

Plastic Taxation in Europe

2024

TACKLING PLASTIC POLLUTION AND WASTE AT THE EUROPEAN AND NATIONAL LEVELS

The European Union's legislation regulating plastic waste

The issue of plastic packaging waste has been at the forefront of policy thinking in Europe in the recent years. On 1 January 2021, the European Union (EU) introduced a levy based on the amount of non-recycled plastic packaging waste produced by each EU Member State (MS). This "plastic levy" is designed to reduce the proliferation of non-recycled plastic waste while concurrently funding the 2021–2027 EU budget against the backdrop of the increased spending arising from the pandemic. Each MS is required to pay a levy determined by multiplying a rate of EUR 0.80 per kilogramme by the weight of non-recycled plastic packaging waste. While some MS have been paying the levy out of their national budgets, others have introduced (or are looking to introduce) new taxes, duties, charges, fees, or contributions on plastic products, or have extended (or are considering extending) existing schemes to tax plastic products as well.

Furthermore, since 3 July 2021, the EU has banned certain single-use plastic products such as cotton bud sticks, cutlery, plates, straws, stirrers, and sticks for balloons under EU Directive 2019/904 on Single-Use Plastics (SUP). For other single-use plastics, the SUP Directive has introduced several measures, such as waste management and clean-up obligations for producers (such as the Extended Producer Responsibility Schemes), which aim to reduce these products. Under Article 8 SUP Directive, the MS need to ensure that the producers of single-use plastic products cover the costs of cleaning up litter resulting from these products and the subsequent transport and treatment of that litter. This provision has resulted in some MS introducing the so-called "littering levy".

Additionally, the EU has introduced rules on packaging and packaging waste to harmonise national measures that aim to tackle the problem of increasing quantities of packaging waste. One of the SUP Directive's requirements is to ensure that producer responsibility schemes are established for all packaging by the end of 2024.

Furthermore, a proposal for a Packaging and Packaging Waste Directive (PPWD) is currently being considered by the European Parliament and the Council of the EU. This new revised legislation will increase the pressure on the MS to harmonise Extended Producer Responsibility.

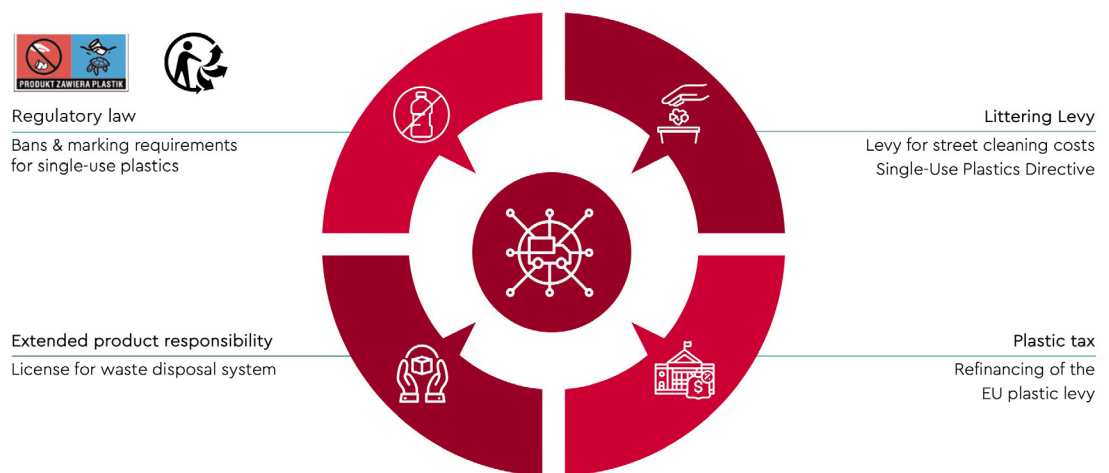
Thus, these developments create a very complex and complicated system where plastic producers, distributors, and consumers need to be aware of the numerous measures in each country, as these differ across Europe.

PLASTIC TAXATION AND LEVIES IN THE MEMBER STATES

In the recent years, the MS have started to implement the European Waste legislation as well as their own national rules and measures to tackle the issue of plastic waste. Currently, there exist various combinations of laws and levies and taxes applied differently by each MS. The existing measures can be categorised into 4 categories:

- › Plastic and Plastic Packaging Taxes (PPT);
- › Regulatory bans and marking requirements for single-use plastics (SUP);
- › Extended Producer Responsibility (EPR) fees and licence requirements for waste disposal systems;
- › Littering levies for the costs of cleaning up litter.

New burdens for manufacturers and distributors of single-use plastics



Among the MS that have implemented some kind of plastic tax, the tax design varies greatly. Some focus on packaging (i.e. both plastic and non-plastic packaging), while others are narrower in scope, targeting single-use or non-reusable plastics only. Some MS are imposing a tax on domestic and foreign-sourced plastic products, whereas others are relying on an excise tax mechanism to exclusively target foreign-sourced plastic products. The list of exempt products also differs from one MS to another. Crucially, the rate of tax varies across the MS, with some choosing not to levy a tax at all.

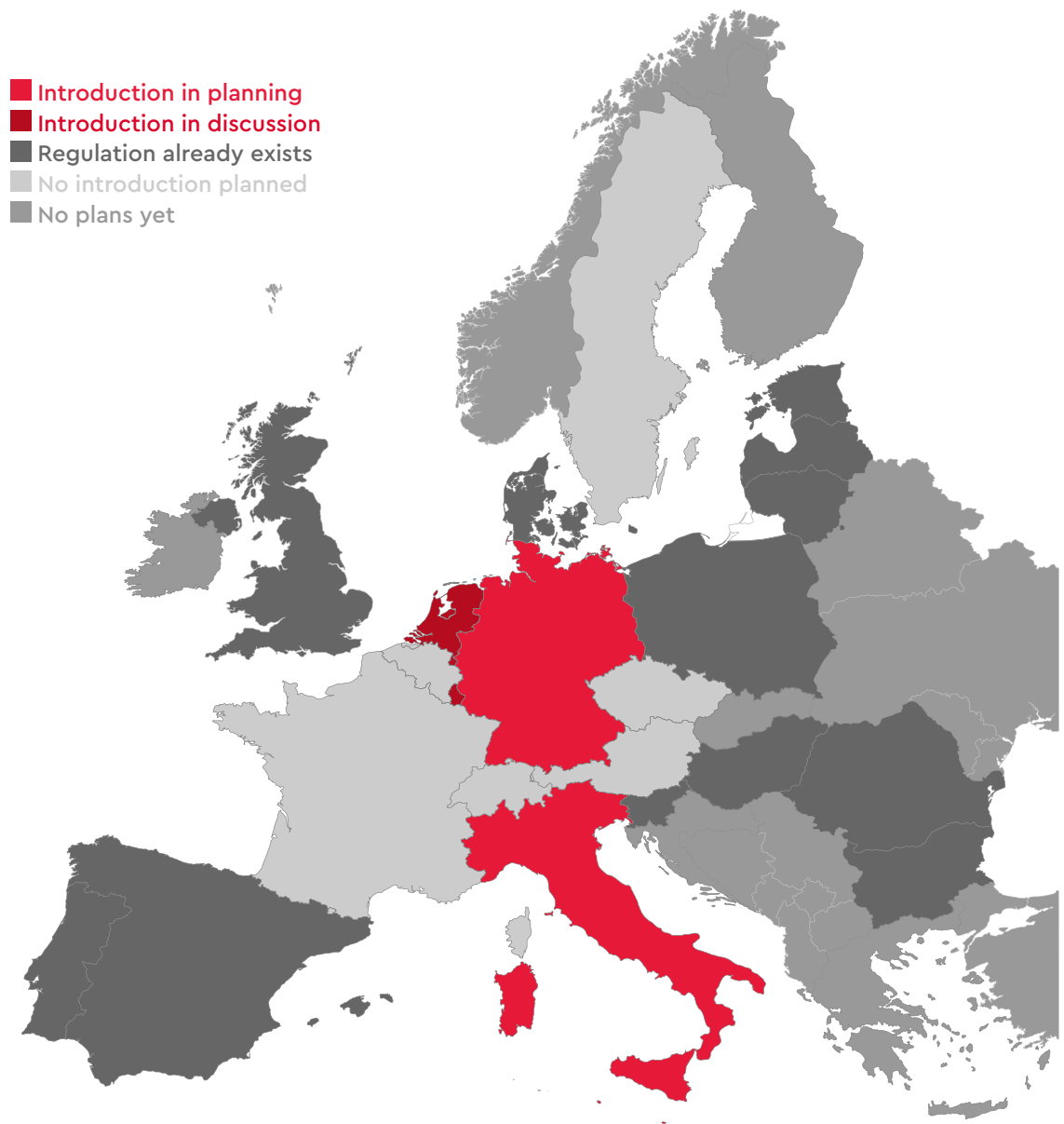
What has emerged is a patchwork of uncoordinated national and regional rules that require careful examination and navigation by enterprises operating in multiple MS. The EU is aware that an uncoordinated approach, fragmented rules, and vague requirements are creating barriers within the internal market and additional costs for economic operators. However, since taxation is a national competence and passing any tax legislation requires unanimity at the Council of the EU level, it is highly unlikely that we will see an EU Plastic Taxation Directive anytime soon. The only measure that the EU is currently undertaking is the PPWD, which is meant to harmonise more the EPR requirements as well as other requirements on recyclability and labelling.

CHALLENGES FOR ENTERPRISES

Enterprises will do well to stay abreast of developments and track the evolving regulatory and tax landscape so as to ensure that they do not fall foul of the applicable national rules and are not subject to enforcement proceedings or financial penalties for non-compliance.

In terms of business operations, the existence of a plastic tax and other levies can have wide-ranging implications for an enterprise's internal processes and procedures. As a preliminary step, the enterprise will need to familiarise itself with the types of plastic taxes and levies that are imposed in each country in which it operates and ascertain which of its local entities is liable to pay the tax or levy. Depending on which entity within the supply chain is liable, there may be invoicing and pricing implications to consider. Thereafter, the enterprise will need to identify the employees responsible for handling compliance and provide such employees with relevant training to enable them to adequately perform their duties. The enterprise's tax and legal departments must also be prepared to support the additional compliance obligations. The enterprise must also be able to single out the types of materials or products that are subject to tax from within its supply chain, and its enterprise risk management systems must also be adapted to handle these compliance requirements.

