

Plastic Packaging Tax - chemical recycling and adoption of a mass balance approach

Consultation response submission form

Publication date: 18 July 2023

Closing date for comments: 10 October 2023

**Consultation response form**

This response form is to be used for responding to HMRC’s consultation on the adoption of mass balance approach for the purposes of the Plastic Packaging Tax. If you need to expand on any of the responses you have provided in the text boxes, please continue on a separate word document and attach it in your consultation response email, along with any supporting evidence.

**Subject of this consultation**

This consultation explores the application of a mass balance approach to determine the amount of chemically recycled plastic in a plastic packaging component for the purposes of the Plastic Packaging Tax (PPT). It seeks views on whether a mass balance approach should be accepted as a way of allocating recycled plastic content to packaging, and, if so, the controls and standards that should be adopted to ensure the integrity of the tax.

**Scope of this consultation**

HM Revenue and Customs (HMRC) is consulting on the impacts of chemical recycling for plastics and the potential use of a mass balance approach to account for chemically recycled content for PPT.

**Who should read this?**

Businesses (including those in the plastics value chain such as petrochemical businesses and mechanical recyclers), individuals, tax advisers, NGOs, academia/research, certification, trade and professional bodies and other interested parties.

**Duration**

12 weeks from 18 July 2023 to 10 October 2023.

**Lead official**

HMRC – Mark Palmer

**How to respond or enquire about this consultation**

Responses or enquiries should be sent by 10 October 2023, by e-mail to indirecttaxdesign.team@hmrc.gov.uk or by post to: Mark Palmer, Plastic Packaging Tax Policy Team, HMRC, 4TH Floor Trinity Bridge House, 2 Dearmans Place, Salford M3 5BS

**Additional ways to be involved**

To engage with groups who would be affected by the proposals and issues under discussion in this consultation, the government will be consulting key stakeholders and interested parties who specialise in this policy area on the proposals during the consultation process. If you would like to be included in a consultative meeting, please contact us via the email above as soon as possible.

**After the consultation**

The government will aim to analyse responses and publish a formal response document as soon as possible after the end of the consultation period.

**Getting to this stage**

PPT was introduced on 1 April 2022 and was informed by two policy consultations in 2019 and 2020. Chemical recycling is a recognised method of recycling plastic waste for the purposes of PPT. However, following constructive engagement with stakeholders from across the plastics value chain, the government understands that it is sometimes not currently possible for businesses to use chemically recycled plastic in packaging and not pay the tax. This is because in some cases it is impossible to distinguish between plastic from virgin and recycled sources when this type of recycling is used.

HMRC engaged with various key stakeholders during Summer 2022 to gather evidence and improve knowledge about mass balance and chemical recycling. Aspects of chemical recycling were also discussed during HMRC’s regular industry engagements, which focussed on the implementation of the tax.

**Confidentiality**

HMRC is committed to protecting the privacy and security of your personal information. This privacy notice describes how we collect and use personal information about you in accordance with data protection law, including the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act (DPA) 2018.

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, UK General Data Protection Regulation (UK 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 the Freedom of Information Act 2000, 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 UK 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(s) for which we are processing your personal data is: Plastic Packaging Tax - chemical recycling and adoption of a mass balance approach

**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 6 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

14 Westfield Avenue

Stratford, London E20 1HZ

advice.dpa@hmrc.gov.uk

**About you**

**Your name**

**Your email address**

**Postal address**

**Phone number**

**Job title**

**Who are you submitting this response on behalf Of (Please only tick one)**

[ ] Business representative organisation/Trade body

[ ] Chemical recycler

[ ] Mechanical recycler

[ ] Petrochemical company

[ ] Waste management company

[ ] Packaging manufacturer/converter

[ ] Product manufacturer/pack filler

[ ] Brand Owner

[ ] Retailer

[ ] Plastic packaging exporter

[ ] Plastic packaging importer

[ ] Distributor

[ ] Certification scheme owner

[ ] Certification Bodies

[ ] Local Government

[ ] Non-govermental organisations

[ ] Charities or social enterprise

[ ] Academic or research

[ ] Consultancy

[ ] Individual

[ ] Other

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

**If you are in business, where if your business established?**

[ ] UK

[ ] Isle of Man

[ ] Other ( please provide futher details below)

