

## Plastic Packaging Tax Webinar for AAM Q&A

26 January 2022

- Q. For companies that are based outside of the UK and sell products directly to UK consumers, if they don't have a UK importer, will the company be responsible for paying the tax?**
- A. The importer will generally be the consignee on the importation documents. Businesses that import finished plastic packaging into the UK on their own behalf will need to register for the Plastic Packaging Tax if they import 10 or more tonnes of plastic packaging in a 12-month period. They will be liable for paying the tax if the plastic packaging that they import does not contain at least 30% recycled plastic.
- Q. For companies that are based outside of the UK, who export products to UK distributors that sell the product to end-users, who will be responsible for the tax?**
- A. The importer will be responsible for registering for and paying the tax. The importer will generally be the consignee on the importation documents, unless they can demonstrate by other records that they are acting on behalf of someone who is controlling the import and using the consignee to store goods on their behalf. It is important that businesses communicate with their supply chains to understand who is listed as the consignee on the importation documents. The consignee is likely to want evidence of any recycled plastic in the packaging, so it is important that exporters prepare for this.
- Q. If an overseas business has multiple UK distributors who import their products, and the total sum of packaging exported exceeds the 10-tonne threshold, but the packaging exported to each distributor is less than the 10-tonne threshold, would it be liable for the tax? What if all the packaging contains more than 30% recycled plastic?**
- A. For packaging that is imported to the UK, the importer will be responsible for registering for and paying the tax. If the consignees on the importation documents are the UK distributors, then they will be required to register for the tax if they import 10 or more tonnes of plastic packaging in a 12-month period. The 10-tonne threshold includes all finished plastic packaging that they import, even if they have multiple suppliers or the packaging that they import is exempt.

For businesses that import plastic packaging on their own behalf, they will need to register for the Plastic Packaging Tax if they import 10 or more tonnes of plastic packaging in a 12-month period.

If all the packaging that is imported contains 30% or more recycled content, then it will not be liable for the tax, but it will still count towards the 10-tonne threshold, and businesses will need to show evidence to HMRC that the packaging is exempt.

Please note, plastic packaging components are taxed individually and only components that contain 30% or more recycled plastic are exempt. For example, if a product's packaging consists of a plastic bottle, cap, and label, each of those must contain at least 30% recycled plastic. If the

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bottle is made of 30% recycled plastic, but the cap and label are 100% virgin plastic, then the cap and the label will still be chargeable for the tax.

**Q. If a product contains a 100% recycled plastic bottle (30g), a 100% virgin plastic closure (3g), and a 100% virgin plastic label (1.5g), would it be liable for the tax?**

A. Each component is taxable separately. In this scenario, the 100% recycled plastic bottle would not be chargeable, but the 100% virgin plastic closure and label would both be subject to the tax. This means that the business would be liable to pay tax on a total of 4.5g of plastic packaging for this product.

Please note, the 30g plastic bottle would still count towards the 10-tonne threshold, and businesses will need to keep records of all plastic packaging components. It is important that businesses keep evidence of recycled plastic in packaging components, to demonstrate any exemptions to HMRC when submitting returns.

**Q. If a business offers different product formulations in the same packaging format, does the tax apply to the sum of all the packaging or does it apply to individual products?**

A. The tax applies to all finished plastic packaging manufactured in or imported to the UK. This applies to both empty and filled packaging. Businesses must keep accounts by reference to each 'product line' that they produce or import. A 'product line' is a group of plastic packaging components produced to the same specification. The 10-tonne threshold considers all plastic packaging, even if it contains more than 30% recycled plastic or is exempt.

**Q. For e-commerce customers, do businesses have to pay the tax if plastic packaging is used?**

A. The Plastic Packaging Tax applies to all plastic packaging manufactured in or imported to the UK that contains less than 30% recycled plastic. This includes products sold as e-commerce, as well as products that are given away as samples etc.

**Q. Smaller companies that are not liable for the tax must keep records of the plastic packaging exported to UK. Do they have to register to HMRC and provide their records, and if so, when?**

A. If a business manufactures or imports less than 10 tonnes of finished plastic packaging per year, it is not required to register with HMRC. However, it should keep records to demonstrate that it does not meet the 10-tonne threshold.

For businesses that do meet the 10-tonne threshold, they will be required to register with HMRC and submit quarterly returns for the following accounting periods:

- 1 April – 30 June
- 1 July – 30 September
- 1 October – 31 December
- 1 January – 31 March

More information on record-keeping is available in HMRC's guidance:

<https://www.gov.uk/guidance/record-keeping-and-accounts-for-plastic-packaging-tax>

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**Q. Is HMRC providing a template to help with working out the total plastic used?**

- A. HMRC has provided guidance on how to work out the weight of packaging for the Plastic Packaging Tax. The weight of the packaging components must be recorded in metric values and shown in kilograms on tax returns. Guidance from HMRC is available here:  
<https://www.gov.uk/guidance/how-to-work-out-the-weight-of-packaging-for-plastic-packaging-tax>