

PLASTIC PACKAGING TAX – ARE YOUR ACTIVITIES IN SCOPE?

What is it?

The tax is a policy measure designed to tax packaging components manufactured in the UK or imported into the UK.

Importantly this covers not only standalone packaging but also the packaging surrounding goods.

Single use packaging products such as bin liners, plastic shopping bags, nappy bags and disposable cups are also in scope.

Are there any exemptions in place?

Packaging which contains at least 30% recycled plastic is exempt. This is calculated based on a strict methodology.

There are also a variety of other exemptions including those products used in the immediate packaging of a medicinal product, transport packaging, packaging used as aircraft, ship and rail stores and components permanently designed for a use other than packaging.

Who is responsible for the tax?

The primary liability is on the importer or the manufacturer of the packaging components.

Determining the final manufacturer of plastic packaging will depend on when and where the last substantial modification occurs.

Navigating these rules can be complex. It is not a simple exercise and relies upon an in-depth understanding of the manufacturing process and the categorisation of specific production steps.

Others in the supply chain can be made either secondarily liable or jointly and severally liable for the payment of the tax where they knew (or ought to have known) that the tax should have been paid. This can include those involved in transporting or storing products and also operators of online marketplace and fulfilment businesses.

Similar to the introduction of the corporate criminal offence for failing to prevent the evasion of tax, businesses will need to carry out appropriate due diligence checks to evidence the integrity of their supply chain.

Guidance has been issued on the due diligence

required but this does not provide a comprehensive list of checks, only examples of appropriate checks in certain circumstances.

What do I need to be doing?

Depending on your role in the supply chain you need to:

- Identify who is responsible for the plastic packaging tax in your business. This may be outside the tax team.
- Assess the relevant data you have in order to comply with the requirements. This is unlikely to be traditional finance data.
- Assess whether you have any primary or secondary liability in respect of the plastic packaging tax.
- Assess whether the recycled content exemption or any of the specific exemptions apply.
- Understanding where the last substantial modification occurs to the plastic packaging.
- Ensure that your record keeping is sufficient for your corporate liability and your due diligence on suppliers.



How can we help?

Our tax team has extensive experience in dealing with environmental taxes. We have been instructed in some of the largest and most complex cases in this area. Our insight into HMRC's approach to environmental taxes combined with our mix of lawyers, tax advisors and accountants helps you fully understand your tax position and the approach you should take.

Simmons Wavelength, our legal engineering team bridges the gap between lawyers, legal technology, data and design – integrating creative solutions to meet any legal or business challenge including designing a bespoke solution to assist with your record keeping and compliance requirements in respect of the plastic packaging tax incorporating multiple data sources.

Our regulatory teams can tackle complex questions where needed such as the application of the exemption for medical products.

Contact



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