



Response to Plastic Packaging Tax – Consultation Document

Introduction

arc21 is a local government sector organisation consisting of the six councils located along eastern NI, covering 33% (approx.) of the land base, populated by 59% (approx.) of the national population and accounting for 60% (approx.) of the local government controlled Municipal Waste arisings.

The establishment of arc21 together with its functionality has been enshrined in legislation, the most recent being The Local Government (Constituting a Joint Committee a Body Corporate) Order (NI) 2015. It is primarily responsible for activities associated with the production, development and implementation of a Waste Management Plan for the arc21 area.

The constituent councils of arc21 are Antrim & Newtownabbey Borough Council, Ards & North Down Borough Council, Belfast City Council, Lisburn & Castlereagh City Council, Mid & East Antrim Borough Council and Newry, Mourne & Down District Council.

Response

arc21 welcomes the opportunity to respond to this consultation document on plastic packaging tax. In particular, we would like to thank HMRC for holding the webinar on this topic over the summer as it was beneficial in gaining further insight into the proposed tax and fielding questions on how it will operate in practice.

arc21 is pleased to note that all components of plastic packaging (bottle, cap and label; or punnet, net and film) will be liable to the tax if secondary plastics fall below the 30% threshold. We note that Government is committed to implementing the tax by April 2022, notwithstanding that there is a variance of views with some considering it too lenient while others (manufacturers) considering there is limited time to innovate or alter change packaging. Given other developments underway in the waste and resources sector in the UK particularly with the introduction of the EPR scheme and, given the likely impact of this, there may be competing pressures/ demands upon the sector. In such circumstances, arc21 would suggest that Government prepare to review the tax shortly after its introduction to ensure that it is having the desired effect, as well as to determine if there is scope to further align this tax within these other schemes.

The consultation document outlines Government proposals to introduce a plastic packaging tax, one of the key principles of which is to reduce single-use plastic packaging. The opening paragraphs refer to a call for evidence in 2018 which highlighted that using recycled plastic is often more expensive than using new plastic and the tax proposed is intended to redress this and encourage greater use of recycled plastic. The consultation document takes the form of a series of questions and, where possible, arc21 has provided response which are appended to this report (see Appendix 1).

In addition to the answers provided on the questionnaire, arc21 would make to following observations in support of its response which highlights the importance of the tax and extension of its principles to other materials.

In starting, arc21 note the recent collapse in the price of oil which has exacerbated that differential between new and secondary plastic and added further pressures on the plastic recycling industry. It is likely that oil price may return to somewhere near its previous price and the tax will have an impact, but this is not a given and therefore the key principle to foster greater use of secondary plastic should be maintained.

Under these challenging circumstances, and in light of the previous collapse of Closed Loop Recycling when similar market conditions arose, Government may need to intervene to support the indigenous plastic recycling industry and ensure that this remains a viable reprocessing sector.

The consultation document highlights that the tax will complement the review/reform of the Packaging Producer Responsibility Regulations. arc21 welcome this alignment and consider that a review of PPPR is overdue. The paper suggests that this review, combined with the proposed tax, will create demand for recycled plastic which in turn will stimulate increased levels of collection and recycling of secondary plastics.

arc21 would request that further clarity is provided in relation to this comment and, in particular, how this supply and demand might be demonstrated and supported in practice. In reviewing/reforming the PPPR, it would be welcomed if a clear outline could be provided as to how this will act as a lever to deliver this increased demand for secondary plastic. There is also further clarity needed around how additional costs associated with an increased collection of plastic packaging by councils will be covered (will this be clearly outlined within the Extended Producer Responsibility (EPR) consultation document due out within the next six to nine months)?

