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Guidance

Further information for businesses

Updated 20 July 2021

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This publication is available at <https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/further-information-for-businesses>

This guidance gives further information on Plastic Packaging Tax to help businesses prepare.

The primary legislation is in law and forms part 2 of the Finance Act 2021. Secondary legislation will be introduced later in the year. Until the secondary legislation becomes law, the contents of this guidance are subject to change. More guidance will be published later in the year.

The packaging categories and definitions used in Plastic Packaging Tax differ from other existing packaging related legislation. You must continue to comply with all regulatory requirements for plastic packaging in other legislation.

1. Introduction

Plastic Packaging Tax will be a tax on plastic packaging manufactured in, or imported into, the UK, where the plastic used in its manufacture contains less than 30% recycled plastic.

The tax will come into effect from 1 April 2022. The rate of tax will be £200 per metric tonne of plastic packaging. Read the overview of how to get your business ready for Plastic Packaging Tax (<https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/get-your-business-ready-for-the-plastic-packaging-tax>).

2. Packaging that is chargeable for the tax – key definitions

Plastic Packaging Tax will be due on finished plastic packaging components manufactured in or imported into the UK in which less than 30% of the plastic is recycled. This includes imports of packaging which already contains goods, such as plastic bottles filled with drinks. Where the packaging you import already contains other goods, the tax only applies to the plastic packaging itself.

The tax will not apply where the product:

- does not meet the packaging components definition
- falls into one of the categories packaging products that's not chargeable for the tax

2.1 Plastic

Plastic includes bioplastics, including biodegradable, compostable and oxo-degradable plastics.

2.2 Packaging components

A packaging component is a product that is designed to be suitable for use, whether alone or in combination with other products, in the containment, protection, handling, delivery or presentation of goods at any stage in the supply chain of the goods, from the producer of the goods to the consumer or user.

If the packaging component meets the definition, it does not matter if it is produced or imported for use in the supply chain of the goods, or by a consumer or user.

If your plastic packaging product is:

- captured by this definition, check if it is covered by one of the categories of products not liable for Plastic Packaging Tax

- not captured by the definition, but is designed as single use packaging, it may still be subject to Plastic Packaging Tax, you must check if it is covered by the description of products liable for Plastic Packaging Tax

Packaging components that are not subject to Plastic Packaging Tax

If your products are defined as packaging components, they will not be subject to the tax if they are covered by one of the following categories.

Category 1 – products designed to be suitable to contain goods at the time of sale to the consumer or user. This is where the products role as packaging of the goods, is secondary to its use by the end consumer, to contain, support or preserve the goods throughout their lifetime.

For example:

- toolboxes
- first aid boxes
- earphone or earbud cases
- manicure sets
- glasses cases
- CD, DVD and video game cases
- board game boxes

Category 2 – products designed so that the packaging is an integral part of the goods and are necessary to enable the goods to be used by the consumer or user. Once the goods have been used or consumed the packaging is discarded.

For example:

- water cartridge filters
- printer or toner cartridges
- inhalers
- tea bags
- room deodorisers
- perforated rice bags
- lighters
- dental floss cases

Category 3 – products which are primarily designed to be re-used for the presentation of goods to a consumer or user and have been permanently set aside for this purpose, before or as soon as they have been manufactured or imported.

For example:

- sales display shelf
- shop fittings
- sales presentation stand

Products liable for Plastic Packaging Tax

Your products will be subject to Plastic Packaging Tax if they are designed as single use packaging products for use by a consumer or user in containing any commodity or waste.

For example:

- plastic bags including:
 - carrier bags
 - bin liners and refuse sacks
 - sandwich bags
 - nappy sacks
- disposable cups including:
 - expanded polystyrene (EPS) cups
 - vending machine cups
 - plastic wine or pint glasses
 - party cups

2.3 Packaging containing multiple materials

Packaging that contains multiple materials but contains more plastic by weight than any other single substance will be a plastic packaging component for the purposes of the tax. A list of other substances will be provided in regulations later this year.

For example, if a 10 gram item of packaging is made of 4 grams of plastic, 3 grams of aluminium and 3 grams of cardboard, all 10 grams will be considered plastic packaging for the purposes of this tax.

Likewise, if the 10 gram item was 3 grams of plastic, 4 grams of aluminium and 3 grams of cardboard, none of the item would be taxable. If the weight of plastic in the component is equal to the weight of another single material used, the component would not be considered as plastic for this tax.

