

# Response ID ANON-5X4Z-MXVK-1

Submitted to **Plastic Packaging Tax**

Submitted on **2019-05-12 21:27:11**

## 1. Overview of the tax

### 2. About You

#### 1 What is your name?

**Name:**

Ray Georgeson

#### 2 What is your email address?

**Email:**

ray.georgeson@resourceassociation.com

#### 3 What is your organisation?

**Organisation:**

Resource Association

#### 4 Would you like your response to be confidential?

No

If you answered 'Yes' above, please give your reason::

#### 5 Please provide information about the organisation/business you represent

**Which of the following best describes you?:**

Business representative organisation/trade body

**What is the name of the organisation/business you represent? (If you are responding on behalf of yourself please write 'Individual'):**

Resource Association

**What is the approximate number of staff in your organisation? (if applicable) :**

**If you answered 'Other' above, please provide details::**

Resource Association is an advocacy body representing reproprocessors and supply chain interests focused on improving the quality, transparency and integrity of recycling in the UK for the benefit of the economy and environment. Our members are spread across a range of interests including collection and sorting of recyclables for our main core of members, reproprocessors of materials back into quality products. Our members represent over £3bn of UK GDP, manage over 7 million tonnes of materials every year and employ more than 12,500 people directly with many more indirectly.

## 3. Plastic packaging within scope of the tax

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

Yes

**Optional text box:**

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

Yes

**Optional text box:**

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

Yes

**Optional text box:**

#### 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?

Option 2

**Optional text box:**

On balance, our preference is for alternative option 2 in paragraph 3.20, that the tax would apply to any composite packaging item which includes plastic, but with the tax being charged on the weight of the plastic element of the item, rather than the total weight of the item. This would bring more packaging into scope, and ensure that the tax proportionally applied to all plastic parts of composite packaging. While this makes administration more complex, it seems fairer and more comprehensive.

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

Yes

**Optional text box:**

Yes. Alignment is absolutely critical.

**4. Driving recycled content**

**11 Do you agree with the government's suggested approach to defining recycled content for the purposes of the tax?**

Yes

**Optional text box:**

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

Yes

**Optional text box:**

We have concerns about the inclusion of chemical recycling, which in our view should be counted as recycling only when it properly meets the definition of recycling in Article 3(17) of the Waste Framework Directive. Where a chemical 'recycling' process leads to energy recovery or the production of a fuel, this should not be counted as a recycling operation.

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

Yes

**Optional text box:**

We do not support the inclusion of process offcuts in the material counted towards levels of recycled content. This is in line with ISO definitions.

**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.**

No, other

**Optional text box:**

Whilst the Government's desire for a simple to enforce Tax is understandable and a single threshold supports this, we can see that this poses issues when considering the differences between food contact and non-food contact plastics. In food contact, achieving recycled content can be difficult and currently prohibitive (such as in PP). There is an argument for dual thresholds for a period of time (building to the headline threshold), to allow breakthrough developments of recycled content to emerge, utilising funds from the Tax for the necessary R&D and 'market development' outlined in our opening statement to have a chance to deliver.

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

Yes

**Optional text box:**

See Q14 above. We support the 30% threshold overall and applaud the Government's ambition, but building this up carefully by understanding the challenges for certain plastic packaging products and materials would be reasonable. We refer to our overall response, linking the parallel importance of the UKPP and 'market development' programmes to the Tax.

**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.**

Yes

**Optional text box:**

Yes, see Q14 again. Increasing the level of recycled content in food contact packaging made from PE and PP is currently a challenge. The Tax may lead to material switching, say from PP to PET which in itself may prove an additional challenge as PP trays command a more viable end market than PET trays at the moment. Again, sustained investment in R&D and 'market development' utilising revenue from the Tax could play a vital role in addressing these market barriers and genuinely opening up a wider market for recycled, which is what we all want.

There are also legal issues that prevent the use of recycled in certain products in the food and pharmaceutical packaging sectors. These are significant challenges that will need to be addressed by a new 'market development' programme, and will not be solved directly by the Tax.

**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.**

Yes

**Optional text box:**

See Q16.

**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?**

**Optional text box:**

Don't know.

**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?**

**Optional text box:**

Not an importer.

## **5. Setting the tax rate**

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

Don't know

**Optional text box:**

Genuinely unsure. We are nervous of the flat rate approach because of the danger of unintended consequences from product switching, possibly away from plastics where in fact a plastic packaged product may well have been the better environmental option. Much more work is needed here.

## **6. Liability for the tax**

**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?**

Yes - No preference between options

**Optional text box:**

**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.**

Don't know

**Optional text box:**

**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?**

**Optional text box:**

Not a producer or importer.

**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?**

No

**Optional text box:**

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

Yes

**OptionalTextBox:**

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

**Optional text box:**

No information available to us with which to answer.

**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?**

No

**Optional text box:**

No. We are not convinced this chimes well with the objectives being set out by Government for EPR reform, which apply to all packaging not just unfilled. There is a danger that overseas companies see filling of UK packaging offshore as a tax avoidance measure, and also it risks encouraging the import of filled packaging by those wishing to avoid the use of recycled content. Neither of these outcomes seems desirable or in line with Government stated objectives for the Tax and for Resources and Waste Strategy.

## **7. Treatment of exports**

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

Yes

**Optional text box:**

Yes but refer to Q27 answer.

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

Don't know

**Optional text box:**

## **8. Excluding small operators**

**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?**

No

**Optional text box:**

No. We think de-minimis should align with de-minimis in EPR and capture small operators, all of who still have responsibilities to utilise recycled content.

**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?**

Don't know

**Optional text box:**

No view - see Q30.

**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.**

**Optional text box:**

As per Q30. Alignment with EPR de-minimis

**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.**

Don't know

**Optional text box:**

No view.

**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

**Optional text box:**

## 9. Registration and reporting

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

Yes

Optional text box:

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

Optional text box:

Don't know.

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

Optional text box:

Don't know.

## 10. Ensuring compliance

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?

Yes

Optional text box:

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?

Don't know

Optional text box:

See Q30 -alignment with EPR approach is needed.

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

Yes

Optional text box:

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

Don't know

Optional text box:

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

Don't know

Optional text box:

Not that we are aware of.

## 11. Understanding commercial practices

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

Optional text box:

Not applicable.

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

No

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

Optional text box:

Not applicable

**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?**

**Optional text box:**

Not applicable.

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

**Domestically:**

Not applicable

**Exported:**

Not applicable

**Imported:**

Not applicable

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

Not applicable

**Optional text box:**

**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?**

**Optional text box:**

Not applicable,

**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.?**

**Optional text box:**

Not applicable,.

**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?**

**Optional text box:**

Not applicable,

**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?**

**Optional text box:**

Not applicable.

**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?**

**Optional text box:**

Not applicable.

**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?**

**Optional text box:**

Not applicable,

**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?**

**Optional text box:**

No.

## **12. Assessment of other impacts**

**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?**

**Optional text box:**

No.