To help companies make sense of this rapidly growing area of taxation, WTS Global has invested in building up its competence and expertise in this field to provide both national and cross-border support. This current report serves as a reference to aid companies in navigating tax issues arising from the manufacture, importation, distribution, or use of plastic products, and also to initiate deeper thinking on how plastic value chains can become more circular.



SUMMARY OF THE MOST IMPORTANT CHANGES

Across the EU, MS have implemented significant updates to plastic taxes and levies in recent years. From 2023 to 2024, several countries have introduced various measures, including new taxes, EPR systems, and changes to existing regulations concerning single-use plastics and related products. See below for the major highlights and find more in-depth information in the detailed country descriptions. overviews.

Bulgaria introduced a new product fee for certain single-use plastic products as part of the EPR. The exact fee amount has yet to be determined. Under the new Ordinance, producers of certain single-use plastic products must file yearly reports and the first report was due on 31 March 2024.

Denmark increased the rate of the excise duty on carrier bags and disposable tableware in January 2024.

Germany will be implementing a national plastic tax from 1 January 2025, and has introduced an annual levy on single-use plastics predominantly for disposable food packaging. Originally scheduled to take effect on January 1, 2024, the implementation date has been pushed back to most likely 2026.

The UK has rolled out a new tax rate for PPT, effective since 1 April 2024, following the introduction of a penalty regime in 2023.

Hungary introduced a new EPR system alongside the existing Environmental Product Charge (EPC). The new EPR have applied since 1 July 2023 to packaging products and other plastic items (it also covers other product categories such as electrical and electronic equipment, etc.), with fee rates dependent on the product type and taxpayer profile.

Italy has postponed the PPT's implementation until 1 July 2024.

Latvia has differentiated foam polymer and polystyrene foam from other plastics raw materials with a higher natural resources tax.

Lithuania has enacted changes to already existing pollution by adjusting tax rates, exemptions, and other regulations that will become effective from 1 January 2025.

The Netherlands has adjusted waste management contributions for plastic packaging and extended the EPR fee to include cigarette filters.

Poland introduced legislation in 2023 for fees on certain single-use plastics and established a deposit-refund scheme.

Portugal extended the scope of single-use packaging contributions, adjusted rates, and introduced new exemptions in the State Budget Law for 2024.

OVERVIEW OF THE STATE OF IMPLEMENTATION

Below is a summary of some of the significant measures proposed or adopted by European countries (including MS) to impose a financial cost on the use of plastic products.

Austria

Country overview

Austria currently has no finalised plans to fund the payment of its plastic levy obligation through the adoption of a national plastic tax.

From January 2025, Austria is introducing a deposit of 25 cents on disposable plastic and metal beverage containers (plastic bottles and aluminium cans). The one-way deposit is paid by the consumer at the time of purchase and refunded upon return. Dairy products and mixed milk drinks are excluded. Furthermore, reusable quotas have been set for the final distributors of beverages in the food retail trade: the quota of reusable beverage packaging (typically reusable glass bottles) is to be increased in two steps to at least 30% by 2030 in all points of sale with a sales area of more than 400m² from 2024 onwards.

Belgium

Country overview

Belgium currently has no finalised plans to fund the payment of its plastic levy obligation through the adoption of a national plastic tax.

Bulgaria

Country overview

Under the Ordinance for Determining the Order of Payment and Amount of the Product Fee, Bulgaria levies a product fee on certain products (including plastic packaging) that is payable if the person that releases the relevant product on the market in Bulgaria does not meet the obligation for waste collecting, utilisation and recycling or does not meet certain targets either individually, or through an organisation for waste utilisation.

Under the Ordinance on the reduction of the impact of certain plastic products on the environment producers of certain single-use plastic products must pay a product fee for the quantities of products placed by them on the market as part of their EPR.

Scope of tax / duty / charge / fee / contribution

The product fee is levied on, among other things, packaged goods or packaging material that is used for wrapping goods at the point of sale. The product fee on plastic packaging is 2.33 BGN (or approximately 1.20 Euro) per kilogramme.

A product fee should be also payable by producers of certain single-use plastic products as part of their extended producer responsibility. The products include food containers, beverage cups, lightweight plastic carrier bags, wet wipes, balloons, tobacco products with filters. Currently, the rate of the product fee has not been determined and adopted yet.

Exceptions

The following types of plastic products are exempt from the product fee:

- › a plastic shopping bag that satisfies certain prescribed conditions;
- › a very thin shopping bag without a grip; and
- › a plastic shopping bag that adheres to the EN 13432 standard and satisfies certain prescribed labelling requirements.

However, thin plastic shopping bags, with the exception of very thin shopping bags without a grip, are provided to the consumers only against payment. Additionally, persons who release plastic shopping bags on the market must file monthly reports for the released quantities.

Party liable to pay tax / duty / charge / fee / contribution	<p>The following persons are liable to pay the product fee:</p> <ul style="list-style-type: none"> › a person who releases on the market in Bulgaria certain products and who does not fulfil its obligations or does not meet the targets for separate collection, reuse or recycling of the generated waste; › a collective recovery organisation that has not met the targets for its members; and › a member of a collective recovery organisation that has not paid remuneration or has not provided information on the quantities or products released on the market in Bulgaria, or has under-declared the quantities; › producers of certain single-use plastic products as part of their extended producer responsibility.
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Compliance obligations	<p>The taxable person must file a monthly report detailing the quantities of packaging released on the market in Bulgaria with the Enterprise for Management of the Protection of the Environment Activities at the Ministry for the Environment and Water within 15 days of the first month following the month for which the report is due. Additionally, the product fee is payable on a monthly basis within 15 days of the first month following the month for which the product fee is due.</p>
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Under the Ordinance on the reduction of the impact of certain plastic products on the environment, producers of certain single-use plastic products must file yearly reports. The first reporting period is 2023 and the first reporting should have been made by 31 March 2024.

Czech Republic

Country overview	<p>The Czech Republic currently has no finalised plans to fund the payment of its plastic levy obligation through the adoption of a national plastic tax.</p>
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Denmark

Country overview	<p>Products, such as carrier bags (including plastic bags), disposable tableware (including plastic tableware) and packaging not included in the mandatory deposit on returnable packaging scheme, are subject to excise duty. The excise duty on carrier bags was first introduced on 1 January 1994 and was last increased on 1 January 2024. The excise duty on disposable tableware was first introduced in 1982 and has since been periodically updated. It is expected that the Packaging Tax Act will be broadened in scope in the near future to include freezer bags, bags without handles and other carrier bags.</p>
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Scope of tax / duty / charge / fee / contribution	<p>The applicable excise duty rates for carrier bags made of plastic are as follows:</p> <ul style="list-style-type: none"> › from 2024 onwards – 73.46 DKK (or approximately 9.80 Euro) per kilogramme. <p>The applicable excise duty rates for disposable tableware (including plastic tableware) are as follows:</p> <ul style="list-style-type: none"> › from 2024 onwards – 64.11 DKK (or approximately 8.60 Euro) per kilogramme. <p>The applicable excise duty rates for packaging not included in the mandatory deposit on returnable packaging scheme varies depending on volume, purpose and material.</p>
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Exceptions	<p>Under prescribed circumstances, goods imported from outside the EU may be subject to lower threshold limits.</p>
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Party liable to pay tax / duty / charge / fee / contribution	<p>The following businesses are liable to pay excise duty:</p> <ul style="list-style-type: none"> › a business manufacturing carrier bags, disposable tableware, etc.; › a business importing or receiving goods subject to excise duty from an MS or from outside the EU; and › a business involved in the wholesaling of goods subject to excise duty that voluntarily elects to pay excise duty. <p>A business manufacturing carrier bags, disposable tableware, etc. must register as a warehouse-keeper. A warehousekeeper must report the taxable quantity or value of taxable goods that it has supplied on a monthly basis.</p>
Compliance obligations	<p>A business importing or receiving goods subject to excise duty from an MS or from outside the EU that is not registered as a warehousekeeper must register as a consignee. A consignee must report the taxable quantity or value of taxable goods that it has received from abroad on a monthly basis.</p> <p>A wholesaler is not required to be registered but may do so on a voluntary basis.</p> <p>Registration must be made separately for each type of excise duty.</p>

Estonia

Country overview	<p>Under the Packaging Excise Duty Act, which entered into force on 19 December 1996 and was subsequently amended on 1 July 2017, packaging (including plastic packaging) is subject to excise duty.</p>
Scope of tax / duty / charge / fee / contribution	<p>An excise duty at the rate of EUR 2.50 per kilogramme is imposed on goods packaging introduced into the Estonian market or acquired in and imported from another MS in the event of a sale, exchange, transfer without charge or use for self-consumption of the packaging. The excise duty covers plastic packaging made of polymer (within the meaning of Article 3(5) of Regulation (EC) Number 1907/2006) and all natural and artificial polymer-based materials in both single and multi-layer embodiment (which belong to Chapter 39 of the Combined Nomenclature under Council Regulation (EEC) Number 2658/87).</p>
Exceptions	<p>The excise duty is exempt for the following types of packaging:</p> <ul style="list-style-type: none"> › packaging of which at least 85% is recycled; › packaging that contains goods acquired by natural persons from another MS for non-business-related purposes; › exported packaging; › various diplomatic-use-related packaging; › packaging transported from Estonia to another MS; › packaging intended for sale on a ship or plane; and › plastic packaging that weighs less than 25 kilogrammes per quarter, which is marketed in Estonia and acquired from another MS or is imported.
Party liable to pay tax/duty/charge/fee/contribution	<p>For plastic packaging imported into Estonia, the person that declares the goods or for whom the goods are declared is liable for the excise duty.</p> <p>For goods packaged in Estonia, the person that distributes the packaged goods into the Estonian market for the first time or facilitates its distribution is liable for the excise duty.</p> <p>As for packaging acquired from another MS, the person that acquires the packaging is liable for the excise duty.</p>
Compliance obligations	<p>A taxable person must submit a declaration to the Estonian Tax and Customs Board on a quarterly basis within 15 days of the first month following the quarter for which the excise duty is due.</p>

France

Country overview

Regarding the MS contribution based on the non-recycled plastic packaging waste introduced as a new revenue source for the 2021-2027 EU budget, France currently has no finalised plans to fund the payment of its plastic levy obligation through the adoption of a national plastic tax.