Government 2020 budget proposed the tax starting at £200/T for plastic packaging that does not contain at least 30% recycled content and this reviewed to ensure it remains effective. As outlined above, given the current low oil prices, and the resultant low price of virgin plastic, some manufacturers might consider taking a “*tax hit*” rather than move to recycled content. In this context, arc21 would be enquire how responsive to global oil prices and other market interference will that review be? arc21 consider it unfortunate that the tax rate and percentage recycled content are not within the scope of this consultation as no background evidence is provided for selecting these figures, but we would urge Government to keep both under review in order to reflect wider global impacts which could emerge.

While it is understood that Government would like to establish a degree of consistency across waste collection systems, arc21 would question the statement that “*these measures, together with the Government’s proposals to increase consistency in household recycling collections across local authorities and businesses, will increase the supply of easier-to-recycle plastic*”. Collection arrangement are based upon local circumstances and are a matter for individual councils and, while there may be a desire to establish greater consistency, this will be a matter for further specific consultation as well as also outlined within the EPR consultation document due out later. In these papers, greater evidence around how consistency increases easier-to-recycle plastic and details around the redistribution of funding would be welcome. arc21 recognise that the prospect of direct hypothecation or funding for councils has been excluded but in relation to the calls for “*more sustainable waste infrastructure*” we would ask for clarity as to what that might entail and how Government foresees local government providing appropriate responses to deliver this.

In the introduction to the consultation document, there appears to be an inherent contradiction regarding the tax and regulatory changes envisaged. It states that these will be complementary but delivered as separate measures: arc21 believe that to demonstrate these measures are actually harmonised and have the same objectives, they should be delivered together in order to ensure that a level playing field is established across the plastic manufacturing sector.

Scope of the Tax

arc21 support the inclusion of “*alternative*” plastics in the scope of the tax due to the potential for confusion and tax avoidance which excluding these materials would otherwise cause.

As has been shown in recent research by University of Plymouth, some of the biodegradable products on the market can be environmentally persistent and will not simply degrade in the periods they are intended to in domestic circumstances. While some of these products will make a valuable contribution in the future, their potential to contaminate plastic recycling should not be overlooked and a considerable nationwide publicity campaign is needed to highlight to consumers the differences between oil-based versus biodegradable plastics. Likewise, consideration (and support) needs to be given by Government to ensure that appropriate infrastructure is established nationally to ensure the biodegradable plastics are adequately processed, and do not merely get swept up into traditional disposal routes. The use of PPPR and the tax to develop more “*sustainable waste management infrastructure*” is to be welcomed but, by default, it raises a question on the capacity and capability of the existing infrastructure. Indirectly, this poses a further question on the level of investment which may be needed in UK to deliver plastic recycle which, to date, has been heavily reliant on the export market – the BBC covered the situation in Turkey last month. The UK’s over reliance on export markets for plastic and other recyclables is under severe pressure and this situation likely to continue to deteriorate as other countries follow China’s recent approach to restrict or cease accepting the import of secondary materials from the West.

The revised definition will therefore also narrow the “*natural polymer*” exemptions to those which are “*cellulose-based*” is supported as this will help avoid unintended consequences and instances when novel plastics or blends may be developed for the express purpose of avoiding the tax.

In particular, the consultation document asks for examples of plastic packaging which would fall within the scope of the tax because it contributes to the environmental harm which the tax would address. arc21 would suggest that bubble wrap, polystyrene and “*biodegradable*” beads would all fit the category of contributing to environmental harm because they are difficult to collect and dispose of/treat. The following paragraph (3.8) suggests that composite materials will also fall within the remit of the tax because of their plastic content – this too is to be welcomed as these materials are fundamentally unrecyclable or difficult to recycle, and they should be included as they contribute to environmental harm. arc21 would seek to emphasise that the review/reform of PPPR should address this.

Liability for the tax

The Government are seeking views on plastic packaging products which have the tax paid and that may subsequently be used for non-packaging purposes. There are limited examples of such packaging being incorporated into art and design, such as plastic bottles or plastic bag weave and, in some limited occasions such as covered by Channel 4’s “*Grand Designs*”, plastic bottles and old video cassettes have been used in construction projects. As the Circular Economy gathers momentum, the possibility of tax exemptions/rebates should be kept under review – even though it may be a distant prospect currently.

