

Plastic Taxation in Europe: Update 2023

Introduction

Tackling Plastics Pollution and Waste at the global, regional and national Levels

On 2 March 2022, 175 member states of the United Nations (UN) endorsed a resolution at the fifth session of the UN Environment Assembly in Nairobi to create an intergovernmental negotiating committee to commence work on crafting a legally binding international agreement by the end of 2024 to tackle plastics waste and pollution.¹ While details of the exact scope of this "plastic treaty" have yet to be delimited, it is significant that the UN resolution has received strong multilateral support – crucially, from major plastic-producing member states such as the United States and China – and, if signed and ratified by the UN member states, the treaty promises to be a landmark, first-of-its-kind global agreement designed to address the full lifecycle of plastic, including its production, design and disposal, with the stated objective of reducing plastic waste and pollution.

This decisive step taken by the international community is the latest in a series of initiatives undertaken by different groups and countries that acknowledge the scale of proliferation of plastic waste in recent decades and the significant environmental dangers presented by plastic pollution. In Europe, the issue of plastic packaging waste has been at the forefront of policy thinking at the regional and national levels. 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 (Member State). This "plastic levy" is designed to reduce the proliferation of non-recycled plastic waste while concurrently funding the 2021–2027 EU budget against the back-drop of the increased spending from COVID-19.

Each Member State is required to pay a levy determined by multiplying a rate of EUR 0.80 per kilogram to the weight of non-recycled plastic packaging waste. While some Member States are currently 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 already extended (or are considering extending) existing schemes to tax plastic products as well. Additionally, some non-EU European countries have also begun to target the use of plastic products in a bid to cut plastic waste and move towards a circular economic model.

Plastic Taxation in the EU: Different Approaches to financing the EU Plastic Levy



Among the Member States that have implemented some kind of plastic tax, the tax design varies greatly. Some are focusing 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 Member States are imposing a tax on domestic and foreign sourced plastic products, whereas other Member States are relying on an excise tax mechanism to exclusively target foreign sourced plastic products. The list of exempt products also differs from one Member State to another. Crucially, the rate of tax varies across Member States, with some choosing not to levy a tax altogether.

What has emerged is a patchwork of uncoordinated national rules that necessitate careful examination and navigation by enterprises operating in multiple Member States. Seen from this angle, harmonised EU plastic tax legislation to streamline the existing national plastic tax regimes will undoubtedly be a major labour-saver for enterprises and will be welcomed.

Despite its appeal, the introduction of an EU-wide excise duty is not straightforward given the principle of unanimity in tax matters under EU law. The Member States will have to agree on uniform tax objects, taxable events and (minimum) tax rates. As both the volume of plastic waste and recycling rates differ substantially from one Member

State to another, a lengthy process of negotiations and compromise will be expected before an EU-wide agreement can be reached. Moreover, the Member States will also have to unanimously agree on adjustments to a plastic tax directive. The difficult and prolonged negotiations underpinning the revisions to the Energy Tax Directive provide an indication of the challenges of embarking on such an ambitious undertaking particularly since there is an absence of consensus on whether or not to tax plastic products and, if so, the kind of plastic products to tax.

Finally, in line with EU law's subsidiarity principle, the Member States should, as a starting point, be allowed to determine the most appropriate measures to implement at the national level to reduce plastic packaging waste, and so intervention by the EU in this field should not be a first resort. In light of the above, harmonisation of plastic taxation rules across the Single Market, while desirable, appears to be an unlikely prospect in the foreseeable future.

Introduction of Plastic Taxes in Europe



Plastic Levy

- › Method of calculating the contributions to the EU budget: EU own resources
- › Partial replacement of national contributions calculated according to Gross National Income (GNI)



Plastic Tax

- › Refinancing of the plastic levy through the introduction of new excise duties
- › No requirements by EU directives, but freedom of design for the member states
- › Very different approaches in the member states

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 afoul 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 can have wide ranging implications on an enterprise's internal processes and procedures. As a preliminary step, the enterprise will need to familiarise itself with the types of plastic tax that are levied in each country in which it operates and ascertain which of its local entities is liable to pay the tax. 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. This report is an update of our report from 2022 and it contains the most recent information on the status of plastic tax in most of the Member States of the European Union.

Overview of the State of Implementation

Below is a summary of some of the significant measures proposed or adopted by European countries (including Member States) 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 to 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.