However, France has transposed the SUP Directive, by gradually banning the placing on the market of certain single-used plastic products, such as plastic over-packaging of fruit and vegetables, disposable crockery in fast food outlets. Since 1 January 2024, medical devices containing microplastics have also been banned from sale. France is planning to phase out all single-use plastic packaging by the end of 2040.

In addition, with the AGEC Law on the fight against waste and for a circular economy, France is gradually extending the EPR in accordance with the 'polluter pays' principle. As a result, importers or producers pay an eco-contribution based on weight or quantities (depending on the products) to 'eco-organisms' that are in charge of recycling channels.

Concerning packaging, today only waste and packaging for households are concerned, which covers the 5 large packaging materials: cardboard, plastic, steel, aluminium and glass.

However, on 1 January 2025, this channel will be extended to include the re-use and recycling of industrial and commercial packaging from the professional sector. The practical arrangements will be published later this year.

Germany

Country overview

The complexity of the current plastic taxation landscape in Germany are illustrated by: the introduction of a national plastic tax from 2025; the creation of a single-use plastic fund from 2024; and regional packaging taxes, such as in Tübingen. These measures entail additional financial burdens and compliance obligations for manufacturers, distributors, importers and bottlers of single-use plastic products. In light of these developments, it is crucial for affected companies to closely monitor the emerging legal changes and prepare accordingly.

A. Plastic tax from 1 January 2025

A national plastic tax will be introduced in Germany from 1 January 2025. On 13 December 2023, the Federal Minister of Finance, Christian Lindner, announced, in his statement on the 2024 Federal budget agreement, the introduction of the plastic levy provided for in the coalition agreement, which aims to pass on the additional burden from the EU plastic levy on Germany to manufacturers and importers of single-use plastic packaging. On 4 January 2024, the German government clarified that the reallocation of the levies for the EU plastic levy should only be implemented from 1 January 2025. This measure is necessary to ensure sufficient time to develop an efficient and low-bureaucracy solution.

The German government is currently still in the process of coordinating the specific organisation of the EU plastic levy's national allocation. Various options are being examined. In this respect, the exact mechanism and the addressees of the regulation as well as the products included and the amount of the national apportionment of the EU plastic levy have yet to be decided. The potential revenue from this tax is estimated at around 1.4 billion Euro.

According to recent newspaper reports, Finance Minister Christian Lindner informed his cabinet colleagues at the beginning of April 2024 that the law on the introduction of the plastic tax cannot be finalised in time. The reasons for this are manifold. Firstly, there are problems with data collection and secondly, there is a risk of excessive bureaucracy if the law is implemented as planned. The Ministry of Finance was unable to present a practicable model of who should pay how much for what. A practicable regulation is now being sought so that the plastic tax can perhaps be introduced as early as 2026.

B. Single-use plastic fund since 1 January 2024

In addition, certain single-use plastics, particularly in the food sector, have been subject to another new levy since 1 January 2024. According to the Single-Use Plastics Fund Act (EWK-FondsG), the affected manufacturers and importers of products made from single-use plastics are obliged to pay an annual levy into a central fund administered by the Federal Environment Agency. This special levy is intended to enable manufacturers and importers to share in the costs of municipal waste disposal in parks and streets.

The Single-Use Plastics Fund Act serves to transpose Article 8 (1-7) in conjunction with Article 14 of the SUP Directive into national law. This requires the MS to introduce EPR for certain single-use plastic products for which there are currently no readily available, suitable and more sustainable alternatives in accordance with the 'polluter pays' principle.

Scope of tax / duty / charge / fee / contribution

The new levy applies to products that are made entirely or partially of plastic and that are not designed, developed and placed on the market in such a way that they can be used several times during their service life by being refilled or reused for the same purpose for which they were designed. The following levy rates apply:

> food containers	0.177 Euro/kilogramme
> bags and film packaging with food content	0.876 Euro/kilogramme
> beverage containers without deposit	0.181 Euro/kilogramme
> beverage containers with deposit	0.001 Euro/kilogramme
> beverage cups	1.236 Euro/kilogramme
> light plastic carrier bags	3.801 Euro/kilogramme
> wet wipes	0.061 Euro/kilogramme
> balloons	4.340 Euro/kilogramme
> tobacco products with filters	8.972 Euro/kilogramme

Party liable to pay tax / duty / charge / fee / contribution

Any natural or legal person established in Germany is subject to the new levy if he or she, as a producer, filler, seller or importer, makes the disposable plastic products concerned available on the market for the first time on a commercial basis. "Making available on the market" is defined as any supply of a product for distribution, consumption or use on the market in the course of a business activity, whether in return for payment or free of charge. This applies irrespective of the sales method and also to distance contracts.

When determining the producer liable to pay the levy under the EWKFondsG, different demarcation criteria must be observed depending on the single-use plastic product. For food containers, such as plastic boxes and plates as well as beverage containers and cups, the packaging producer is considered to be the manufacturer within the meaning of the EWKFondsG. By contrast, in the case of bags and film packaging, the filler (e.g. a bakery) who places packaging filled with food on the market in Germany for the first time is considered to be the manufacturer under the EWKFondsG.

Natural or legal persons not established in Germany are also subject to the new levy if they sell the single-use plastic products concerned directly to private households or other users by distance communication means.

Compliance obligations

The Federal Environment Agency (UBA) is currently setting up the DIVID digital platform for managing and processing the Single-Use Plastic Fund. According to the current schedule, this is gradually being put into operation from 1 April 2024. The highly complex IT infrastructure, which must fulfill very high security requirements, has been recently completed.

The registration of manufacturers has only started on 1 April 2024. A simplified procedure has been made possible for companies that are already registered in the LUCID packaging register. Nevertheless, the additional financial burden for the companies concerned would still remain in this case.

In the period from 1 January 2024 to 1 April 2024, the UBA is making a static image of DIV-ID available to the stakeholders concerned on the website www.einwegkunststoffonds.de. Manufacturers can use this website to submit applications for the classification of manufacturer status and for the classification of single-use plastic products. On 15 May each year, and starting from 15 May 2025, manufacturers must notify the Federal Environment Agency of the quantity and type of single-use plastic products placed on the market or sold in the previous year. If a de minimis limit of 100 kilogrammes per calendar year is exceeded, then the reported quantities must be verified and confirmed by registered experts, auditors, tax consultants or sworn accountants.

The Federal Environment Agency determines the special levy by issuing a notice on the determination of public levies. The amount of the special levy is calculated by multiplying the reported quantities by the respective levy rates. Payment is due once a year, one month after receipt of the levy notice. This special levy is intended to enable manufacturers and importers to share in the costs of municipal waste disposal in parks and streets.

The Federal government expects annual revenue of around 434 million Euro. The first payments to the municipalities are scheduled for autumn 2025 for the waste management services provided in 2024.

C. Incentive-based participation fees for the dual system

The Packaging Act (VerpackG), which came into force on 1 January 2019, defines product responsibility for packaging. This stipulates that the manufacturers or distributors of products are also responsible for the costs of their disposal or recycling. The Packaging Act obliges manufacturers of packaged goods and distributors of packaging to register with the Central Agency Packaging Register, which is responsible for organising, applying and monitoring the Act's requirements. The prerequisite for registration is the acquisition of a licence from a dual system, which is subject to a fee. The dual systems are responsible for the household collection and disposal of used sales packaging in Germany.

§ 21 VerpackG stipulates that the dual systems must create incentives to promote the use of recyclable materials as well as recyclates and renewable raw materials in packaging. It also requires regular reports from the systems on their implementation of these requirements and enables the Federal government to use this as a basis for defining further requirements to promote the recyclability and ecological compatibility of packaging.

In the Federal government's opinion, § 21 VerpackG in its current form has already sent an important signal to packaging manufacturers participating in the system to favour ecological packaging design. Building on this, the Federal government now considers it necessary to further develop the existing regulation. The reason for this is that competition between the dual systems is currently hindering the implementation of an ecological design of the participation fees.

The Federal government is currently working on the foundations for the legal 'anchoring' of a fund model with the aim of presenting a draft bill before the end of this legislative period. A public law structure is not being sought. The legal possibilities and scope for a revision of § 21 VerpackG also depend in particular on the ongoing negotiations at the EU level on the proposal for a regulation on packaging and packaging waste.

Regional Taxes

Regardless of national developments, the city of Tübingen has been the first municipality in Germany to introduce a packaging tax at the municipal level. Since 1 January 2022, the tax has been levied on disposable packaging and cutlery at a rate of 0.50 Euro per disposable beverage container, disposable crockery and disposable food packaging and 0.20 Euro per disposable cutlery item, with an upper limit of 1.50 Euro per meal. The tax is levied by the retail outlets responsible for providing this disposable packaging and cutlery (e.g. snack bars, bakeries, petrol stations, etc.).

An initial interim assessment of the packaging tax in Tübingen shows that 313 of the 420 companies contacted had submitted their tax return for 2022 to the tax office. Based on the declarations submitted, 161 companies were classified as tax-exempt. 83 tax assessments were sent retroactively for 1 January 2022. Some of the tax returns are still being reviewed and an initial reminder of the obligation to submit a tax return has been sent out. If no tax return has been submitted, then the University City of Tübingen is authorised to estimate the tax amount and send a corresponding tax assessment notice. Companies had to submit their tax return for 2023 to the city administration by 15 January 2024. Based on the tax returns received to date, tax revenue of at least 692,359 Euro is expected for 2022. The revenue will flow into the municipal budget and will be used for waste disposal in public areas.

Following Tübingen's example, the introduction of a packaging tax is currently also being discussed in many other cities such as Freiburg, Gummertsbach, Constance and Munich. According to Tübingen city council, it has already been in contact with 80 cities that are also discussing a packaging tax.

Hungary

Country overview

Under Act LXXXV of 2011 on Environmental Protection Product Charges, which entered into force on 1 September 2011, packaging products and other plastic products, and activities involving packaging products and other plastic products, may be subject to a product charge. It is called the environmental product charge (EPC). In addition, since 1 July 2023, the EPR system was implemented in Hungary by Government Decree 80/2023 (III.14) on the detailed rules of the extended producer responsibility system (hereafter 'EPR regulation'). The EPR regulation covers products covered by the extended producer responsibility scheme (hereafter 'circular products'), waste from circular products and related activities as defined in the EPR regulation. It extends the producer's financial and operational responsibility for a product in the post-consumer stages. It is important to note: the EPR system is very similar to the EPC system, and they have existed in parallel in Hungary since 1 July 2023.