In terms of tax liability, it seems sensible that this should rest with the original manufacturer which will have all the necessary information regarding plastic grades, volumes and recycled content. In the current consultation document, ancillary processing, such as laminating or printing is to be disregarded for the purposes of the tax. There are many occasions unfortunately where these ancillary processes lead to the original product being rendered unrecyclable. Could the plastic tax be extended to include any process which renders the original packaging environmentally harmful?

Paragraph 4.14 indicates that packaging damaged during manufacture, before it is capable of use will not be liable for the tax. Yet earlier, in Paragraph 3.24, the matter of pre-consumer waste generated deliberately through a wasteful manufacturing process is proposed to be liable to the tax. There is not much difference between a process which produces sub-standard packaging and a wasteful manufacturing one which can go back into the system as “*recycled*”. These are inefficient processes and a common approach should be adopted in both instances – and given the increasing projections about plastic leakage from manufacturers, allied with poor collection methodologies for post-consumer plastics as highlighted by Sky TV last month, arc21 considers that both should be liable to the tax.

Regarding policing the de minimis requirements, arc21 is pleased to note the ongoing role of HMRC which will help ensure there is no corporate disaggregation to meet the requirement, and also maintain a focus on manufacturers providing appropriate evidence of the plastic content of their product. In order to ensure that the level playing field for plastic manufacturers is achieved, arc21 would recommend that all producers of plastic packaging should have to register with HMRC. In this manner; obligated companies will clearly be able to demonstrate that their operations are seeking to comply with the tax regime or that they are below the de minimis requirements and are therefore exempt.

In concluding, the proposed tax provides a game-changer in terms of Government approach to financially incentivise manufacturers to take greater ownership and responsibility for the materials they market to consumers. Following consideration of this consultation document, arc21 would encourage Government to consider what other items might benefit from a similar approach – introducing a tax upon items such as furniture, mattresses and textiles could add considerable momentum to the Circular Economy and showcase ambitions to be amongst the leading world economies in terms of environmental and economic performance.

Thank you for considering arc21’s response and, should you require any clarification, please contact me.

arc21
20 August, 2020

Appendix 1

Plastic Packaging Tax
Consultation response submission form

Publication date: 11 March 2020

Closing date for comments: 20 August 2020

Subject of this consultation:	The Plastic Packaging Tax which from April 2022 will apply to plastic packaging manufactured in or imported into the UK containing less than 30% recycled plastic.
Scope of this consultation:	At Budget 2020, the government announced key decisions it had taken for the design of Plastic Packaging Tax in light of stakeholder responses to the previous consultation in 2019. This document provides more information on these announced areas, as well as asking for views on areas of the tax design which have been further refined as we move closer to the implementation date.
Who should read this:	The government would like to hear from businesses, individuals, tax advisers, trade and professional bodies and other interested parties.
Duration:	11 March 2020 to 20 August 2020 (23 weeks).
Lead official:	Alex Marsh, HM Revenue and Customs.
How to respond or enquire about this consultation:	Responses or enquiries should be sent by 20 August 2020, by email to indirecttaxdesign.team@hmrc.gov.uk or by post to: Alex Marsh, 3rd Floor Ralli Quays, Stanley Street, M60 9LA.
Additional ways to be involved:	In order to engage with businesses and individuals who would be affected by the proposals in this consultation, the government will be consulting key stakeholders and interested parties on the proposals through meetings. If you would like to be included in a consultative meeting, please contact us via the email above.
After the consultation:	The government will aim to analyse responses and publish a formal responses document within 12 weeks after the end of the consultation period.
Getting to this stage:	The responses to the government's Call for Evidence on single-use plastic waste in 2018 highlighted that using recycled plastic is often more expensive than using new plastic. At Budget 2018, the government proposed to use a new tax to encourage the use of recycled plastic and has taken the responses from the first consultation, published in 2019, into consideration to develop the proposals presented here.
Previous engagement:	During the first consultation period, the government had meetings with various stakeholders to discuss the impact of the initial proposals. The government also conducted market research to improve understanding of the packaging industry.