You will need to be able to demonstrate to HMRC if a packaging component which contains plastic is not subject to the tax because it does not contain more plastic than any other material when measured by weight. If you cannot demonstrate this, the component will be treated as entirely plastic. You must record all the materials used in the manufacturing of the packaging, and the weight of each material, to demonstrate that plastic is not the main material overall and the packaging is not liable for the tax.

Businesses must calculate the proportions of recycled plastic content based on single specifications of products manufactured continuously on a production run. All packaging should be uniform in weight (within processing variances and production tolerances) and recycled plastic content calculated as an average across the output.

2.4 Finished packaging component

A finished packaging component is a plastic packaging component which is chargeable when it is 'finished'. This is when it has undergone its last substantial modification, even if waste or surplus material remains attached to it. Waste or surplus material that remains attached to it is not treated as part of the component when assessing whether Plastic Packaging Tax is due.

More information about when a component is 'finished' and who has to account for the tax will be published as soon as possible.

2.5 Recycled plastic

Recycled plastic is plastic that has been reprocessed from recovered material, by using a chemical or manufacturing process, so that it can be used either for its original purpose or for other purposes. This does not include organic recycling.

2.6 Recovered material

Recovered material is pre-consumer plastic or post-consumer plastic that has been collected and recovered as a material input, instead of new primary material, for a recycling or manufacturing process. It would otherwise have been disposed of as waste or used for energy recovery.

2.7 Pre-consumer plastic

Pre-consumer plastic is plastic that is recovered from waste generated in a manufacturing process and processed by a reprocessing facility. It does not include plastic that is reused in the same process in which it was generated as scrap and from which it was recovered.

2.8 Post-consumer plastic

Post-consumer plastic is plastic that is generated by householders or commercial, industrial or institutional facilities in their role as end user of the product that can no longer be used for its intended purpose. This includes returns of materials from the distribution chain.

3. Plastic packaging that is not chargeable for the tax

There are 4 exemptions from the tax, regardless of how much recycled plastic they contain:

- plastic packaging manufactured or imported for use in the immediate packaging of a medicinal product (<https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/further-information-for-businesses#medicinal-product>)
- transport packaging used on imported goods (<https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/further-information-for-businesses#transport-packaging>)
- packaging used as aircraft, ship and rail stores (<https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/further-information-for-businesses#aircraft-ship-rail>)
- components that are permanently designated or set aside for use other than a packaging use (<https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/further-information-for-businesses#components-other-than-packaging>)

There is also a deferral of liability to the tax for plastic packaging which is exported that meets the direct export condition (<https://www.gov.uk/government/publications/get-your-business-ready-for-the-plastic-packaging-tax/further-information-for-businesses#direct-export>).

3.1 Plastic packaging for a medicinal product

Plastic packaging manufactured or imported for use in the immediate packaging of a medicinal product is exempt from Plastic Packaging Tax. The definition of a medicinal product is either any substance or combination of substances:

- presented as having properties of preventing or treating disease in human beings
- that may be used by or administered to human beings with a view to restoring, correcting or modifying a physiological function by exerting a pharmacological, immunological or metabolic action, or making a medical diagnosis

Find more information about medicinal products in Regulation 2 of the Human Medicines Regulations 2012 (<https://www.legislation.gov.uk/ukxi/2012/1916/regulation/2/made>).

'Immediate packaging' is the container or other form of packaging immediately in contact with the medicinal product.

You must still include this packaging in assessing whether you manufacture or import more than 10 tonnes of plastic packaging in a 12-month period and need to register for the tax.

3.2 Transport packaging on imported goods

Plastic Packaging Tax does not apply to transport packaging used in the delivery of goods into the UK.

Transport packaging is either:

- packaging that is used to handle and transport a number of sales units or grouped packaging, to prevent physical handling and transport damage
- road, rail, ship and air containers

This means that packaging used to secure the safe transit of products on import to the UK will not be liable for the tax. For example, pallet wrap to secure consignments of products to pallets.

Plastic packaging used only to transport goods within the UK will be liable for the tax, as will unfilled transport plastic packaging imported as an item in its own right.

3.3 Packaging used as aircraft, ship and rail stores

Plastic packaging products that are used in aircraft, ship or railway stores for international journeys are exempt from the tax. If the plastic packaging is subsequently imported (removed from stores and released into the UK) then the import will have to be recorded, along with the weight and recycled content of the packaging. You can find more information about what are classed as stores for this purpose in the Customs and Excise Management Act 1979 Section 1.