Regarding the plastic tax there are a lot of related pieces of legislation in Hungary, in which the most important are:

1. Act CLXXXV of 2012 on Waste;
2. Government Decree No. 442/2012 (XII. 29.) on packaging and waste management activities related to packaging waste (Packaging Government Decree);
3. Government Decree 301/2021 (VI. 1.) on the restriction of the placing on the market of certain single-use and other plastic products;
4. Government Decree 349/2021 (VI. 22.) on the reduction of the environmental impact of certain plastic products.

Scope of tax / duty / charge / fee / contribution

The product charge applies upon: (a) the placement of packaging products and other plastic products in the market; (b) using packaging products and other plastic products for one's own purposes; or (c) entering packaging products and other plastic products into an inventory.

Plastic packaging products include:

- › self-adhesive or other plates, sheets, film, foils and strips made of plastic;
- › articles for the conveyance or packing of goods made of plastic;
- › stoppers, lids, caps and other closures made of plastic;
- › single-use plastic containers;
- › other packaging products made of plastic;
- › twine and cordage (whether or not plaited or braided, and whether or not impregnated, coated, covered or sheathed with plastic); and
- › aluminium foil (whether or not printed or backed with plastic).

Other plastic products include:

- › flowers, foliage and fruits made of plastic or containing plastic parts; and
- › articles made of artificial flowers, foliage or fruit.

The charge rate depends on the type of plastic product or the profile of the taxable person involved:

- › plastic (excluding plastic carrier bags) – HUF 57 (or approximately 0.15 Euro) per kilogramme;
- › plastic carrier bags (excluding plastic carrier bags made of biodegradable plastic) – HUF 1,900 (or approximately 5.30 Euro) per kilogramme;
- › plastic carrier bags made of biodegradable plastic – HUF 500 (or approximately 1.40 Euro) per kilogramme;
- › flowers, foliage and fruits made of plastics and related parts; articles made of artificial flowers, foliage or fruit – HUF 1,900 (or approximately 5.30 Euro) per kilogramme; and
- › a polluter of marginal quantity (provided that the product stream comprises other plastic products) – a flat-rate of HUF 12,000 (or approximately 31 Euro) per year.

The EPR system:

The EPR applies upon: the placement of packaging products and other plastic products in the market.

Packaging products include:

All products made of materials of any kind used for holding, preserving, transferring, receiving, transporting or displaying goods, including all goods from raw materials to processed goods, and single-passenger goods used for the same purpose may be packaging, such as:

- › consumer or primary packaging that constitutes the unit of sale to the consumer at the point of sale;
- › collective or secondary packaging, comprising a defined number of sales units at the point of sale, if these units are sold to the consumer or if these units are used only for shelf stocking and the packaging can be removed from the product without altering its characteristics; and
- › transport or tertiary packaging that facilitates the transfer, receipt and transport of consumer or collective packaging for protecting the goods from damage during physical transfer, receipt and transport, excluding containers used for road, rail, water and air transport.

Single-use plastic products include:

- › food storage containers, i.e. food containers, such as boxes with or without a lid, intended for the storage of food that:
 - (a) are ready for immediate consumption on the spot or to take away;
 - (b) are normally consumed from the container; and
 - (c) are ready-to-eat, i.e. do not require further preparation such as cooking, boiling or heating, including, for example, food containers used for quick meals or other ready meals, excluding beverage containers, plates and pouches, and packaging containing food;
- › bags or packages made of flexible materials for the storage of food intended for immediate consumption from the bag or package as a ready-to-eat meal;
- › beverage containers, i.e. containers used for the storage of liquids, such as beverage bottles, including their caps and lids, and composite beverage packaging, including caps and lids, of a capacity not exceeding three litres, except for glass or metal beverage containers with a plastic cap or lid;
- › beverage containers, including their tops and lids;

- › light-weight plastic carrier bags as defined in Article 3(1c) of Directive 94/62/EC of the European Parliament and of the Council of 20 December 1994 on packaging and packaging waste;
- › wet wipes, i.e. pre-moistened cosmetic and household wipes;
- › balloons, excluding balloons for industrial or other professional use and applications not sold to consumers;
- › tobacco products with filters and filters placed on the market for use in combination with tobacco products;
- › fishing gear.

The EPR fee rate depends on the type of plastic product or the profile of the taxable person involved, and so for:

- › plastic packaging – HUF 219 (approximately 0.57 Euro) per kilogramme;
- › single-use and other plastic product – HUF 113 (approximately 0.29 Euro) per kilogramme.

For products that are subject to both the EPC and the EPR fee, the legislation allows a deduction of the EPR fee from the EPC payable since 1 July 2023.

Exceptions

For the EPC system:

Packaging products and other plastic products may be exempt from the product charge if the purchaser provides a statement declaring:

- › using:
 - › packaging products in the return fee system; or
 - reusable pallets admitted at the user's request to the register of reusable packaging products for at least 365 days from the date of receipt, as a reusable packing aid for making packaging.
- › using packaging materials or packaging sundries:
 - › as the end user, for purposes other than packaging; or
 - › directly for manufacturing other products (raw material).
- › depositing products subject to product charges into a product charge warehouse.

For the EPR system:

- › The EPR fee will not be payable: if the purchaser from the manufacturer liable to pay it declares that at least 60 % of the purchased circular product is exported abroad, either separately or as a component or accessory of another product.
- › For the placing on the market of packaging made of reusable packaging material - except for the first domestic placing on the market of packaging made of reusable packaging material - if the reusable packaging material used for the creation of the packaging is registered in the National Waste Management Authority's register of reusable packaging material.
- › For the placing on the domestic market of packaging made of used packaging that is not included in the National Waste Management Authority's register of reusable packaging, if the packaging used to produce the packaging is placed on the market for the first time as part of packaging on the domestic market and the EPR obligation is fulfilled:
 - (a) by the user of the packaging material used for packaging; or
 - (b) by the person who first places it on the domestic market as the packaging's first placing on the market.

Party liable to pay tax / duty / charge / fee / contribution

For the EPC system:

The environmental product charge liability arises when the product subject to the product charge is placed on the market, used for own account or taken into stock.

The product charge is paid by:

- the first person placing the product on the domestic market or the first user for his/her own account;
- in the case of contract manufacturing, the contract manufacturer;
- the first domestic distributor of the packaging of the product subject to the charge that constitutes the foreign packaging or the first domestic holder of the packaging waste resulting from the dismantling of the packaging.

In the EPC system, it is possible to transfer the liability from the original person who is liable to another person (typically the liable person's customer). This is called the contractual assumption of the fee and typically occurs when the goods subject to the EPC are sold abroad by the liable person's customer.

The EPC scheme under certain circumstances also allows for the possibility of another person reclaiming the EPC paid by the original liable person; typically, this is also possible in the case of a sale of a product subject to EPC abroad.

The EPR system:

The EPR fee obligation essentially arises when the circular product is "placed on the market" by the producer. For the purposes of the EPR scheme, it is important that "placing on the market" means the first transfer of ownership of a circular product in Hungary, free of charge or for consideration, or its transfer from abroad to Hungarian households or other users as part of an electronic commercial service (distance selling). In addition, "use for own purposes" is deemed to be placing on the market, as well as the removal of the product from a VAT warehouse or from a product fee warehouse to the territory of Hungary.

In the case of vehicles, producers can take on the EPR obligation from the manufacturer of a circular product that is a vehicle accessory or component, such as electrical and electronic equipment, (re-chargeable) batteries, and tyres. This requires a contract between the parties for the assumption of the fee.

Another case of exemption concerns the producer's fee-payment obligation. Under the legislation, the given producer does not have to pay the EPR fee if its customer declares and verifies that at least 60% of the purchased circular product is delivered abroad, either separately or incorporated into another product.

Compliance obligations

The EPC system:

The liable person must notify the Hungarian National Tax and Customs Administration within 15 days of commencing activities involving packaging products and other plastic products.

The liable person must register at the Hungarian National Tax and Customs Administration (using form TKORNY).

The liable person must submit a return to the Hungarian National Tax and Customs Administration on a quarterly basis within 20 days of the first month following the quarter for which the product charge is due.

If the liable person is a polluter of a marginal quantity that is entitled to pay a flat-rate product charge, then it must submit a return to the Hungarian National Tax and Customs Administration within 20 days of the first month following the calendar year for which the product charge is due.

The EPR system:

From 1 April 2023, companies subject to the obligation and opting for collective fulfilment after

the government decree enters into force have to register on the electronic platform operated by the concession company.

Companies subject to the decree must register with the Hungarian waste management authority. This registration should normally be applied for before starting the activity with the circular product.

The required parties must keep records with the data specified in the legislation, and must report data to the national waste management authority based on these records on a quarterly basis by the 20th day of the month following the given quarter.

The required companies must pay an EPR fee to the concession company each quarter based on an invoice issued by the concession company.

Invoice clauses familiar from the environmental product charge regulations are part of the EPR scheme too. The text that is generally used is "The seller is liable for paying the extended producer responsibility fee."