Consultation

This response form is to be used for responding to HMRC's consultation on a Plastic Packaging Tax. The consultation in full can be found on the following link - <https://www.gov.uk/government/consultations/plastic-packaging-tax-policy-design>.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018, General Data Protection Regulation (GDPR) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that under FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs.

Consultation privacy notice

This notice sets out how we will use your personal data, and your rights. It is made under Articles 13 and/or 14 of the General Data Protection Regulation.

Your data

The data

We will process the following personal data:

Name
Email address
Postal address
Phone number
Job title

Purpose

The purpose for which we are processing your personal data is: The Plastic Packaging Tax Consultation.

Legal basis of processing

The legal basis for processing your personal data is that the processing is necessary for the exercise of a function of a government department.

Recipients

Your personal data will be shared by us with HM Treasury.

Retention

Your personal data will be kept by us for six years and will then be deleted.

Your rights

- You have the right to request information about how your personal data are processed, and to request a copy of that personal data.
- You have the right to request that any inaccuracies in your personal data are rectified without delay.
- You have the right to request that any incomplete personal data are completed, including by means of a supplementary statement.
- You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.
- You have the right in certain circumstances (for example, where accuracy is contested) to request that the processing of your personal data is restricted.

Complaints

If you consider that your personal data has been misused or mishandled, you may make a complaint to the Information Commissioner, who is an independent regulator. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
0303 123 1113
casework@ico.org.uk

Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

Contact details

The data controller for your personal data is HM Revenue and Customs. The contact details for the data controller are:

HMRC
100 Parliament Street
Westminster
London SW1A 2BQ

The contact details for HMRC's Data Protection Officer are:

The Data Protection Officer
HM Revenue and Customs
7th Floor, 10 South Colonnade
Canary Wharf, London E14 4PU
advice.dpa@hmrc.gsi.gov.uk

About you

Your name

| Tim Walker |

Your email address

| arc21, Belfast Castle, Antrim Road, Belfast, BT15 5GR |

Who are you submitting this response on behalf of? (Please only tick one)

- Business representative organisation/trade body
In the case of representative bodies please provide information on the number and nature of people you represent
- Packaging designer
- Packaging manufacturer / converter
- Product manufacturer / pack filler
- Distributor
- Online marketplace
- Fulfilment house operator
- Retailer
- Plastic packaging importer
- Plastic packaging exporter
- Waste Management Company
- Re-processor
- Local government
- Community group
- Non-governmental organisation
- Charity or social enterprise
- Consultancy
- Academic or research
- Individual
- Other

If you answered 'Other' above, please provide details |

Please provide the name of the organisation/business you represent (if applicable)

| arc21 - an NI local partnership made up of A&NBC, A&NDBC, BCC, LCCC, NM&DBC, MEABC |

If you are in business, where is your business established?

<input type="checkbox"/> England
<input type="checkbox"/> Scotland
<input checked="" type="checkbox"/> Northern Ireland
<input type="checkbox"/> Wales
<input type="checkbox"/> Isle of Man
<input type="checkbox"/> Other EU - please state
<input type="checkbox"/> Non EU - please state

If you are in business, how many staff do you employ across the UK?

<input type="checkbox"/> Fewer than 10
<input checked="" type="checkbox"/> 10 - 49
<input type="checkbox"/> 50 - 249
<input type="checkbox"/> More than 249
<input type="checkbox"/> Prefer not to say

Are you an obligated packaging producer under Producer Responsibility (Packaging Waste) Regulations in the UK?

<input type="checkbox"/> No

If you are a business that manufactures or imports plastic packaging, how many tonnes of plastic packaging do you manufacture or import annually?

