

Plastic Packaging Tax To Beat First Year Target

Freedom of Information data shows the Plastic Packaging Tax has generated £200m in revenue and is set to exceed HMRC's first year target by over £30 million.

MANCHESTER, CHESHIRE, UNITED KINGDOM, March 29, 2023 /EINPresswire.com/ -- As the first

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The Plastic Packaging Tax is on course to earn more than £266 million in its first year, around £30 million over target. It'd be interesting to know how this revenue will be spent by the Government.”

Zoe Brimelow, Director, Duo

anniversary of the UK's Plastic Packaging Tax (PPT) approaches on 1st April, Freedom of Information (FOI) data shows the tax has already generated over £200m in revenue and is on course to exceed HMRC's first year target by more than £30 million.

The FOI request by packaging manufacturer and consultancy Duo covers data from the tax's first full three quarters during April to December 2022. Businesses are now preparing their final quarterly return for January to March 2023.

FOI data for the three quarters shows:

£200,125,000 has been paid by companies in PPT revenue. HMRC estimated in a [policy paper](#) that the tax would generate £235 million in its first 12 months.

Tax revenue in each of the three quarters averaged £66.7 million. If the trend continues in the last quarter, total PPT revenue for the first year will top £266 million.

Around 1 million tonnes of plastic packaging were liable for the £200 per tonne tax (i.e. packaging that did not contain at least 30% recycled plastic content).

Over 254 million tonnes of plastic packaging were declared by companies. 61% of all declared packaging was tax exempt*, with a large proportion of this packaging containing 30% or more recycled plastic.

3,220 companies completed PPT returns during the third quarter (October to December 2022). This was 38% higher than the 2,328 companies that made submissions during the first quarter of the tax.

Comments from Zoe Brimelow, Director at Duo:

"The Plastic Packaging Tax is well on course to earn more than £266 million in its first year. This would be £30 million over target, and it'd be interesting to know how this revenue will be spent by the Government.

"At the top end of estimates, HMRC estimated it would incur £42 million in costs to set-up, staff and deliver the tax in year one. Once costs are paid, there could be £220 million remaining from what's essentially a new source of revenue. Duo, and other businesses we speak to, would like to see this revenue reinvested into the UK's recycling infrastructure to support the increasing number of companies that are making huge efforts to use more recycled content in their packaging.

"It's much too early to say whether the tax is a success or failure. Just because the tax's first-year revenues are likely to smash projections, it doesn't necessarily suggest the tax isn't encouraging greater use of plastic packaging containing at least 30% recycled plastic. If anything, first-year revenue projections aired on the side of caution.

"Similarly, we shouldn't read too much into a decline in PPT-exempt packaging in quarter three. The quarterly increases in the number of businesses submitting returns suggest companies are still getting to grips with the new system. We will be able to draw firmer conclusions about the effectiveness of the tax in the next 12 months to then consider how the ratio of PPT-exempt material changes, as industry will have had more time to adjust to the new packaging legislation.

"We've seen a huge spike in the number of organisations submitting PPT returns since the first quarter because of the growing awareness about the Extended Producer Responsibility (EPR) policy. This comes into force this year and is encouraging more and more businesses to think about their packaging compliance."

FOI data for the Plastic Packaging Tax:

Q1: Apr – June 2022:

Total value of PPT revenue: £69.4 million

Total volume of all declared plastic packaging (tonnes): 956,075

Percentage of all declared that was PPT chargeable: 36%

Percentage of all declared that qualified for PPT deductions: 64%

Number of organisations which submitted a PPT return: 2,328

Q2: July – Sept 2022:

Total value of PPT revenue: £66.4 million

Total volume of all declared plastic packaging (tonnes): 885,270

Percentage of all declared that was PPT chargeable: 37.5%

Percentage of all declared that qualified for PPT deductions: 62.5%

Number of organisations which submitted a PPT return: 2,809

Q3: Oct – Dec 2022:

Total value of PPT revenue: £64.3 million

Total volume of all declared plastic packaging (tonnes): 700,364

Percentage of all declared that was PPT chargeable: 45%

Percentage of all declared that qualified for PPT deductions: 55%

Number of organisations which submitted a PPT return: 3,220

*tax exempt plastic packaging includes packaging:

- used for the immediate packaging of licensed human medicine
- permanently recorded as set aside for non-packaging use
- used as transport packaging to import multiple goods safely into the UK
- used in aircraft, ship, and rail goods stores
- packaging containing at least 30% recycled plastic content. 40% of all declared packaging during April – December 2022 contained 30% or more recycled plastic

ENDS

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