Italy

Country overview	The plastic packaging tax, which was initially scheduled to enter into effect on 1 July 2020 (following several deferments) will not come into force until 1 July 2024, unless possible additional postponements are adopted. The tax is expected to be charged at a rate of 0.45 Euro per kilogramme and will apply to single-use plastic manufactured goods (manufatti con singolo impiego or MACSI). The tax is governed by Article 1, paragraphs 634 to 658 of Law 160/2019 but the related implementing measures, which will set out the relevant operative details, have yet to be implemented, and, at present, only a draft version (circulated in 2021) is available.
Scope of tax / duty / charge / fee / contribution	The tax will apply to products that are intended for the "containment, protection, handling or delivery of goods or foodstuffs" made using "plastics consisting of organic polymers of synthetic origin" that are not designed for repeat usage. It is worth noting that Law 160/2019 states that single-use plastic products in the form of films, foils and strips will be subject to the tax. While the exact list of products that will be taxable will be set out in the implementing measures, items such as bottles, bags and food packaging made of polyethylene, Tetra Pak packaging, packaging made of expanded polystyrene and plastic caps will likely be covered by the tax. The tax will also be charged on semi-finished products, including pre-forms, made with the use (whether wholly or partly) of such plastics, used in the production of MACSI.
Exceptions	MACSI that are compostable and MACSI used for medicinal purposes are expected to be exempt from the tax. In addition, the tax will not be chargeable where a manufacturer directly exports the MACSI it produces to another MS or to outside the EU. The tax will also not be charged on plastics contained in MACSI that are derived from recycling processes.
Party liable to pay tax / duty / charge / fee / contribution	The party liable to the tax will be as follows: <ul style="list-style-type: none"> › for MACSI manufactured in Italy, the business that manufactures the MACSI will be liable to the tax; › for MACSI delivered to Italy from other MS, either the business that purchases MACSI for the purposes of its own activities (i.e. B2B sales) or the business that sells MACSI to a private consumer in Italy (i.e. B2C sales) will be liable to the tax. In the case of the latter, the foreign seller must appoint a representative in Italy to handle its tax obligations; and › for MACSI delivered to Italy from outside the EU, the person that imports MACSI will be liable to the tax.
Compliance obligations	The quarterly tax return must be submitted and the tax due must be paid to the Customs Agency by the end of the first month following the quarter to which the tax return relates. Anyone liable to the tax that is not resident in Italy must also appoint a (jointly liable) tax representative in Italy to handle its tax obligations.

Based on the draft implementing measures that are currently available, there might be further compliance obligations that will apply in connection with: (a) prior registration (including the filing of a technical report); (b) dedicated accounting fulfilments; and (c) prescribed information to be provided in invoices (depending on the specific circumstances).

Latvia

Country overview	As part of its natural resources tax (NRT), Latvia levies tax on plastic packaging, single-use tableware and accessories made of plastic, and plastic bags.
Scope of tax / duty / charge / fee / contribution	<p>The applicable tax rates for plastic packaging and single-use tableware and accessories made of plastic are as follows:</p> <ul style="list-style-type: none"> › plastic-sourced materials (except bio-plastics and oxy-degradable plastic-sourced materials) – 1.25 Euro per kilogramme; › polystyrene-sourced materials – 2.20 Euro per kilogramme; › oxy-biodegradable plastic materials – 0.24 Euro per kilogramme; › foam polymer raw materials – 24.40 Euro per kilogramme; › polystyrene foam raw materials – 44.00 Euro per kilogramme. <p>The applicable tax rate for packaging that is a composite raw material and that consists of several materials, including plastic, and so which is then for the plastic part –1.22 Euro per kilogramme.</p> <p>The applicable tax rates for plastic bags are as follows:</p> <ul style="list-style-type: none"> › light plastic bags – 4.80 Euro per kilogramme; › plastic bags with a material thickness of more than 50 microns –1.50 per kilogram; and › bioplastic – 0.24 Euro per kilogramme.
Exceptions	A person may be exempt from NRT on plastic packaging by participating in a producer responsibility scheme (i.e. a recycling scheme). To do so, the person is required to pay a licence fee to the relevant responsible producer organisation, the amount of which is normally calculated based on the weight of plastic packaging produced by that person on an annual basis. Accordingly, the amount of licence fee payable may vary. Once a person successfully enrolls in a responsible producer scheme, it is exempt from NRT on plastic packaging.
Party liable to pay tax / duty / charge / fee / contribution	<p>The NRT exemption similarly applies to the plastic packaging of beverages under the deposit system, which came into force on 1 February 2022.</p> <p>The NRT exemption does not apply to single-use tableware and accessories made of plastic or to plastic bags.</p> <p>NRT is paid by the first person to:</p> <ul style="list-style-type: none"> › sell goods in packaging in Latvia; › attach packaging for its customers' convenience or advertising design; › use goods purchased in packaging in its business activities (except for goods in packaging that are taxable upon sale); or › upon provision of a service, attaches packaging to the product and such packaging is then passed on to the service's recipient. <p>Additionally, NRT is paid by a person selling single-use tableware and accessories made of plastic in Latvia (for example, catering services, retail, etc.) and selling (or providing for free) plastic bags at the point of sale.</p>
Compliance obligations	It is worth noting that NRT is payable irrespective of the registration status of the taxable person. In other words, a foreign-registered business is also required to pay NRT if it engages in a taxable activity (such as selling goods in packaging to Latvia from outside Latvia).

NRT is generally reported on a quarterly basis. The quarterly tax return must be submitted within 20 days of the month following the quarter for which the return is required to be submitted.

If, however, the total NRT liability is below 142.29 EUR, then NRT is instead reported on an annual basis. In that case, the annual tax return must be submitted within 20 days of the month following the calendar year for which the report is required to be made.

Lithuania

Country overview

Under the Law on Pollution Tax of the Republic of Lithuania (Law), which entered into force on 13 May 1999 and was subsequently amended on 1 January 2021, filled packaging (including plastic packaging) supplied to or within the Lithuanian market may be subject to pollution tax. New amendments to the Law have already been passed in Parliament and are going to come into force on 1 January 2025. Further amendments to the Law are expected to take effect on 1 January 2028.

Scope of tax / duty / charge / fee / contribution

A manufacturer or importer supplying filled packaging to or within the Lithuanian market may be liable to pay pollution tax at the time of the first supply of filled packaging (whether for a fee or free of charge) to or within the Lithuanian market, provided that the filled packaging constitutes, among other things, plastic packaging, polyethylene terephthalate (PET) packaging or composite packaging.

The applicable pollution tax rates are as follows:

- › reusable packaging and recyclable disposable (single-use) packaging made of plastic and PET – 618 Euro per tonne;
- › reusable packaging and recyclable disposable (single-use) packaging made of composite materials – 900 Euro per tonne;
- › non-recyclable disposable (single-use) packaging made of plastic and PET – 875 Euro per tonne; and
- › non-recyclable disposable (single-use) packaging made of composite materials – 1,200 Euro per tonne.

Such rates are reviewed and may be subject to adjustments on an annual basis.

As from 1 January 2025, the applicable pollution tax rates will be as follows:

- › reusable packaging and recyclable disposable (single-use) packaging made of plastic and PET – 520 Euro per tonne;
- › reusable packaging and recyclable disposable (single-use) packaging made of composite materials – 520 Euro per tonne;
- › non-recyclable disposable (single-use) packaging made of plastic and PET – 875 Euro per tonne; and
- › non-recyclable disposable (single-use) packaging made of composite materials – 1,200 Euro per tonne.

Exceptions

A manufacturer or importer may be exempt from paying pollution tax on:

- › the quantity of filled packaging that is in proportion to the part of the recovery task performed and/or recycling of packaging waste;
- › the quantity of reusable packaging, provided that the whole task of collection and reuse (as required by Lithuania's Environment Ministry) is performed; and
- › the quantity of single-use packaging waste provided that it does not exceed 0.5 tonnes of the total amount of filled packaging supplied to the Lithuanian market during a tax period and that it is not subject to a deposit system for single-use packaging.

Additionally, the quantity of filled packaging that is exported is not liable to tax.

As from 1 January 2025, a manufacturer or importer may be exempt from paying pollution tax on:

- › the quantity of filled packaging that is in proportion to the part of the performed recovery task and/or recycling of packaging waste, except packaging made of plastic and PET or of composite materials.
- › the quantity of filled packaging made of composite materials, plastic, or PET, which has been recycled.
- › the quantity of reusable packaging, provided that the whole task of collection and reuse (as required by Lithuania's Environment Ministry) is performed; and
- › the quantity of single-use packaging waste provided that it does not exceed 0.5 tonnes of the total amount of filled packaging supplied to the Lithuanian market during a tax period and that it is not subject to a deposit system for single-use packaging.

Party liable to pay tax / duty / charge / fee / contribution

The manufacturer or importer supplying filled packaging to or within the Lithuanian market is liable to pay the pollution tax.

Compliance obligations

A foreign manufacturer or importer must be registered with the State Tax Inspectorate for tax identification purposes, and with the Unified Product, Packaging and Waste Accounting Information System for packaging waste accounting purposes.

The pollution tax is payable on an annual basis in accordance with the calendar year. A foreign manufacturer or importer must file its tax return with the State Tax Inspectorate by 15 February following the calendar year for which the tax is due.

Luxembourg

Country overview

Luxembourg currently has no finalised plans to fund the payment of its plastic levy obligation through the adoption of a national plastic tax. However, it is expected that a "plastic tax" may be adopted within the next few years.

Nevertheless, Luxembourg has introduced VAT charged at the standard VAT rate of 17% on certain plastic bags that are distributed to customers.

The Netherlands

Country overview

The Netherlands currently has no finalised plans to fund the payment of its plastic levy obligation through the adoption of a national plastic tax. It previously levied a tax on packaging (including plastic packaging) from 1 January 2008 to 1 January 2013. The Netherlands is now exploring the feasibility of adopting a "plastic tax" that may be introduced in the next few years.

Nevertheless, the Netherlands currently imposes a 'contribution' (which does not constitute a formal tax levied by the national government) on plastic packaging.

Moreover, in the coming years there will be a shift towards EPR (Uitgebreide Producentverantwoordelijkheid) and recycling of waste. When plastic single-use products are produced and imported then the EPR has applied since 1 January 2023.

Scope of tax / duty / charge / fee / contribution

Waste management contribution.

The current contribution system is based on the now-abolished packaging tax system. An enterprise that:

- › introduces 50,000 kilogrammes or more of plastic packaging into the Dutch market; or
- › disposes of 50,000 kilogrammes or more of plastic packaging after its importation,

on an annual basis is liable to pay the contribution at the time of first introduction onto the Dutch market or at the time of importation (as the case may be).

The applicable contribution rates are as follows:

- › plastic packaging (dimensionally stable) – 1.22 Euro per kilogramme (excluding VAT);
- › plastic packaging (flexible shape) – 1.32 Euro per kilogramme (excluding VAT); and

A lowered tariff amounting to 0.015 Euro per kilogramme (excluding VAT) applies to re-usable packaging materials.

A reduced rate applies to plastic that could be recycled. The reduction amounts from 0.10 to 0.50 Euro per kilogramme of plastic.

A surcharge amounting to 2.30 Euro per 1,000 pieces applies to SUP.