<input type="checkbox"/> N/A

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

<input type="checkbox"/> Local Government Partnership serving 60% of households in NI

Would you like your response to be confidential? Why? (please note the information on confidentiality on page 3)

<input type="checkbox"/> No

The scope of the tax – chapter 3

This chapter sets out the government's updated proposals on how to define key terms that will be used in the tax, as well as the scope of the tax and whether it is feasible to create a limited exemption for some of the plastic packaging used for licensed human medicines.

Question 1. Do you agree with the revised definition of plastic, which removes the 'main structural component' test and limits the exclusion to 'cellulose-based' polymers? Please outline your reasoning.

Yes

No

Don't know

Broadly agree with the definition but would recommend that careful consideration is given to how any exclusion of "cellulose-based polymers" is introduced in order to avoid the creation of unintended consequences and the purposeful production of multi-material composite plastics.

The problems of multi-material plastic products are well articulated as they are difficult to recycle with often the only route being landfill or, increasingly, energy-from-waste (EfW). As covered in the recent Policy Connect report (July 2020), sending plastics to EfW is sub-optimal.

Question 2. Do you agree that packaging-type products that do not fulfil a packaging function until they are used by the end consumer should be included in the tax unless they are for longer term storage? Please outline your reasoning.

Yes

No

Don't know

Absolutely as otherwise these packaging types would not be dis-incentivised and would undermine the development of the recycled materials marketplace. Extending the tax to encompass short-term disposable packaging appears entirely in keeping with the objectives of this intervention.

The only exceptions should concern wrappings associated with maintaining the quality of food (to avoid food spoilage) and the clear badging and sale of plastic items for longer-term storage (arc21 would highlight that this needs to be carefully monitored to prevent a repeat of the long-life plastic bags proliferating in the same manner as the single-use items they replaced)

Question 3. Do you have any observations on the government's proposed approach to excluding plastic packaging used to facilitate the transport of imported goods?

No, local government is not involved in the transport of imported goods but, as per the recent Everyday Plastic Waste report in the August edition of Circular (CIWM Publication) which indicated the sheer volume of plastic film now being consumed domestically, this will need to be kept under review to ensure that it relates just to transit packaging.

For packaging from imported goods which is used to market to the consumer, this should be included as per Answer 2 above.

This may be particularly important in a Global Britain context whereby there is a substantial increase in the sale of overseas products arising from new trade deals

Question 4. Do you think it is feasible to provide evidence that packaging has been commissioned for use as immediate packaging for licensed human medicines at the time the tax is chargeable? If not, please explain why.

- Yes
- No
- Don't know
- No comment

Question 5. Would the proposed exemption cause any market distortion or other unintended consequences? If yes, please provide more details.

- Yes
- No
- Don't know
- No comment

Liability for the tax – chapter 4

Businesses who manufacture in the UK, or import plastic packaging into the UK will be liable to pay the tax, subject to relevant exemptions and the small operator threshold explained in chapter 5. This chapter outlines the government’s proposals for when the tax will be chargeable and who the chargeable person will be.

Question 6. Do you agree the proposed charging conditions will ensure that the UK manufacturer of plastic packaging is liable for the tax? If not, please explain why.

Yes

No

Don’t know

This would appear to be the logical outworking of this proposed tax and should incentivise the inclusion of secondary materials into packaging (i.e. creating an economic pull which stimulated greater demand for and reuse of materials than that which would happen in the absence of a plastic tax)..

This is likely to have a bearing on the quantity/quality/consistency debate regarding the recycling and recovery of plastic materials as manufacturers may become more sensitive to different grades of secondary materials on the market, or may cause a differentiation in the nature of packaging as different grades of recyclate end up being reused for different packaging purposes.

Given the parallel proposals emerging on EPR, arc21 would suggest that Government undertake a review of the tax within a couple of years of its introduction to ensure that the two instruments are mutually supportive and delivering common objectives.