3.4 Components permanently designated for a use other than packaging

Components that are permanently designated or set aside before, or as soon as, they have been produced or imported are exempt from Plastic Packaging Tax. This is provided they are for use other than for the containment, protection, handling, delivery or presentation of goods (whether that use is before or after sale to a consumer) and the producer or importer keeps a record of that designation or setting aside.

3.5 Plastic Packaging which is exported from the UK

Where plastic packaging is intended for export, payment of the tax can be deferred for up to 12 months as long as certain requirements known as the 'direct export condition' are met. If the packaging is exported within the 12-month period, the liability for Plastic Packaging Tax is cancelled.

More guidance on the criteria that will need to be met to satisfy the direct export condition will be published along with regulations, later in the year.

If the direct export condition is not met, Plastic Packaging Tax will become due on the packaging from the date when the condition was no longer met. For example, the date when the packaging was no longer intended for export, or the 12 month deferral period, has elapsed – whichever is the sooner.

Plastic packaging which is intended for UK use when it is imported or manufactured and has the Plastic Packaging Tax accounted for, but is subsequently exported from the UK, may produce an entitlement to a tax credit.

4. About registration

You must register for Plastic Packaging Tax if you manufacture or import 10 or more tonnes of plastic packaging over a 12-month period. The tax comes into effect on 1 April 2022 and you must tell us that you are liable to register by 30 April 2022. We will provide more information about how to do this later in the year.

You must register even if your packaging is not chargeable and you do not have to pay any tax.

4.1 Businesses that must notify liability to register

You must notify us of your liability to register for Plastic Packaging Tax if your business meets either of the following conditions:

- at any time after 1 April 2022 you expect to import or manufacture at least 10 tonnes of plastic packaging in the following 30 days – you must register within 30 days of the first day that this condition is met, for example:
 - on 15 July you accept an order to manufacture 15 tonnes of plastic packaging by 31 July – you would be liable to be registered for the tax from 15 July and would need to register by 14 August
- you have manufactured or imported at least 10 tonnes of plastic packaging in a 12-month period ending on the last day of a calendar month – you become liable for Plastic Packaging Tax from the first day of the next month and must register by the first day of the subsequent month, for example:
 - if you go over the 10 tonne threshold during December, you become liable from 1 January and must register by 1 February

Imports of plastic packaging which have not cleared customs or are not in free circulation should not be included in any calculation. Businesses based outside of the UK must be registered for and pay the tax if they import plastic packaging into the UK.

There are special arrangements for the second condition in the first year after Plastic Packaging Tax takes effect from 1 April 2022. Under the second condition, a business only needs to register for the tax when the amount of plastic packaging exceeds 10 tonnes in a 12-month period from 1 April 2022. For example, if you manufacture 5 tonnes of plastic packaging in each of January, February, March, April, and May 2022, you will only need to register for packaging manufactured in April and May.

Plastic packaging which contain at least 30% recycled plastic or are exempt from the tax for other reasons must still be included in working out if a business must register for the tax.

4.2 Group registration

Businesses who are members of a group of companies and want to simplify the administration and payment of Plastic Packaging Tax will be able to appoint a representative member of the group to submit returns and pay the tax for the whole group. More details about this will be published later this year.

5. Record keeping

All businesses that manufacture or import plastic packaging must keep a record of the packaging they manufacture or import. Records must be kept even if you do not need to register for the tax. This is so you can demonstrate to HMRC that you do not need to register and to help you understand when you may become liable to register or pay the tax. The records must show the:

- total amount in weight and a breakdown by weight of the materials used to manufacture plastic packaging, excluding packaging which is used to transport imported goods
- data and calculations used to determine if a packaging component is, for the most part, plastic and how much recycled plastic it contains
- weight of exempted plastic packaging and the reason for the exemption
- amount in weight of plastic packaging exported, and therefore the allowed relief from the tax

5.1 Records for imported plastic packaging

For imported plastic packaging, details of its composition must be obtained from the overseas manufacturer by the liable business in the UK.

The liable business will be the importer. This will generally be the consignee on the importation documents, unless they can demonstrate that they are acting on behalf of someone who is controlling the import and using the consignee to store goods on their behalf.

