. Crucially, the distinction between household and non-household packaging is now tied to defined packaging

types:

- Secondary and tertiary packaging are always non-household.
- Primary and shipment packaging are household by default, unless you can demonstrate the end user is a business or public institution.

This means that producers must go beyond general assumptions and link each packaging component to a specific class and recipient. For example, if an office chair is shipped to a wholesaler, the outer shrink wrap pallet (tertiary) is non-household. However, the individual chair's box (primary) is treated as household packaging unless documentary evidence, such as contracts or delivery terms, proves it is intended exclusively for business use.

This classification matters. Household packaging is subject to future waste disposal fees, while non-household packaging is not.

Applying these rules across thousands of stock keeping units or varied fulfilment models, especially where packaging changes by channel, region or customer, can be administratively complex. Businesses need to build internal logic and controls that connect packaging data to intended use, supported by appropriate evidence and cross-functional input.

Financial implications: waste disposal fees and Packing Recovery Notes

From October 2025, large producers must begin paying waste disposal fees for household packaging reported for 2024. These costs reflect the expense incurred by local authorities for collection, recycling and waste treatment.

In parallel, all obligated producers, regardless of household status, must still purchase Packaging Recovery Notes (PRNs) and Packaging Export Recovery Notes (PERNs) to satisfy their recycling obligations.

As of late 2024, the government published illustrative base fees to give businesses a sense of what disposal costs might look like. These included:

- **£485 per tonne** for plastic packaging;
- **£215 per tonne** for paper/board;
- **£455 per tonne** for fibre-based composite packaging;
- **£435 per tonne** for aluminium packaging;

- **£240 per tonne** for glass packaging;
- **£320 per tonne** for wood packaging; and
- **£280 per tonne** for ‘other’ packaging.

The final fee schedule is expected during the summer of 2025, following analysis of 2024 reporting data, but the implication is clear: household packaging is the key cost driver.

Recyclability Assessment Methodology and strategic alignment

From 2025 data onwards, packaging must be assessed for recyclability under the Recyclability Assessment Methodology (RAM). This involves assigning red, amber or green ratings to packaging components based on how easily they can be collected, sorted and reprocessed.

This scoring will be used to apply modulated fees, meaning packaging with a ‘red’ rating could attract higher disposal fees in future years.

The implication is strategic: businesses may want to re-evaluate the packaging formats they use today. Simple changes in material composition or labelling could reduce future cost. Some are already:

- integrating recyclability into procurement scorecards;
- creating cross-functional pEPR working groups; and
- aligning environmental, social and governance (ESG) teams with finance and legal on packaging risk.

The decisions made now about formats, materials and documentation will shape both reputational outcomes and financial liabilities in the years to come.

Conclusion

The UK’s pEPR regime is more than a regulatory update. It’s a structural shift and one that embeds environmental accountability directly into product and packaging design, supply chain ownership and cost allocation.

For tax and finance professionals, the significance is growing. Packaging obligations are no longer just a line item on a compliance tracker; they are a strategic and

financial consideration with real margin implications. But with the right preparation, businesses won’t just protect their margins; they will define the standard for resilient, responsible packaging in a circular economy.

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