Question 7. Do you foresee any issues for specific packaging components due to the proposed approach of disregarding further ancillary processes for the purposes of the tax? Please explain what these issues are.

Yes

No

Don’t know

arc21 has concerns that ancillary processing could undermine the recyclability of some plastic products and would recommend that under any review, Government consider if differentiating tax should be introduced to encourage better and/or mitigate this loss of recyclability

Question 8. Do you have any observations on the proposed treatment of imports of plastic packaging, particularly linking the tax point to “first commercial exploitation” i.e. when it is controlled, moved, stored, is subject to an agreement to sell, or otherwise used in the UK in the course or furtherance of business?

No. This would appear to be a reasonable point at which to assess the tax implications arising from the packaging in use. As per 3 above, some policing or regulation of this may be required to monitor for/prevent fraud from the importation and onward sale of foreign packaged goods arising from Global Britain trade

Question 9. Do you agree the “consignee” on import documentation is likely to be the taxable person for imports of plastic packaging? In what scenarios might someone else be the person on whose behalf the plastic packaging is commercially exploited?

Yes

No

Don't know

As per Answer 8, this would appear logical but arc21 would recommend that Government pays close attention to supply chains, and brand leaders, which may have different agendas regarding placing plastic products on the market.

Question 10. Do you agree that packaging that is damaged after the tax has become due should not be relieved? If not, please explain why you think this packaging should be relieved.

Yes

No

Don't know

Poor production and management practices should not be a valid reason for tax relief

Question 11. Do you foresee any difficulty or added costs with the proposal for the taxable person to incorporate the amount of Plastic Packaging Tax onto the sales invoice, and if so, could this information be provided to customers in any other way?

Yes

No

Don't know

But, in light of the sheer volume of packaging being consumed, steps which highlight the nature, recovery and reuse potential of packaging should be brought to the attention of customers in a manner which highlight the potential for Zero Waste, waste minimisation and the Circular Economy.

While the Blue Planet effect was profound amongst many consumers, the waste sector has seen that there is a significant disconnect between people's intentions and their actions and in this regard public information highlighting clearly what to do with the plastic and the consequences of not doing so need to be brought (consistently) to the front of public consciousness. This approach should be adopted for other materials which may also benefit from similar taxes (e.g. mattresses, furniture, &c)

Question 12. Are the proposals for joint and several liability reasonable? If not, please say why?

Yes

No

Don't know

arc21 consider that while the proposals for joint and several liability are reasonable, there needs to be greater emphasis placed upon minimising wilful negligence and failure of supply chain management. - particularly the passing of responsibility between different parties within that supply chain

Question 13. Do you envisage any problems with extending joint and several liability to online marketplaces and fulfilment house operators who knew, or had reasonable grounds to suspect that the tax had not been accounted for on sales made through their platform?

Yes

No

Don't know

No comment

Question 14. Will extending joint and several liability to third-party fulfilment house operators and online marketplaces be sufficient to deter overseas sellers from non-compliance with the tax? If not, what other steps should HMRC consider?

- Yes
- No
- Don't know
- No comment

Excluding small operators ('de minimis') – chapter 5

The government wants to ensure that the administrative burdens for businesses manufacturing and/or importing small amounts of plastic packaging, and the costs of administering and collecting the tax, are not disproportionate to the environmental harms the tax seeks to address. To achieve this, the government proposed in the previous consultation that only businesses over a minimum threshold, or a 'de minimis', would be in scope of the tax. This chapter sets out more detail on the government's de minimis proposals.

Question 15. Do you agree with the proposed guidance and tools to help business determine if they are above or below the de minimis? What other help could the government provide?

Yes

No

Don't know

Yes, this seems reasonable but additional support to businesses could be provided through online support, such as chatbots, to determine where businesses sit with regard to the threshold

arc21 would propose to avoid risk of misinterpretation that all plastic manufacturers should register with HMRC and from this perspective conducting due diligence, demonstrating compliance or seeking an exemption would be manifestly easier.