Records must be kept by the importer to ensure compliance with the tax.

5.2 Records for plastic packaging exempted or relieved from the tax

You must keep records if you manufacture or import plastic packaging that is exempt from the tax, including the weight of the packaging and the exemption which applies. The exemptions are:

Plastic packaging used in the immediate packaging of a medicinal product

You will need to keep records to support that this packaging is exempt from the tax. Records you use could be specific, for example the order form setting out the specification and showing it is for the immediate packaging of medicinal products, or a combination of records described in the table.

Plastic packaging which is intended for export from the UK

You must keep records showing the export took place within 12 months from the date the packaging was manufactured.

If there is a change of intention and the packaging is not exported and is diverted onto the UK market, the tax will be chargeable and need to be accounted for. If this happens, you must keep records relating to the original intention to export the packaging as evidence for the delay in accounting for the tax and that the 12-month deferral period has not been breached.

If you have accounted for tax on packaging that is subsequently exported, you can claim a tax credit. To receive a credit, you must hold records demonstrating that the export has taken place. You must also hold records of the weight and recycled plastic content of the packaging. If available you should keep a record of the supply chain used when the export took place.

If you are the exporter of the plastic packaging, you should keep records of the export so that the manufacturer or importer who accounted for the tax can claim a tax credit.

5.3 Records that may be used to show the weight and recycled plastic content

The following examples show documents you can keep to demonstrate the weight and recycled plastic content of packaging to HMRC. These are examples and other documents may be used along with or in place of those listed to demonstrate the weight and recycled plastic content of plastic packaging.

Document to keep as a record	Area to evidence
Product specification	Proportion of recycled plastic Weight of packaging Whether it is, for the most part, plastic Exempt from the tax
Contracts	Quantity of plastic packaging Proportion of recycled plastic Weight of the packaging Whether it is, for the most part, plastic Whether it is exempt from the tax
Production certificates and certificates of conformity	Proportion of recycled plastic in the packaging
Business accounting systems	Recycled plastic through the manufacturing process
Accreditations and international standards	Accreditation bodies such as the International Organization for Standardization (ISO) or the British Retail Consortium (BRC) use a number of standards. We recognise that some international standards require businesses to be able to trace the level of recycled plastic in their packaging. This could help evidence the proportion and source of recycled plastic, weight of the packaging, whether it is, for the most part, plastic, or is exempt from the tax.
Quality assurance audits	Quality assurance audits (either internally or by reputable third-parties) can demonstrate the level of recycled plastic and the weight of the packaging. This could also help evidence whether packaging is for the most part plastic, or if it is exempt from the tax.
Sales and purchase invoices	Invoices may reflect the quantities of the packaging supplied, weight of the waste, recycled plastic feedstock, date of sale and tax paid by the taxable person. The date of sale could help evidence the date the packaging is imported or manufactured.

Document to keep as a record	Area to evidence
Environmental Agency and such like accreditation and equivalent approvals from other bodies	Businesses can obtain permits or exemptions for reprocessing waste to create recycled material from the Environment Agency, Natural Resources Wales, the Northern Ireland Environment Agency and the Scottish Environmental Protection Agency. Where reprocessors of waste claim a credit note under the Packaging Recovery Note scheme, they are required to register with the relevant environmental protection agency. Businesses who manufacture plastic packaging could check that the recycled plastic comes from a registered reprocessor. This could help to evidence the source of recycled plastic in the packaging. There are equivalent international accrediting bodies who may be used by imports of recycled plastic, these will be considered on a case-by-case basis. However, the accreditors will not have an active role in assuring the tax.

For imported packaging, you will need to provide evidence from the overseas manufacturer of the packaging, or evidence that you or a competent third-party has a robust supply chain audit. This could include any of the evidence in the table.

5.4 Plastic packaging which is later converted into a different packaging component

You can claim a tax credit for plastic packaging that you have accounted for and is subsequently converted into a different packaging component on which the tax is also accounted for. This is to prevent the tax being charged twice on the same packaging. To receive a credit, you must hold records to demonstrate the conversion of the original packaging and the evidence of the tax being accounted for by the converter.

6. Further help and support

More detailed guidance will be published later in the year in advance of the introduction of the tax in April 2022.

If you have any queries about the content of this guidance, or want to receive regular updates from HMRC about Plastic Packaging Tax, email: indirecttaxdesign.team@hmrc.gov.uk.

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