

Plastic packaging tax: an update

Abigail McGregor crunches the salient numbers for the PPT, introduced in the UK 18 months ago

The amount of plastic packaging imported into the UK fell during the first year of the plastic packaging tax (PPT) being in effect, according to new data.

[The PPT](#) took effect on 1 April 2022 and applies to plastic packaging manufactured in, or imported into, the UK that does not contain at least 30% recycled plastic. The tax is calculated on a fixed amount per tonne. Manufacturers or importers of 10 or more tonnes of plastic packaging over a 12-month period must register for the tax. Businesses face a [range of penalties](#) for non-compliance.

[Statistics](#) published by HMRC show that the amount of plastic packaging declared when imported to the UK fell from 556 tonnes for the period of April to June 2022 to 316 tonnes by January to March 2023, the final quarter of the financial year. In the second and third quarters of the year, 478 and 339 tonnes respectively was imported.

HMRC's report also revealed that the tax revenues generated during the first year of the PPT's operation totalled £276 million.

While revenues generated from the tax were more than the £235m that HMRC originally predicted, significantly fewer businesses had registered for the tax than HMRC thought would be affected.

HMRC's original prediction was that at least 20,000 businesses would be affected by the PPT, but there were only 4,142 registered for the tax as at the end of the 2022-23 financial year, it said.

The tax authority's report showed declining PPT revenue receipts over the course of the year, despite increasing numbers of registrations – there was £72m generated in each of the first two quarters of the year, dropping down to £66m and £65m in the last two quarters.

While the statistics do not include registration numbers by quarter, data obtained by Pinsent Masons shows that 992 businesses registered for the PPT in the first month and that 2,907 had registered by the end of September 2022. While it would be expected that registrations would increase gradually over the first year, because those whose annual plastic manufacturing or importing is close to the 10 tonne threshold only needed to register when they exceeded that threshold or in the next 30 days, it is surprising that the effect of those new registrations was not an increase in revenue.

Some businesses were not fully prepared for the tax when it arrived and we are aware of some choosing to pay the tax on items that they were not sure about in order to ensure they did not fall foul of the rules. It may be that their PPT computations became more accurate as the year went on.

While the report shows that overall, there is an approximately 50/50 split between plastic manufactured in the UK and that imported into the UK, in fact the statistics show that the amount imported fell in each quarter. When coupled with the statistics showing that packaging exported or converted dropped significantly in the second two quarters, this might imply that businesses were adjusting their practises in order to avoid the administrative hassle of having to record and report for PPT purposes on plastic packaging that they were importing and then re-exporting.

The PPT was introduced as an environmental tax with a view to changing behaviour, by excluding any packaging that had more than 30% recycled plastic from the charge. Environmentalists may, however, be disappointed with statistics in HMRC's report which show that while the proportion of declared packaging containing more than 30% recycled plastic rose from 31% to 44% from the first to second quarter of the financial year 2022-23, the figure had broadly settled around 43% since then.

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