Question 16. Do you agree with the approach to record keeping for businesses below de minimis? If you disagree, please suggest what alternative approaches would be more appropriate and why.

Yes

No

Don't know

The approach outlined in the consultation appears complicated and the approach outlined in Answer fifteen obviates this considerably, especially for those "borderline" manufacturers. The list of exemptions could then be reviewed by HMRC as necessary and records audited as needed.

Against that background, considerable weight has been placed by regulators upon local government making regular WasteDataFlow returns. It would appear unbalanced if a light-touch regime was introduced specifically for businesses, especially when there is much greater potential for packaging and packaging type materials to be reused in a Circular Economy due to its more homogenous nature.

In this context, the question may be how can HMRC (or others) support businesses in introducing and managing appropriate record keeping which could have the added benefit of demonstrating Duty of Care and minimising the risk of materials escaping the value chain and appearing in illegal waste operations

Question 17. Do you agree with the proposed forward and backward look test to apply the 10 tonne threshold? If you disagree, please suggest what would be more suitable and provide evidence to support your view.

Yes

No

Don't know

This appears a realistic threshold and to be a logical approach but should be kept under review to monitor for abuse

Evidence requirements – chapter 6

This chapter sets out the government’s updated proposals to help businesses fulfil their Plastic Packaging Tax obligations and safeguard the tax from avoidance and evasion.

Question 18. Do you agree with the government’s proposal to restrict calculations of recycled plastic content to approved methods? If not, please explain why. What methods other than the proposed mass balance approach should be considered?

Yes

No

Don’t know

This appears to be a logical approach, supports the development of a level playing field and limits the potential for alternative fraudulent methods emerging

Question 19. Where businesses are importing plastic packaging with at least 30% recycled content, will it be feasible for them to obtain the mass balance evidence from overseas manufacturers? What other ways could importers demonstrate the proportion of recycled plastic?

Yes

No

Don’t know

No comment

Question 20. Do you agree with the government’s proposed method for calculating the weight of the packaging? If not, please explain why and how you would calculate it.

Yes

No

Don’t know

Seems like a reasonable approach but, based on the experience from the existing packaging compliance scheme, arc21 would recommend that a system of regular reviews was introduced to ensure that the weight of packaging is maintained as current

Question 21. Are the types of evidence within the government’s list appropriate for proving recycled plastic content and the other information required by HMRC? Are there any additional sources of evidence which could be used? If so, please provide details.

Yes

No

Don’t know

Seems like a reasonable approach but consideration should be given to those organisations better placed to comment on their efficacy, such as INCPEN, RECOUP, &c arc21 will be particularly interested to see the interface between this scheme and how similar issues will be addressed within the emerging EPR and DRS proposals which are due to be consulted on by Government shortly. It is probable that there will be considerable opportunity to develop and maintain common datasets for these different schemes.

Question 22. What further due diligence could businesses reasonably conduct to ensure their products meet the relevant specifications for tonnage and recycled plastic?

In line with the system in place for the current packaging compliance scheme, arc21 believe that there should be scope for professional associations to establish appropriate monitoring/ accreditation schemes.

Exports – chapter 7

This chapter sets out the government’s updated approach for exports of plastic packaging. As set out in the government’s initial consultation, UK manufacturers will not be disadvantaged because exported plastic packaging will be relieved from the tax.

Question 23. Are there any observations or issues you can see with the government’s proposals to provide relief for exported plastic packaging through direct exports, REPs and tax credits? Please provide details of any alternative methods of relieving exports you would recommend.

No comment but the recent experience of PERNs needs to be considered to minimise the prospect of gaming the system

Question 24. Do you agree with the proposed information requirements to evidence the proposed export reliefs? If not, please explain how you could evidence the export.