An enterprise qualifies for the lower rate of 0.015 Euro per kilogramme (excluding VAT) if the plastic packaging has a positive market value and can be properly sorted and recycled.

Extended Producer Responsibility (EPR).

When the EPR applies, an enterprise must help pay for the disposal of plastic litter. The law applies to single-use plastics often found in litter. The government sets a fixed price per single-use product brought onto the market. Every time an enterprise sells such a product, it pays this fixed price. Currently the fixed rate for SUP amounts to 2.30 Euro per 1,000 pieces (excluding VAT). This will be levied as an additional contribution to the normal waste management contribution for packaging. Separate rules apply to several product groups.

Besides these fixed prices, a company must encourage customers to prevent littering by informing them that the product is non-degradable and will cause harm to the environment, if they do not dispose of it in the correct way.

Exceptions

Waste management contribution.

An enterprise that: (a) introduces less than 50,000 kilogrammes of plastic packaging into the Dutch market; or (b) disposes of less than 50,000 kilogrammes of plastic packaging after its importation, on an annual basis is not liable to pay the contribution.

Additionally, a special contribution regime may apply to an enterprise that markets commercial packaging on an almost exclusive basis, subject to satisfying the relevant qualifying conditions.

If a waste management contribution was paid earlier in the chain, then a refund for indirect export may be requested.

Extended Producer Responsibility (EPR).

An enterprise that produces sanitary towels and/or tampons must comply with the EPR to encourage customers to avoid littering. This enterprise does not have to pay contributions for cleaning up litter and collecting waste.

There will also be EPR for fishing equipment. This will take effect by 31 December 2024 at the latest.

This EPR also applies to cigarette filters. The tariff of the fee per cigarette filter is not known yet and is likely to be published before 1 July 2024.

Party liable to pay tax/ duty / charge / fee / contribution	<p>Waste management contribution.</p> <p>An enterprise that meets or exceeds the 50,000 kilogramme threshold on an annual basis is liable to pay the contribution. This also applies if someone has a company in another country and sells directly (online) to Dutch consumers.</p> <p>Extended Producer Responsibility (EPR).</p> <p>An enterprise that produces disposable plastic products.</p>
Compliance obligations	<p>Waste management contribution.</p> <p>An enterprise that meets or exceeds the 50,000 kilogramme threshold on an annual basis must register with the Waste Fund for Packaging (Afvalfonds Verpakking). Thereafter, it must prepare and submit quarterly and annual statements to the Waste Fund for Packaging. The quarterly statements are reconciled with the annual statements and, where necessary, adjustments are made to these statements.</p> <p>Extended Producer Responsibility (EPR).</p> <p>An enterprise that produces a product to which the EPR applies must report on an annual basis to Rijkswaterstaat how they are meeting the EPR obligations.</p>

Poland

Country overview	<p>In Poland excise duty on plastic packaging was first introduced on 1 April 1995, and from 1 January 2002 it was replaced with a product fee (including both plastic and non-plastic packaging), which implements the regulations of EU Directive 94/62/EC of 20 December 1994 on packaging and packaging waste.</p> <p>Since 1 January 2018, the law introducing the so-called recycling fee, implementing Directive 2015/720 of 29 April 2015 has been in force.</p> <p>On 14 April 2023, Poland has adopted a new law implementing the SUP Directive, which seeks to reduce the impact of certain plastic products on the environment. This regulation substantially changes the single-use plastic products market in Poland, in particular: single-use plastic packaging, PET bottles, tobacco products with filters that contains plastic, plastic caps and lids, plastic cutlery, plates and straws, plastic and expanded polystyrene containers for food or beverages and cups for beverages, as well as oxo-degradable plastics (including shopping bags).</p> <p>The new law came into force on 24 May 2023; however, the particular duties it imposes on businesses are being phased in between 2023 to 2025. The new regulation applies generally to businesses engaged in the importation, intra-Community acquisition or manufacture of the products identified above that place them on the Polish market. A foreign entity who is professionally engaged in the sale of products in the territory of Poland may for these purposes appoint an authorised representative who will be responsible for compliance with the Polish requirements related to the placing of this foreign entity's products on the market.</p> <p>The entrepreneurs who already operate on the Polish market subject to the new law were obliged to apply for registration in a special Polish waste-related registry (BDO), which is a database of products and packaging and waste management, by 24 August 2023. The new regulation also provides for administrative penalties for non-compliance, which could be as high as 500,000 PLN.</p> <p>Poland also adopted on 13 July 2023 a separate regulation establishing rules for deposit-refund schemes, as another part of implementing the SUP Directive.</p> <p>The deposit-refund scheme is a system in which, when selling beverages in single-use or reus-</p>
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able beverage packaging, a deposit (i.e. a specific amount of money) is collected, which is subsequently refunded to the end-user when the packaging or packaging waste generated from packaging covered by this deposit-refund scheme is returned.

The deposit-refund scheme (covered by this regulation) applies to the following beverage packaging:

- › single-use plastic beverage bottles with a capacity of up to 3 litres, including their plastic caps and lids, excluding glass or metal beverage bottles with caps and lids made from plastic;
- › metal cans with a capacity of up to 1 litre;
- › reusable glass bottles with a capacity of up to 1.5 litres.

The new law entered into force on 13 October 2023. However, it will effectively take effect from 1 January 2025, since during the transitional period entrepreneurs who established a system for collecting and returning deposits for packaging before 13 October 2023 may operate this system until 31 December 2024 under the existing rules; and the above-mentioned beverage packaging (covered by this new regulation), in which the beverages were placed on the Polish market by these entrepreneurs before 1 January 2025, may still be collected and the collected deposit may be refunded under the existing rules after that date, but no later than until 31 December 2025.

It is very important to prepare for the changes because for non-compliance with this new regulation there are administrative penalties of up to 1,000,000 PLN that could be imposed.

**Scope of tax /
duty / charge /
fee / contribution**

The new regulation prohibits placing on the Polish market oxo-degradable plastics (e.g. carrier bags) and single-use plastics, such as: cotton bud sticks; cutlery; plates; straws; beverage stirrers; balloon sticks; and products made of expanded polystyrene: food containers, beverage containers and beverage cups (including their caps and lids).

From 1 January 2024, any business running a retail or wholesale trade unit or a catering unit offering single-use plastics that is packaging, such as cups for beverages and ready-to-eat food containers, or beverages or food packed by the business in such single-use plastics, as well as any business packing with such single-use plastics and offering beverages or food using a vending machine, is obliged to collect the following fees from the end-user (i.e. those purchasing products for their own use, without further resale):

- › cups for beverages –0.20 PLN per single item;
- › ready-to-eat food containers –0.25 PLN per single item.

From 1 July 2024, any business running a retail or wholesale trade unit or a catering unit will also be obliged to ensure the availability of alternatives to the above-mentioned single-use plastic packaging, which are made of materials other than plastics or biodegradable plastics, or the availability of reusable packaging.

From 1 January 2024, any business placing on the Polish market single-use plastics, such as:

1. food containers;
2. packets and wrappers made from flexible material containing food intended for immediate consumption;
3. beverage containers with a capacity of up to 3 litres;
4. beverage cups;
5. lightweight plastic carrier bags with a wall thickness below 50 microns;
6. tobacco products with filters containing plastic;
7. wet wipes;
8. balloons;

is obliged to pay an annual fee of 0.10 PLN per 1 kilogramme for products indicated in points 1)-5) and 0.01 PLN per single item for products indicated in points 6)-8).

A business placing on the Polish market any of the single-use plastics listed below will be obliged to finance public educational campaigns and pay the following fees:

- › tobacco products –0.01 PLN per 10 items;
- › wet wipes, balloons, sanitary towels (pads), tampons and tampon applicators –0.01 PLN per single item;
- › lightweight plastic carrier bags with a wall thickness below 50 microns –0.05 PLN per 1 kilogramme.

Businesses placing on the market products in single-use plastic bottles with a capacity of up to 3 litres (e.g. for water, juice, milk, yoghurt, etc.) will be obliged to achieve the required level of the weight share of recycled plastics (from 2025 – 25% of recycled plastics, if the major component of such packaging is polyethylene terephthalate – 'PET bottles'; from 2030 – 30% of recycled plastics). If the required level is not achieved, then these businesses will be obliged to pay a product fee of 1.00 PLN per 1 kilogramme. Such businesses will also be obliged to achieve the required level of selective collection for recycling (from 2025 – 77%; from 2029 – 90%). If the required levels are not achieved, then these businesses will be obliged to pay product fees of: 0.10 PLN per 1 kilogramme from 2025, 1.00 PLN from 2026, and 5.00 PLN from 2027.

From 1 July 2024, the plastic caps and lids of plastic beverage containers with a capacity of up to 3 litres will have to be permanently attached to such containers.

Additionally, any business running a retail or wholesale unit in which plastic shopping bags (with a wall thickness of 15 microns or more) are offered for packaging products offered in this unit, will be obliged to collect a recycling fee of 0.20 PLN from the person purchasing the plastic shopping bag (recycling fee).

Exceptions

The obligations, regarding the product fee, do not apply to businesses in the field of packaging in which they have placed products on the market in a given calendar year, and then in the same calendar year they, or some other business, have exported or made intra-Community supplies of such packaging without or with products.

Businesses placing products in packaging, who in a given calendar year have placed on the market packaging products with a total weight of packaging not exceeding 1 tonne, might also apply for de minimis aid regarding the obligation to pay the product fee.

Party liable to pay tax / duty / charge / fee / contribution

The obligations mainly apply to businesses who import or make intra-Community acquisitions or manufacture products (i.e. single-use plastics or plastic packaging or packaged products) and introduce them for the first time onto the Polish market, including marketing products under their own designation as a trademark or under their own name, the production of which they have commissioned to another business. These obligations apply also to a business packaging products manufactured by another business and who then place these products on the market, and businesses running: a retail trade unit or units with a commercial area of more than 500 square metres, selling products packaged in these units, or more than one retail trade unit with a total retail space of more than 5,000 square metres, selling products packaged in these units.

Foreign businesses (who have their place of residence in or are established in another EU Member State or in a third country) who professionally sell single-use plastics in the territory of Poland – regardless of the sales technique used, including by means of distance contracts – are not obliged, but are entitled, to designate an authorised representative responsible for the performance of obligations related to the marketing of products from these foreign businesses on the territory of Poland.