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

[ ] Fewer than 10

[ ] 10-49

[ ] 50–249

[ ] More than 249

[ ] Prefer not to say

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

**Would you like your response to be confidential? If so, why? (please note the information on confidentiality on page 3)**

**Mass balance approach – chapter 3**

1. **Do you agree that it is possible to determine actual recycled content in products using the outputs of chemical recycling processes which produce a polymer, such as depolymerisation and dissolution? Please give reasons for your answer.**

[ ] Yes [ ] No [ ] Don’t know

1. **How should chemical recycling be defined for the purpose of using a mass balance approach for PPT?**
2. **Do you agree that the production of a recycled substitute for virgin feedstock to a cracker is the correct test for when calculations using a mass balance approach should be accepted for the purposes of PPT? If not, what test should be used?**

[ ] Yes [ ] No [ ] Don’t know

**Question 4: Are there other chemical recycling methods or processes for which a mass balance approach is required to account for the recycled content in the outputs? Please provide details and examples.**

1. **What evidence are you aware of regarding the overall environmental impact of chemical recycling and use of the mass balance approach?**
2. **How does the carbon impact of chemical recycling compare with the impact of using virgin material to produce plastic, and with disposing of waste plastic through landfill or energy from waste?**
3. **What is the current and planned UK capacity for processing plastic waste through chemical recycling of your business or the supply chains that include your business?**
4. **How would the adoption of a mass balance approach for chemically recycled content for PPT purposes impact on investment in chemical recycling in the UK?**
5. **To what extent is any potential investment in chemical recycling in the UK dependent on the specific details of how a mass balance approach may be implemented?**
6. **Are you aware of any other factors or policies that could also impact on inwards investment into UK chemical recycling infrastructure?**
7. **Do you agree that increased use of chemical recycling of plastic waste would complement the existing mechanical recycling sector, and not disincentivise further investment in mechanical recycling? Please give reasons for your answer.**

[ ] Yes [ ] No [ ] Don’t know

**Question 12: What controls need to be put in place to ensure material which is suitable for mechanical recycling continues to be recycled in that way, if a mass balance approach for chemically recycled plastic is adopted for the purposes of PPT?**

**Question 13: Do you agree that pre-consumer waste should be phased out as being classed as recycled material for PPT if chemically recycled plastic using a mass balance approach is permitted? Please supply information and comparative costs of recycling to support your answer.**

[ ] Yes [ ] No [ ] Don’t know

**Question 14: Do you agree that chemically recycled plastic using a mass balance approach is likely to meet the regulatory requirements for the immediate packaging of human medicines?**

[ ] Yes [ ] No [ ] Don’t know

**Question 15: How can businesses communicate the recycled content to consumers in a way that does not undermine confidence in claims about recycled content?**

**Question 16: Given the issues discussed and questions raised in this chapter, do you agree that chemically recycled plastic allocated using a mass balance approach should be treated as recycled plastic for the purpose of the PPT? Please provide reasons and supporting evidence for your response.**

[ ] Yes [ ] No [ ] Don’t know

**Mass balance models – chapter 4**

**Question 17: Do you agree with the government’s suggested approach to not allow businesses to use the group level calculation? Please provide reasons and supporting evidence for your response.**

[ ] Yes [ ] No [ ] Don’t know

**Question 18: Do you foresee any practical barriers or risks to using the batch or site balance calculations? Please provide details of what those barriers or risks are.**

**Question 19: To what extent do the batch and site levels of mass balance support the objectives of PPT and incentivise investment in chemical recycling in the UK? Please provide reasons and supporting evidence for your response.**

**Question 20: Do you agree with the government’s suggested approach to not allow businesses to use the free allocation method? Please provide reasons and supporting evidence for your response.**