- Yes
 No
 Don’t know

See Answer twenty-three

Question 25. Do you agree with the proposal not to relieve transport packaging used on exports? If not, do you have any suggestions on how transport packaging could be offered relief?

- Yes
 No
 Don’t know

Seems like a reasonable approach but should be reviewed as part of any review of the scheme.

Registrations, returns and enforcement – chapter 8

This chapter sets out the registration and returns requirements for the tax, and the compliance and enforcement regime HMRC will operate to ensure a level playing-field for all.

Question 26. Do you consider these registration requirements to be appropriate? If not, please specify why.

- Yes
- No
- Don't know

As a local partnership made up of six councils, arc21 would have reservations that plastic packaging, which should be captured within the tax regime, would be omitted or overlooked and responsibility for the recovery and/or disposal of these materials would fall to local government.

Based on the experience of the waste sector, arc21 would recommend that all manufacturers and importers of plastic packaging should register with the HMRC either to pay the relevant quantum of tax or to apply for an exemption. In this manner, the relevant data regarding the plastic manufactured/imported could be tracked and Duty of Care and appropriate recovery or disposal could be demonstrated. Questions regarding the de minimus threshold for manufacturers and importers could be managed and recorded consistently within such a framework.

Question 27. Do you agree that the group eligibility criteria are appropriate? If not, please specify why.

- Yes
- No
- Don't know
- No comment

Question 28. In your view, are businesses eligible to form a group likely to make use of this facility? If so, please estimate the value of savings that may be offered by registering and reporting as a group.

- Yes
- No
- Don't know
- No comment

Question 29. Do you agree that these deregistration requirements are appropriate? If not, please specify why.

- Yes
- No
- Don't know

arc21 believes it has covered this issue within Answer twenty six.

Question 30. In your view, will the reporting requirements be straightforward to comply with? If not, please provide details of any issues you expect.

- Yes
- No
- Don't know
- No comment

Question 31. Do you intend to use a third-party agent to help meet your obligations for the tax

or are you an agent expecting to provide this service? Would you expect their responsibilities to include filing your returns?

- Yes
- No
- Don't know
- N/A

Question 32. Please provide details of the expected costs to your business of registering for the tax, and any expected one-off and on-going costs of completing, filing and paying the return, excluding any expected tax liability.

N/A

Question 33. Do you consider that HMRC's approach to powers and penalties is appropriate? If not, please specify why.

- Yes
- No
- Don't know

arc21 consider that HMRC is well placed to monitor and enforce this tax, but resource levels and penalties may need to be reviewed depending upon how well compliance with the scheme is achieved.

arc21 would further recommend that there is full transparency around the scheme so those manufacturers and importers which simply pay the tax without addressing any changes to the content of their products are publically visible. In this manner, consumers can be apprised of those organisations which are seeking to improve their ESG/CSR performance and those which are not. This may create competitive tension within the marketplace and bring greater consumer pressure to bear on some.

Understanding commercial practices – chapter 9

Question 34. Unless already covered in your responses to other questions within this document or the previous consultation, please tell us about the plastic packaging manufactured or imported by your business and how you think your business would be impacted by the tax, including additional administrative burdens?

N/A

But as local government we are concerned with the sheer volume of plastic film and light packaging which comprises a considerable volume of local authority collected municipal waste. As per the Everyday Plastics Survey mentioned in Answer 3, there appears to continue to be an ever increasing volume of these materials which have limited scope for recycling. This needs to be addressed at policy level and for this reason this proposed tax is to be welcomed (is there scope for further fiscal interventions?) as without increasingly impactful interventions to improve recoverability and recyclability of products, achieving the Circular Economy target of 65% recycling by 2035 will be asymptotic

Assessment of impacts – chapter 10

Question 35. Do you have any comments on the assessment of equality and other impacts in the Tax Impact Assessment?

Broad agreement with the predicted economic impact and overall welcome the introduction of these measures to growing the potential secondary markets for a greater range of materials while also having the benefit of mitigating environmental impact