Regarding the collection of fees from end-users – the obligations also apply to any business running a retail or wholesale trade unit or a catering unit offering single-use plastics that uses packaging, such as cups for beverages and ready-to-eat food containers, or beverages or food packed by this business in such single-use plastics, as well as any business packing in these single-use plastics and offering beverages or food using a vending machine.

Regarding the collection of the recycling fee from consumers purchasing plastic shopping bags – the obligations also apply to a business running a retail or wholesale unit in which plastic shopping bags (with a wall thickness of 15 microns or more) are offered for packaging products on offer in this unit.

Compliance obligations

Businesses covered by these regulations are obliged to register in the BDO, pay the above-mentioned fees to the competent marshal of the voivodeship and submit annual reports by 15 March concerning the previous calendar year.

Portugal

Country overview

The State Budget Law for 2024 (Law no. 84/2023, of 29 December) introduced major changes to the regime of the contribution on single-use packaging used in ready-to-eat meals.

In fact, the State Budget Law for 2024 extends the scope of this contribution to all single-use packaging used in ready-to-eat meals, beyond those made of plastic and aluminium (regardless of the type of packaging material used).

In addition, under the State Budget Law for 2024, since 1 January 2024 this contribution has been reduced to 0.10 Euro per package, instead of the previous 0.30 Euro per package. This reduction is coupled with the obligation for economic agents in the commercial chain to pass on the economic burden of the contribution on single-use packaging to the final consumer, by increasing the price of packaging by no less than 0.20 Euro.

Furthermore, the State Budget Law for 2024 exempts from this contribution single-use packaging that is fully recyclable, mono-material and containing, on average, at least 25% recycled materials, which is in compliance with food safety requirements. The State Budget Law for 2024 foresees that the regulation on packaging manufacturing materials and the definition of the Combined Nomenclature codes for single-use packaging will be defined by Ministerial Order. This Ministerial Order has not yet been published.

Scope of tax / duty / charge / fee / contribution

The contribution will be levied on the production, importation or acquisition from another Member State or from the Autonomous Regions of Azores and Madeira of single-use packaging used in ready-to-eat meals.

For the purposes of this contribution, a ready-to-eat meal will include a meal that:

- › is cooked or prepared either at the point of sale to the final consumer or in another establishment;
- › is ready for immediate consumption without further preparation;
- › has been packaged in the establishment or place of sale; or
- › is made available for consumption outside the meal supplier's premises through a transfer of goods (i.e. this does not cover a restaurant or catering service that allows the immediate consumption of meals on its premises), including a take-away or drive-in service or home-delivery service.

Exceptions

The contribution will not be levied on single-use packaging that:

- › contains ready-to-eat meals that have not been packaged at the point of sale;
- › is made available in the context of non-sedentary catering or drinking activities); or
- › is made available through an automatic vending machine for the supply of ready-to-eat meals.

Single-use packaging will be exempt from the contribution if it is:

- › exported to a country outside the EU;
- › dispatched or transported to another Member State;
- › produced, imported, acquired, dispatched or transported to the Autonomous Regions of Azores and Madeira;

- › used for social or humanitarian purposes; or
- › fully recyclable, mono-material and containing, on average, at least 25% recycled materials.

The exemption also applies to a sale made to another economic operator that subsequently exports or dispatches the single-use packaging.

Party liable to pay tax / duty / charge / fee / contribution

The contribution will be paid by:

- › a producer or importer of single-use packaging with a head office or permanent establishment (PE) in mainland Portugal; or
- › a purchaser of single-use packaging from suppliers with a head office or PE in another Member State, or in the Autonomous Regions of Azores and Madeira.

Economic agents in the commercial chain who are liable to pay the contribution must pass the economic burden of the contribution to the final consumer, by increasing the price of increasing the price of packaging by no less than 0.20 Euro.

Compliance obligations

The contribution is assessed on a quarterly basis. A taxable person will be notified of the assessment of the contribution by the 15th day of the month of the globalisation (i.e. the month following the quarterly reporting period), in the reserved area of the excise duties (IEC) platform on the Portuguese Tax and Customs Authorities' website. The contribution must be paid within 15 days day of the second month following the quarter of the calendar year to which the assessment relates (for example, if the e-DIC regarding releases for consumption of single-use packaging relating to the first quarter of 2024 is submitted by 5th April 2024, the assessment of the contribution is electronically and automatically notified by 15th April 2024 and the contribution should be paid by 15th May 2024).

Romania

Country overview

Following the Government Emergency Ordinance 196/2005 (with subsequent amendments), which entered into force in 2006, a contribution is chargeable on certain plastic items. Separately, an ecotax is applied to certain transport bags (including plastic bags) made of non-biodegradable materials.

Scope of tax / duty / charge / fee / contribution

A contribution of 2 RON (or approximately 0.40 Euro) per kilogramme is levied for the difference between the amount of packaging waste corresponding to the minimum recovery or incineration objectives in incineration plants and the amount of packaging waste entrusted for recovery or incineration in incineration plants.

Additionally, an ecotax of 0.15 RON (or approximately 0.03 Euro) per piece is applied to transport bags (including plastic bags). The ecotax must be distinctly set out on sales documents and its value must be displayed in a visible location at the point of sale to inform consumers of the amount of ecotax that is payable.

Exceptions

There are no exemptions available for the contribution. As for the ecotax, transport bags manufactured from materials that comply with the requirements of SR EN 13432:2002 are exempt.

Party liable to pay tax / duty / charge / fee / contribution

The party liable to pay the contribution is the economic operator that:

- › introduces into the national market packaged goods (for the primary, secondary and tertiary sectors any packages used for packaged goods);
- › distributes for the first time on the national market packages for sale; and
- › professionally rents packages (in any form).

The ecotax is collected from the economic operator that introduces such sales packages into the national market – i.e. producers of packages (for packages produced in Romania) and distributors of packages (for packages acquired from outside Romania).

Compliance obligations	<p>All economic operators liable to pay the contribution and/or ecotax must register with the Environment Fund Administration (EFA).</p> <p>The quantities of packages introduced into the national market must be reported to the EFA on a monthly basis. The report must be made within 25 days of the first month following the month for which the quantities are required to be declared. Contributions are payable to the EFA on an annual basis. Contributions must be paid to the EFA within 25 days of the first month following the calendar year for which the contribution is due.</p> <p>The ecotax payable must be declared and paid to the EFA on a quarterly basis and within 25 days of the first month following the quarter for which the ecotax is due.</p> <p>A new compliance obligation has been introduced in Romania. Thus, all producers, traders or importers of beverages in Romania are required to register in the Guarantee-Return System database (www.returosgr.ro). Otherwise, these entities could pay fines up to 50,000 RON (10,000 Euro) or they may have their activity temporarily suspended.</p>
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Slovenia

Country overview	<p>The general Environmental Protection Act (Slovene: Zakon o varstvu okolja – ZVO-2) was completely renewed in 2022. It sets out the basic principles of environmental protection, environmental protection measures, environmental monitoring and information on the environment, economic and financial instruments for environmental protection, public services for environmental protection and other issues related to environmental protection.</p> <p>Since then, domestic Regulations have been adopted to set the limits and special rule for plastic products/waste.</p> <p>Under the Regulation on the Environmental Tax on Packaging and Waste Pollution (Slovene: Uredba o okoljski dajatvi za onesnaževanje okolja zaradi nastajanja odpadne embalaže), which was first enacted in 2006 and subsequently amended on separate occasions, a tax is chargeable on all types of packaging material (including plastic packaging) and grave candles.</p> <p>The Regulation on Packaging and Packaging Waste (Slovene: Uredba o embalaži in odpadni embalaži) has been adopted, which lays down the rules and conditions for the production and distribution of plastic packaging, as well as the rules for the management of packaging waste. There is a mandatory annual reporting of packaging waste for the previous calendar year, which can in written or electronic form.</p> <p>In 2021, the Act on the Prohibition of Placing Certain Single-Use Plastic Products on the Market in the Republic of Slovenia (Slovene: Zakon o prepovedi dajanja nekaterih plastičnih proizvodov za enkratno uporabo na trg v Republiki Sloveniji -ZDPPEUT) was adopted. In accordance with the EU's SUP Directive 2019/904 of 5 June 2019, it reduces the impact of certain plastic products on the environment and on human health. It prohibits the placing of oxo-degradable plastic and single-use plastic products on the market. Although the Act does not mention any new environmental duty, it does provide a fine to be imposed on a manufacturer for non-compliance.</p>
Scope of tax / duty / charge / fee / contribution	<p>Under the Regulation on the Environmental Tax on Packaging and Waste Pollution, the tax is levied on a packer or acquirer (including an importer) of packaged goods and a producer or acquirer of (unfilled) packaging at the rates of 33.38 Euro per annum per taxpayer and 0.0017 Euro per environmental pollution unit. Specifically, the environmental pollution unit for plastic packaging is 300 units per kilogramme.</p>
Exceptions	<p>A packer or acquirer is exempt from environmental tax if:</p> <ul style="list-style-type: none"> › the amount of packaging sold or used does not exceed 15,000 kilogrammes per annum; › the packaging is recyclable; or › the packaging has a long lifespan.

Party liable to pay tax / duty / charge / fee / contribution	<p>However, the exemption does not apply if the packaging sold or used is produced using polyvinylchloride as a material.</p> <p>A packer or acquirer (including an importer) of packaged goods, or a producer or acquirer of (unfilled) packaging, is liable to the tax.</p>
Compliance obligations	<p>The tax must be paid to the Financial Administration of the Republic of Slovenia by the last day of the first month following the quarter for which the tax is due, which is:</p> <ul style="list-style-type: none"> › for the period from 1 January to 31 March: 30 April; › for the period from 1 April to 30 June: 31 July; › for the period from 1 July to 30 September: 31 October; and › for the period from 1 October to 31 December: 31 January.

