

Sent my mail as Treasury server rejected all attempts to e-mail.

Plastic Packaging Tax

AMDEA response to the consultation due on 12 May 2019

By e-mail to: ETTanswers@HMTreasury.gov.uk

General

Q.1 What is your name?

[Barany Sothirajah](#)

Q.2 What is your email address?

Barany.Sothirajah@amdea.org.uk

Q.3 Which best describes you?

[Business representative organisation/trade body](#)

Q.4 Please provide any further information about your organisation or business activities that you think might help us put your answers in context

[We are the UK trade association for manufacturers of domestic appliances.](#)

Q.5 Would you like your response to be confidential? Why?

[No](#)

Plastic packaging within scope of the tax

Q.6 Do you agree with the government's suggested approach to defining plastic in scope of the tax?

[AMDEA members support the government's initiative to increase the use of recycled plastic as a substitute for some of the new plastic in plastic packaging, since achieving these objectives will bring environmental benefits.](#)

[We strongly support the alignment of this new tax with the reformed Packaging Producer Responsibility system, currently subject to a separate consultation by Defra.](#)

However, and as stated in our reply to the proposed Packaging Producer Responsibility system, we consider it vital for the UK to align as far as practicable with the EU – not only while we remain a Member State but also after we have left. Indeed, until the UK has actually left the EU, we would not wish to see any new system come into force unless it was fully in line with our Treaty obligations, and in particular the various waste legislation measures introduced as part of the circular economy package.

In relation to the definition of 'plastic', we consider that the intention should be to recycle those kinds of plastic that are damaging to the environment. Consequently, those types of plastic that do not damage the environment when landfilled should be exempt from tax and excluded from the definition of 'plastic' within the enabling legislation. Examples of materials that should not, therefore, come within the definition of "plastic" are biodegradable and recyclable bioplastics, since they do not damage the natural environment. Furthermore, bioplastics are typically renewable – i.e. they are derived from plants and similar organic feedstock that can be grown and replenished within a reasonable period of time: this is not true of fossil fuel derived plastics. We further note that the term plastic covers a vast range of materials, many of which are invaluable in protecting consumer goods from damage.

Q.7 Do you agree with the government's suggested approach to defining packaging and packaging materials in scope of the tax?

As producers of products covered by the Packaging Producer Responsibility regulations, our members would not wish to be within the scope of other regulations that have different provisions.

The Packaging tax should, as its primary goal, have the intention of providing an environmental benefit with, as a secondary outcome, raising money via taxation (rather than the other way around). This should be made clear in whatever legislative instrument is chosen to introduce this tax. Consequently, the approach taken by the government should be based on this principle.

Therefore, consideration should be given to whether it is possible to commercially separate (and thereafter recycle) the plastic part of any composite from any non-plastic component. Hence, whether certain composite materials can or cannot be separated by hand should not be the criteria chosen, since some materials that may not be separable in this way could nevertheless be commercially separable by other means.

Q.8 Is the government's approach to components of plastic packaging consistent with the way businesses operate and packaging is created?

The consultation refers to "packaging" without making it clear what is meant. For instance, a small domestic appliance may be packaged using a cardboard outer container, various inserts of expanded polystyrene to protect the enclosed product from knocks to the outer cardboard container and possibly one or more plastic bags to hold

instructions or small parts. It is quite likely that these various parts will come from different suppliers, so presumably each part will be taxed separately.

In the above example, the cardboard should not be taxed at all and the expanded polystyrene parts and plastic bags should be taxed individually. If this is not the case, then the consultation is unclear and should be clarified and re-run.

Q.9 Which of the above options for defining plastic packaging for composite material items do you think works better for the purposes of the tax?

As described in reply to Q8, it is presumed that “mixed material packaging” and “composite packaging” within the above means packaging that is comprised of two or more materials that are not easily separable. Hence, when Option 2 speaks of “applying the tax to any packaging containing plastic” it is presumed that what is meant is applying the tax to any item of composite packaging (such as the blister packaging used for batteries etc. comprising plastic bonded to cardboard) rather than to the weight of easily separable materials (as described in our reply to Q8). This should be made clear in any implementing legislation.

We would wish any option chosen to be based on environmental grounds, as per our replies to Q6 and Q7. It is not evident that either Option 1 or 2 meets this criterion.

Q.10 Do you think alignment with the reformed Packaging Producer Responsibility regulations is important for the purposes of the tax?

Yes, it is essential. It would not be appropriate to have two legislative instruments dealing with the same topic (packaging) containing disparate requirements.

Driving recycled content

Q.11 Do you agree with the government’s suggested approach to defining recycled content for the purposes of the tax?

Yes, AMDEA agrees that both pre-consumer material and post-consumer material, as defined by ISO 14021:2016, should be considered as recycled content.

We do not believe that the inclusion of pre-consumer material would lead to wasteful manufacturing processes, since any manufacturing process that is wasteful of materials is also likely to be wasteful of energy and consequently will be less cost-efficient. Businesses do not favour less cost-efficient processes over more cost-efficient ones (unless there are other overriding benefits).