[ ] Yes [ ] No [ ] Don’t know

**Question 21: To what extent do the proportional balance, fuel exempt or polymer only allocation methods, support the objectives of PPT and incentivise investment in chemical recycling in the UK? Please provide reasons and supporting evidence for your response.**

**Question 22: What are the relative advantages with the proportional balance, fuel exempt and polymer only allocation methods? Please provide details of what those advantages are.**

**Question 23: What risks or practical challenges do you envisage with the proportional balance, fuel exempt and polymer only allocation methods? Please provide details of what those risk and challenges are.**

**Question 24: To what extent would the requirements and standards need to be tailored to address the different risks associated with proportional balance, fuel exempt and polymer only allocation methods.**

**Question 25: If a mass balance approach was adopted and taking into account the impact it may have on the amount of PPT chargeable on businesses’ quarterly tax returns, what would be a reasonable balancing period for businesses to equate the amount of recycled feedstock received, to the claims made around recycled content in output products? Please provide reasons for your response.**

**Question 26: Do you agree or disagree that businesses should be allowed to have a negative balance during a balancing period for a mass balance calculation allowable under PPT? Please provide reasons and supporting evidence for your response.**

[ ] Agree [ ] Disagree [ ] Don’t know

**Question 27: What are the benefits and disadvantages of the different measurement units for a mass balance calculation if it is adopted for PPT purposes?**

**Question 28: Which measurement unit best supports the environmental aims of the tax?**

**Question 29: Should the government exclude any of the measurement units from being used in a mass balance approach calculation which is allowable under PPT? If so, please state which measurement units should be excluded, provide reasons, and supporting evidence for your response.**

[ ] Yes [ ] No [ ] Don’t know

**Question 30: Do you think businesses should be required to deduct process losses from a mass balance approach calculation which is allowable under PPT? Please provide reasons and supporting evidence for your response.**

[ ] Yes [ ] No [ ] Don’t know

**How certification would operate – chapter 5**

**Question 31: Do you foresee any barriers or risks with introducing a requirement for certification schemes to verify compliance with a mass balance approach if it is adopted for PPT purposes? If so, please provide details and supporting evidence.**

**Question 32: In what circumstances and at what frequency should a certification scheme check the quality of audits completed by certification bodies? Please provide reasons for your response.**

**Question 33: Do you agree with the government’s suggested approach of introducing a minimum requirement for the frequency and nature of audits? Please provide reasons and supporting evidence for your response.**

[ ] Yes [ ] No [ ] Don’t know

**Question 34: If a mass balance approach was adopted for the purposes of PPT, do you have any suggestions for minimising the administrative burdens on business while ensuring compliance with the minimum requirements.**

**Question 35: Should all businesses in a supply chain from the recycler to the packaging manufacturer be certified under the same scheme to enable the recycled material to be taken into account for the purposes of PPT?**

[ ] Yes [ ] No [ ] Don’t know

**Question 36: Do you agree with the proposed accreditation requirement for certification bodies who complete the certification scheme audits? Please provide reasons and supporting evidence for your response**

[ ] Yes [ ] No [ ] Don’t know

**Understanding commercial practices – chapter 6**

**Question 37: Unless already covered in your responses to other questions within this document, please tell us how you think your business would be impacted by being permitted to use chemically recycled plastic accounted for using a mass balance approach as recycled for the PPT, including additional administrative burdens?**

**Assessment of impacts – chapter 7**

**Question 38: Do you have any comments on the assessment of equality and other impacts in the Tax Impact Assessment?**

**Submitting your respond**

Your response should be sent by 10 October 2023, by e-mail to indirecttaxdesign.team@hmrc.gov.uk or by post to: Mark Palmer, Trinity Bridge House, 2 Dearmans Place, Salford M3 5BS.

**Please do not send consultation responses to the Consultation Coordinator.**

Paper copies of this document in Welsh may be obtained free of charge from the above address. This document can also be accessed from HMRC’s GOV.UK pages. All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.