Spain

Country overview	<p>On 1 January 2023, a tax on non-reusable plastic packaging products, as part of a broader waste and contaminated soils legislative package (7/2022, 8 April Law), entered into force in Spain. The law transposes into Spanish law, among other things, the EU SUP Directive and is intended to discourage the production and use of non-reusable plastic products by imposing a tax on non-reusable plastic products at the rate of 0.45 Euro per kilogramme of non-reusable plastic packaging and an additional tax on waste incineration and disposal in landfills.</p>
Scope of tax / duty / charge / fee / contribution	<p>The tax is levied on the manufacture, import and intra-EU acquisition of non-reusable plastic packaging, semi-finished plastics that are used in the manufacturing of the packaging (for example, pre-forms or thermoplastic foils), and any plastics that are used for the closing, commercialisation or presentation of single-use plastic packaging. For the purposes of the tax, "reusable packaging" will refer to packaging designed for multiple uses throughout its life-cycle.</p>
Exceptions	<p>The following types of non-reusable plastic packaging will be excluded from the tax's scope or will be exempt:</p> <ul style="list-style-type: none"> › recycled plastic, which is plastic that has already been under a chemical process and is already recycled; › non-reusable plastic packaging that is not designed to be delivered jointly with the goods that it contains, protects or manipulates; › non-reusable plastic packaging that is used for the protection, manipulation, distribution and presentation of special medical, agricultural and livestock products; › the manufacture, import or intra-EU acquisition of packaging made with less than 5 kilogrammes of non-reusable plastic packaging in one month; › non-reusable plastic packaging that is directly exported by a manufacturer to another Member State or outside the EU; › non-reusable plastic that has been destroyed or rendered unsuitable for use prior to the completion of the manufacturing process; and › the manufacture, import or intra-EU acquisition of paints, stains, lacquers and adhesives intended to be incorporated into products falling within the tax's scope.
Party liable to pay tax / duty / charge / fee / contribution	<p>The manufacturer, importer or intra-EU acquirer of non-reusable plastic packaging is liable to the tax.</p>
Compliance obligations	<p>Plastic tax compliance obligations are different depending on the activity carried out in Spain.</p> <p>A taxpayer who carries out intra-community acquisitions of plastic envelopes in Spain is obliged to register with the tax's local registry. Once they are registered, the taxpayer will have to file</p>

quarterly or monthly returns and keep a stock record book of plastic acquisitions and submit it to the Spanish tax authorities.

A manufacturer of non-reusable plastic packaging will be required to register with the tax's local registry. Once they are registered, the taxpayer will have to file quarterly or monthly returns and keep stock records of plastic packaging manufacturing and file them with the Spanish tax authorities. Recently, the Tax Agency has stated that it is necessary to include a breakdown of the acquisitions made in this register, excluding the possibility of making a summary entry.

Importers do not have the obligation to register or an accounting obligation. They will have to pay the plastic tax in the customs department through the custom agent.

Where the taxpayer is a non-established entity in Spain, it will be required to appoint a local tax representative with the Spanish Tax Administration Agency for the purposes of complying with the applicable rules.

Finally, the law includes an obligation for a manufacturer, in the first sale or delivery of the products subject to the tax, to charge the amount of tax accrued and include in its invoice the following information: (a) the amount of tax accrued; (b) the amount of non-reusable plastic contained in the product (in kilogrammes); and (c) the applicable exemptions, if any, and the weight of the plastic. In all other cases, upon the purchaser's request, the person delivering or selling the products should state these details in the invoice or in a separate certificate.

Please note that the failure to comply with these obligations will result in penalties that will range between 75 Euro up to 150% of the amount that would have been owed.

Sweden

Country overview

Sweden currently has no finalised plans to fund the payment of its plastic levy obligation through the adoption of a national plastic tax.

Switzerland

Country overview

Switzerland currently has no plans to introduce a national "plastic tax".

On 1 September 2020, the Environment Committee of the Swiss National Council (i.e., the lower house of the Federal Assembly of Switzerland, Switzerland's legislative body) passed a motion calling for the Federal Council (i.e., Switzerland's executive body) to introduce a tax on disposable plastic products with packaging containing less than 25% recycled material by 2025. However, in March 2021, the Environment Committee of the Council of States (i.e. the Federal Assembly's upper house) rejected the legislative initiative. There is currently no indication that a "plastic tax" will be adopted in Switzerland in the near term.

United Kingdom

Country overview

The Plastic Packaging Tax Act 2022 came into force on 1 April 2022, and from 1 April 2024 is charged at a rate of 217.85 GBP per tonne of plastic packaging (being previously 210.82 GBP as at 1 April 2023). The tax is designed to incentivise businesses to use substantively recycled plastic (as opposed to virgin plastic) in the manufacture of plastic packaging, stimulate recycling and reduce plastic waste. In terms of its fiscal impact, the tax raised 276 GBP million in the financial year that ended in April 2023 for the UK Exchequer.

Scope of tax / duty / charge / fee / contribution

The tax applies to plastic packaging manufactured in or imported into the UK that contains less than 30% recycled plastic.

Plastic packaging is packaging that is predominantly plastic by weight. In other words, packaging that contains multiple materials but contains more plastic by weight than any other single material is plastic packaging for the tax's purposes.

Imported plastic packaging is liable to the tax irrespective of whether the packaging is filled (i.e. packaging that already contains goods, such as plastic bottles filled with liquid) or is unfilled.

Exceptions

A tax exemption exists for the following types of plastic packaging irrespective of the actual amount of recycled plastic that such packaging may contain:

- › plastic packaging manufactured or imported for use in the immediate packaging of a medicinal product (i.e. a container or other forms of packaging that are immediately in contact with the medicinal product);
- › transport packaging used on imported goods (notable exceptions to this exemption are unfilled plastic packaging, normal packaging around a sales unit, and Intermediate Bulk Containers);
- › plastic packaging used as aircraft, ship or rail stores; and
- › components that are permanently designated or set aside for use other than for a packaging use.

The payment of the tax on plastic packaging that is expected to be exported within 12 months from its manufacture or importation into the UK is deferred, and only becomes payable if the export does not take place. This relief can be claimed by both manufacturers and importers of plastic packaging.

A tax credit is available where plastic packaging (either imported or manufactured), on which tax has been paid, is subsequently exported.

Furthermore, there are three categories of products that are not chargeable to the tax because these products are specified as not being classed as a packaging component:

- › where the packaging function is secondary to the storage function (such as toolboxes, first aid boxes, glass cases, DVD cases, etc.);
- › where the packaging is an integral part of the goods (such as inhalers, tea bags, printer cartridges, etc.); and
- › where the product is designed primarily to be reused for the presentation of goods (such as sales displays, shop fittings, etc.).

Party liable to pay tax / duty / charge / fee / contribution

For plastic packaging manufactured in the UK, the business that performs the last substantial modification before the packing or filling process is the entity that is liable to the tax.

As for plastic packaging imported into the UK, the business that imports plastic packaging components that have already undergone their last substantial modification is liable to the tax. HMRC, the UK tax authority, expects businesses to undertake due diligence on their supply chain to identify which party is liable for the tax, as there may be a joint and several liability for unpaid tax in the supply chain if it is unpaid by another party.

In this respect, any process that changes the shape, thickness, weight or structure of a packaging component is regarded as a substantial modification.

Manufacturing processes of blowing, cutting, labelling and sealing are not classed as substantial modification for the purposes of the Plastic Packaging Tax regulations.

Importers of plastic packaging

Businesses can import certain types of reusable packaging into the UK using the Temporary Admission procedure, which will not be subject to the Plastic Packaging Tax (PPT). The relief applies to goods that are temporarily imported into the UK or are moved from Great Britain into Northern Ireland and are used for up to 2 years or more, before being re-exported.

Compliance obligations**Registration**

A business is liable to register for the tax if it has manufactured or imported at least 10 tonnes of plastic packaging in a 12-month period ending on the last day of a calendar month (i.e. the retrospective test), or if it expects to manufacture or import at least 10 tonnes of plastic packaging in the next 30 days (i.e. the prospective test). A manufacturer or importer of less than 10 tonnes of plastic packaging is not liable for registration.

For the purposes of determining whether the registration threshold has been exceeded, the weight of plastic packaging that contains at least 30% or more recycled plastic, including some of the exempt plastic packaging (such as packaging used on a medical product and packaging that is permanently designated or set aside for use other than for a packaging use), must also be counted towards the registration threshold. Plastic packaging that does not count towards the registration threshold includes transport packaging on imported goods and that used for stores on international journeys. If the registration conditions are met, then registration is required even if a business's plastic packaging is not chargeable (for example, because it contains more than 30% recycled plastic) and it is not required to pay the tax.

Return filings

Upon registration, the business is required to file quarterly tax returns with the HMRC. The returns must be submitted and tax paid by no later than the last working day of the first month following the end of the accounting period being reported.

Deregistration

A business must deregister if it is no longer liable for PPT by submitting an online request for HMRC to deregister.

A final PPT tax return for the period up to the deregistration date must be submitted and any tax due must be paid no later than the last working day of the month following the end of the accounting period the business is reporting.

All records must be kept up to the deregistration date for a further 6 years.

Amendment to the PPT returns

If a submitted return includes incorrect information, then it should be corrected as soon as possible and within 4 years of the original return's due date.

Record keeping

Key documentation and evidence should be maintained on file in a case of an HMRC audit and include documents provided from the manufacturer of the plastic packaging, or evidence that proves that the business concerned (or a competent third-party) has a robust supply chain audit that can provide this evidence, such as production specification, contracts, and production.

Creating invoices

Businesses are encouraged to make the PPT paid visible to their customers, but are not required to include a statement on invoices that PPT has been paid (this was originally planned to be introduced but HMRC have confirmed in their guidance that this will not be mandatory).

Penalties

HMRC introduced a new penalty regime specific to UK PPT reporting failures in 2023, and also published associated guidance. The regime includes penalties relating to a failure to register, late registration, a failure to submit a return, the late submission of returns, late payment of amounts included in returns, errors in returns, documentary failures and other administrative failures.

**Client
Experience**

We have seen an increased number of clients in the UK seeking advice on PPT, primarily around interpretation of the rules, data collection and manipulation and where HMRC have requested site visits.

We view the introduction of the PPT specific penalty regime, and the associated HMRC guidance, as a signal of a move from HMRC's initial educational period when the regime was first introduced, to an enforcement period for the tax, and anticipate that HMRC will be taking a less accommodating approach towards businesses that have not been engaged with or it remain non-compliant.

Businesses who have a presence in the UK should review their supply chain(s) and determine whether any registration is required and keep appropriate underlying records, to ensure they can demonstrate compliance in the event of scrutiny from HMRC.

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