Q.12 Are there any environmental or technical reasons to consider excluding any particular ways of recycling plastic?

This is largely a matter for material recyclers. However, and consistent with our reply to Q6, it is important that recycling operators have the knowledge and processes to segregate plastics that are subject to taxation because they are classified as environmentally damaging from those that are not (e.g. biodegradable and recyclable bioplastics).

Q.13 Is there any way that the proposed approach to defining recycled content could encourage unintended consequences, such as wasteful manufacturing processes?

See reply to Q11.

Q.14 Do you agree with the government's preferred approach of a single threshold, and why? If not, what alternative would be better, and what are the risks associated with this? Please explain your answer and provide any supporting information and evidence.

AMDEA does not have the technical knowledge to answer this question.

Q.15 Assuming a single threshold, do you agree with a 30% threshold for recycled content and why?

AMDEA does not have the technical knowledge to answer this question.

Q.16 Are there any products for which it would be very challenging to increase the level of recycled content, and why? If so, please outline the effect of a tax on production decisions and consumption of these items.

AMDEA does not have the technical knowledge to answer this question.

Q.17 Are there any products for which the use of recycled plastic is directly prohibited in packaging? If yes, please provide details on these products stating the relevant legislation and industry standards as well as the effect of a tax on production decisions and consumption of these items.

Regulation (EC) No 282/2008 on recycled plastic materials and articles intended to come into contact with foods covers the use of recycled plastic materials and articles which come directly into contact with food. It does not apply to previously unused offcuts, or polymers which have been chemically broken down into monomers, for example, removing their quality of plasticity.

The materials and articles covered here are also subject to Regulation (EU) No 10/2011 on plastic materials intended for food packaging.

The recycled plastic used for the manufacture of materials and articles covered by this Regulation must come from an authorised recycling process, managed according to rules set out in the Annex of Regulation (EC) No 2023/2006 on good practice for materials and articles intended to come into contact with food.

Q.18 What evidence is currently held by liable manufacturers and importers on the levels of recycled content in their plastic packaging and how it might be able to meet the requirements of identifying recycled content levels?

This question brings up the thorny issue of market surveillance. As evidenced by RoHS and REACH Regulations (concerning restricted substances), materials may have quite long supply chains. So is the end-user of any information concerning down-stream material composition permitted to rely on all sources of such information or are they expected to verify the validity of such information? If they are expected to verify the information, how are they supposed to achieve that (e.g. by relying on contractual provisions or checking such provisions by site visits or performing a chemical analysis?) If it is considered that verification via chemical analysis is required, are there internationally agreed procedures for performing this to the required degree of accuracy?

How will any such market surveillance requirements be applied to non-UK suppliers of packaging such that UK suppliers are not commercially disadvantaged?

Q.19 If you are an importer of unfilled plastic packaging or plastic packaging material, what information do you hold on the recycled content? What controls or assurance do you have over the accuracy of this information? How might you influence the level of recycled plastic content?

AMDEA does not have the technical knowledge to answer this question.

Setting the tax rate

Q.20 Do you agree with the government's suggested approach of setting a flat rate per tonne of a plastic packaging product? Why?

AMDEA does not have the technical knowledge to answer this question.

Liability for the tax

Q.21 Do you agree with the proposed points at which domestic or imported products would be liable for the tax? If not, at what point in the supply chain do you think the tax point should be and why?

Without knowing how any market surveillance activities are to be applied it is not possible to answer this question.

Q.22 Are there any situations where the proposed tax points would be administratively, practically or legally difficult? Please explain any adaptations that might be necessary.

No comment.

Q.23 If you are a business that produces or imports plastic packaging, how much of your yearly production, in tonnes, would you expect to be liable for the tax?

Not relevant for AMDEA, since we are a trade association.

Q.24 Do you provide (manufacture or import) plastic material which could be used as packaging without knowing the final use of the product? Is this a common occurrence?

Not relevant for AMDEA.

Q.25 Would you support extending joint and several liability for UK production, and for imports?

No comment.

Q.26 Please outline any issues in relation to routine wastage or spillage that may have an impact on the tax liability.

No comment.

Q.27 Do you agree with the government's initial proposal that the tax at import should only apply to unfilled packaging? If not, what would the effects be? What alternative would you prefer and how would it work?

Yes, the tax should be applied only to unfilled packaging. AMDEA does not believe that the tax should apply to packaging used in packaged products imported into the UK as this could create many unforeseen problems and complications for UK products supplied in other countries.

Treatment of exports

Q.28 Do you agree with the government's suggested approach for crediting exports?

Yes, businesses should not be liable for tax on plastic packaging exported outside the UK, since this would otherwise disadvantage UK companies. Likewise, complete products exported from the UK should not pay tax on the plastic packaging component, since this would again disadvantage UK companies compared with those in other countries. AMDEA does not offer any comment concerning the mechanism for achieving this.

Q.29 Do you foresee any difficulties in providing appropriate records to demonstrate that packaging has been exported?

