

Tax briefing note

Plastic packaging tax

June 2025

What is it?

Plastic packaging tax is levied on manufacturers or importers of 10 tonnes or more of plastic packaging.¹ It was introduced in April 2022. Where 30 per cent or more of the plastic packaging is recycled plastic the tax does not apply.² Excluded categories are licensed human medicine packaging, packaging set aside for non-packaging uses (such as film to enable fermentation to make silage), transport packaging to import multiple goods into the UK and packaging used in aircraft, ship and rail goods stores.³ The rate from 1 April 2025 is £223.69 per tonne and rises with the CPI measure of inflation.⁴

What's the problem with it?

Plastic packaging tax is a relatively new administrative and financial burden on enterprise that the Office for Budget Responsibility forecasts will raise just 0.02 per cent of government revenues in 2025-26.⁵ The burden is likely to be borne by consumers in the form of higher prices for goods and services and it should be noted that higher prices is the intermediate objective of the tax in the service of the ultimate objective of prompting a switch to otherwise more expensive or inferior packaging materials or specifications.

As with all taxes, there is detailed guidance from HMRC on the various exemptions and classifications while private sector tax advisers have gained a new source of work advising clients how to ensure compliance and avoid overpaying.

What should be done?

Abolish plastic packaging tax.

¹ HM Revenue & Customs, Plastic Packaging Tax: steps to take, 1 April 2025, www.gov.uk/guidance/check-if-you-need-to-register-for-plastic-packaging-tax (accessed 12 May 2025).

² HM Revenue & Customs, Check which packaging is subject to Plastic Packaging Tax, 15 August 2023, www.gov.uk/guidance/check-which-plastic-packaging-is-subject-to-plastic-packaging-tax (accessed 12 May 2025).

³ HM Revenue & Customs, Check which packaging is not subject to Plastic Packaging Tax, 12 October 2022, www.gov.uk/guidance/check-which-plastic-packaging-is-exempt-from-plastic-packaging-tax (accessed 12 May 2025).

⁴ HM Revenue & Customs, Plastic Packaging Tax: steps to take, 1 April 2025, www.gov.uk/guidance/check-if-you-need-to-register-for-plastic-packaging-tax (accessed 12 May 2025).

⁵ Office for Budget Responsibility, March 2025 Economic and fiscal outlook – detailed forecast tables: receipts, March 2025, obr.uk/download/march-2025-economic-and-fiscal-outlook-detailed-forecast-tables-receipts/?tmstv=1744930726 (accessed 17 April 2025).