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 BGN 2.33 (or approximately EUR 1.20) per kilogram.

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

The following persons are liable to pay the product fee:

- › 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.

Compliance obligations

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.

**Czech Republic****Country overview**

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.

**Denmark****Country overview**

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 2020. 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.

Scope of tax/duty/charge/fee/contribution

The applicable excise duty rates for carrier bags made of plastic are as follows:

- › 2021 to 2023 – DKK 69.63 (or approximately EUR 9.30) per kilogram; and
- › from 2024 onwards – DKK 73.46 (or approximately EUR 9.80) per kilogram.

The applicable excise duty rates for disposable tableware (including plastic tableware) are as follows:

- › 2021 to 2023 – DKK 60.77 (or approximately EUR 8.20) per kilogram; and
- › from 2024 onwards – DKK 64.11 (or approximately EUR 8.60) per kilogram.

The applicable excise duty rates for packaging not included in the mandatory deposit on returnable packaging scheme varies depending on volume, purpose and material.

Exceptions

Under prescribed circumstances, goods imported from outside the EU may be subject to lower threshold limits.

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

The following businesses are liable to pay excise duty:

- › a business manufacturing carrier bags, disposable tableware, etc.;
- › a business importing or receiving goods subject to excise duty from a Member State 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.

Compliance obligations

A business manufacturing carrier bags, disposable tableware, etc. must register as a warehousekeeper. A warehousekeeper must report the taxable quantity or value of taxable goods that it has supplied on a monthly basis.

A business importing or receiving goods subject to excise duty from a Member State 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.

A wholesaler is not required to be registered but may do so on a voluntary basis.

Registration must be made separately for each type of excise duty.



Estonia

Country overview

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.

Scope of tax/duty/charge/fee/contribution

An excise duty at the rate of EUR 2.50 per kilogram is imposed on goods packaging introduced into the Estonian market or acquired in and imported from another Member State 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 pursuant to Council Regulation (EEC) Number 2658/87).

Exceptions

The excise duty is exempt for the following types of packaging:

- › packaging of which at least 85% is recycled;
- › packaging that contains goods acquired by natural persons from another Member State for non-business-related purposes;
- › exported packaging;
- › various diplomatic-use-related packaging;

- › packaging transported from Estonia to another Member State;
- › packaging intended for sale on a ship or plane; and
- › plastic packaging that weighs less than 25 kilograms per quarter, which is marketed in Estonia and acquired from another Member State or is imported.

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

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.

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.

As for packaging acquired from another Member State, the person that acquires the packaging is liable for the excise duty.

Compliance obligations

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.



France

Country overview

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



Germany

Country overview

No "plastic tax" is currently levied in Germany and no draft legislation has yet been presented concerning introducing such a tax. Nevertheless, the current federal government announced in 2021 that it would like to introduce a plastic tax to pass on the EU plastic levy to manufacturers and importers of single-use plastic packaging. In the same year, the Federal Environment Agency launched a research project in which the design alternatives of a plastic tax in Germany would be worked out by 2024. The potential revenue from this tax is expected to be around 1.4 billion euros.

In addition, the Bundestag and the Bundesrat each passed the bill for the Single-Use Plastics Fund Act (EWKFondsG) in March 2023. According to the adopted law, from 1 January 2025, the manufacturers and importers of selected single-use plastic products will be obliged to pay an annual levy to a central fund, which will be administered by the Federal Environment Agency. This special levy will be determined on the basis of the quantities of single-use plastic put into circulation by the respective companies in 2024.

The Single-Use Plastics Fund Act aims to implement Article 8 paragraphs 1–7 in conjunction with Article 14 of the EU Single-Use Plastics Directive RL (EU) 2019/904 into national law. As a result, Member States must introduce extended producer responsibility regimes 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 Single-Use Plastics Fund Act covers products wholly or partly made of plastic that are not designed, developed and placed on the market to accomplish within their life span multiple trips or rotations by being refilled or re-used for the same purpose for

which they are conceived. In Annex 1, the Single-Use Plastics Fund Act defines the single-use plastic products that will be subject to the levy:

- › Food Containers
- › Packets and wrappers made from flexible material containing food
- › Beverage containers with a capacity of up to three litres
- › Cups for beverages, including their covers and lids
- › Lightweight plastic carrier bags
- › Wet wipes
- › Ballons
- › Tobacco products with filters containing plastic

The amount of the levy is based on the type and quantity of those products that the manufacturers and importers have previously placed on the market. In this regard, the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) published on 12 January 2023 the draft bill of an ordinance on the levy rates and the points system of the Single-Use Plastics Fund. The ordinance draft contains levy rates for each product class and further operational regulations such as the disbursement system to the local communities and other rightful beneficiaries.