No comment.

Excluding small operators

Q.30 Do you agree that the government should seek to exclude small operators? If yes, what would the risks be if the government didn't do this?

De-minimis requirements are being considered as part of the Packaging Producer Responsibility regulations and this regulation should align with the outcome of that consultation. We should not have two, different, de-minimis requirements applying to a single product.

Q.31 Would Option 1a, Option 1b or Option 2 best meet the government's objective of excluding small operators from the tax whilst ensuring the tax has a strong environmental rationale?

See our reply to Q.31.

Q.32 What factors should the government consider when setting a threshold (either on volume or turnover) or a relief? Do you have any suggestions for appropriate levels? If so, please provide an explanation for why you believe this is appropriate.

No comment.

Q.33 Would having a de minimis create any significant risks to the effectiveness of the tax at import (including, but not limited to, treatment of multiple imports from the same exporter/manufacturer/brand owner)? If yes, please provide evidence and suggest any additional legislative or operational countermeasures.

No comment.

Q.34 Do you anticipate any risks or issues that would arise from introducing a de-minimis that aren't explored above? Please provide details.

No comment.

Registration and reporting

Q.35 Do you agree that the registration and reporting requirements outlined are appropriate? If not, please specify why.

No comment.

Q.36 Please provide details of the estimated one-off costs for registering with HMRC.

No comment.

Q.37 Please provide details of the expected one-off and on-going costs of completing, filing, and paying the return.

No comment.

Ensuring compliance

Q.38 Is the government's suggested approach to compliance proportionate and appropriate? If not, please outline any scenarios that you anticipate may require bespoke compliance powers or penalties?

AMDEA is concerned that certain provisions, e.g. those identified in response to Q.18 may not have been considered by HMRC in sufficient detail.

Q.39 Are our anti-abuse proposals sufficient to tackle the risk of fragmentation (abuse of the de minimis or universal relief) from UK based plastic producers?

Please see our reply to Q.30.

Q.40 Is our approach regarding assuring the accuracy of declared recycled content appropriate? If not, please share any other suggestions you may have.

International standards exist for the accuracy of substances restricted by the requirements of RoHS for electrical products (IEC 63000) and also for gathering information for material composition along supply chains (IEC 62474) which could have some application in relation to this legislation. These standards do not track recycled content but the methodology they use could, perhaps, have application for plastic packaging.

Q.41 Do respondents believe that using UK based agents for non-established taxable persons may help support compliance?

No comment.

Q.42 Are there any further compliance risks that have not been addressed in this chapter, please provide details?

No comment.

Understanding commercial practices

Q.43 If you are a business, what is your annual turnover?

AMDEA is a trade association and not a user of packaging (other than envelopes), so this is not relevant.

Q.44 Are you currently obligated under the Packaging Producer Responsibility system?

No.

Q.45 If you manufacture or handle plastic packaging, which sector(s) do you provide it to?

Not applicable.

Q.46 If you manufacture or handle plastic packaging, can you please provide an overview of the types of plastic packaging products as well as the tonnages and the levels of recycled content in each? Do you expect this to change over the next 5 years?

Not applicable.

Q.47 If you manufacture or handle plastic packaging, how much of this packaging is produced domestically, exported and/or imported?

Not applicable.

Q.48 If you process or handle recycled plastic, do you export or import any? If so, how much, and where from/to?

Not applicable.

Q.49 If you manufacture plastic packaging, can you please provide an overview of the prices of some of your plastic packaging products. Can you also provide information on how these costs break down according by material costs, labour costs, other operating costs and profit?

Not applicable.

Q.50 If you manufacture or handle plastic packaging, can you please describe how plastic packaging prices fluctuate? How much do prices vary, and what are the main causes, e.g. fluctuations in exchange rate, oil and other commodity prices, etc.?

Not applicable.

Q.51 If you manufacture or handle plastic packaging, how long does it take you (in months) to increase the recycled content of your product? What factors are important in determining this length of time?

Not applicable.

Q.52 If you manufacture or handle plastic packaging, would the tax incentivise you to speed up any current plans to increase recycled content? To what extent? How quickly?

Not applicable.

Q.53 If you manage waste, how long would it take you to set up the systems required to supply more plastic waste for recycling/recycle more plastic? How much could you produce?

Not applicable.

Q.54 If you manufacture plastic packaging, how would the tax affect the amount and price of product you produce? In cases where you weren't able to increase recycled content, would you pass the price of the tax down the supply chain?

Not applicable.

Q.55 Is there anything else you would like us to note about how your business operates and how you think it would be impacted by the tax?

Not applicable.

Assessment of other impacts

Q.56 Unless already covered in your responses to other questions within this document, is there anything else you would like us to note about the impact of the tax, especially any potentially adverse impacts on groups with protected characteristics?

Appropriate consideration needs to be given to the packaging added by those involved in distance selling which is added in addition to that provided by the original product manufacturer. Any tax associated with plastic packaging added by the distance seller must be payable by the distance seller and not by the original product manufacturer.