



environmental
services
association

HMRC must “stay the course” on plastics tax plans

LONDON, 19 August 2020

Statement issued by the Environmental Services Association (ESA)

The Environmental Services Association (ESA) has today urged Government to “stay the course” on its plans to implement a tax on the use of virgin and single-use plastics, as the extended public consultation period draws to a close tomorrow (20 August 2020).

The Plastic Packaging Tax will apply from April 2022 to plastic packaging manufactured in, or imported into, the UK which contains less than 30% recycled plastic. During the Budget in March 2020, the Government announced some of the main decisions it had taken in the design of the plastics tax, which were informed by a previous public consultation. The consultation due to close tomorrow (which was extended from the original May deadline due to the Covid-19 crisis) seeks feedback on some of the finer details of the tax.

In its formal response to the consultation, the ESA supports a comprehensive plastic packaging tax, as a complementary counterpart to Defra’s Resources & Waste Strategy, which will drive domestic demand for recycled plastics and help make future packaging designs and material choices more sustainable. We believe the rate of £200 per tonne renders the tax effective and ambitious, but the ESA would like to see an “escalator” approach for both the tax price and recycled content percentage, similar to the successful Landfill Tax, to drive future innovation in this area.

HMRC has rightly included so-called bio-based, compostable and biodegradable plastics within the scope of the tax, which will help avoid a reactionary and unhelpful shift to novel and hard-to-recycle forms of plastics – although we believe HMRC must be very clear on the definition of “cellulose-based polymers”, which are excluded from the tax, to make sure manufacturers and consumers understand how these are distinct from other forms of plastic, and how they interact with the recycling and waste management system. ESA also supports the decision to extend the scope of the tax to include imports of filled plastic packaging, which will support a level playing field and help preserve UK-based filling operations.

ESA Executive Director, Jacob Hayler, said: *“Our sector is ready to push the button on significant further investment in domestic plastic recycling and reprocessing infrastructure, which will create new circular-economy jobs, but to unlock this investment it is imperative that Government gets both the Plastics Tax and the Resources & Waste Strategy right.*

It is important that those responsible for the final design of the plastics tax heed the warnings from multiple sectors, including ours, to avoid loopholes or unintended consequences that may drive packaging towards hard-to-recycle materials or packaging formats – diminishing or reversing the net environmental benefit of the tax.

Although the economic outlook for the country is uncertain as a result of the Covid-19 crisis, we would urge HMRC to stay the course in both the ambition and implementation of the plastics tax. To water down the detail, or to delay implementation, would be costly to the UK's long-term sustainability goals; the achievement of our national recycling targets; and will be contradictory to the pursuit of a "green recovery" from the crisis."

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