Single-use plastic products	Estimated Mass in Tonnes	Rate of levy per kilogramme in euros	Estimated revenue in Euro (rounded)
Food Containers	296.000	0,177	52.300.000
Packets and wrappers	75.000	0,871	65.300.000
Non-deposited beverage containers	251.000	0,180	45.300.000
Deposited beverage containers	387.000	0,001	387.000
Cups for beverages	59.000	1,231	72.600.000
Lightweight Plastic carrier bags	7.000	3,790	26.500.000
Wet wipes	106.000	0,060	6.400.000
Ballons	1.000	4,338	4.300.000
Tobacco products with filters	18.000	8,945	161.000.000
Total			434.000.000

The Federal Ministry expects an annual revenue of around €434 million euro. The first payouts to municipalities are scheduled for fall 2025 for their waste management services provided in 2024.

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.

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

From 1 January 2024, the manufacturers and the importers of single-use plastic products are obliged to register electronically on the German Environment Agency's website. A simplified procedure should be made possible for companies that are already registered in the LUCID packaging register.

As long as the new Single-Use Plastics Fund Act comes into force, non-registered manufacturers will no longer be allowed to provide, sell or commercially offer single-use plastic products on the market. Alongside those prohibited products, the operators of electronic marketplaces will be required to stop manufacturers from placing their products on such electronic markets, unless they have accomplished the required proceeding registration.

The registration duty is essential for producers, and not without reason, since fulfillment service providers are also obliged to check a producer's status before offering their services. A violation of the mandatory registration constitutes an administrative offence and a breach can lead to a fine of up to 100,000 euros.

Annually on May 15, i.e. for the first time on May 15, 2025, manufacturers must report to the German Environmental Agency the quantity and the type of single-use plastic products, placed or sold on the market during the previous year. If a de minimis threshold of 100 kilograms per calendar year is exceeded, then the reported quantities must be verified and confirmed by registered experts, auditors, tax advisors or certified accountants. A violation of the reporting obligations constitutes an administrative offence and can be fined up to 10,000 euros. Unless a report is submitted, the German Environmental Agency retains the right to estimate the quantities placed on the market.

The German Environmental Agency determines the special levy by issuing a notice on the assessment of public charges. The amount of the special levy is calculated by multiplying the reported quantities by the respective levy rates. The payment must be made one month after receiving the tax assessment notice.

Regional Taxes

Separately from national developments, the city of Tübingen has been the first local authority in Germany to introduce a packaging tax at the municipal level. Since 1 January 2022, tax has been applied to disposable packaging and cutlery and levied at the rate of EUR 0.50 for each disposable beverage container, piece of disposable tableware and disposable food packaging, and at the rate of EUR 0.20 for each disposable cutlery set, subject to a cap of EUR 1.50 per meal. The tax is collected by the retail outlets responsible for providing such disposable packaging and cutlery (such as snack bars, bakeries, petrol stations, etc.).

In March 2022, the Administrative Court of Baden-Württemberg declared the Tübingen packaging tax invalid, following a complaint from a fast food chain franchisee. The city of Tübingen has appealed against this ruling to the Federal Administrative Court in Leipzig. In June 2022, the municipal council decided that the packaging tax will continue to be levied and so Tübingen businesses that sell disposable packaging remain liable to the tax.

However, until the Federal Administrative Court rules on the appeal, the city council will not yet collect the tax. Local businesses have not yet received a notice of assess-

ment and will not have to submit a tax return until further notice. However, they can apply for advance payment notices, such as if they would like to make advance payments for fiscal reasons. The municipality will inform all businesses as soon as a tax return must be submitted.

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.

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.

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

- › plastic (excluding plastic carrier bags) – HUF 57 (or approximately EUR 0.15) per kilogram;
- › plastic carrier bags (excluding plastic carrier bags made of biodegradable plastic) – HUF 1,900 (or approximately EUR 5.30) per kilogram;
- › plastic carrier bags made of biodegradable plastic – HUF 500 (or approximately EUR 1.40) per kilogram;
- › flowers, foliage or fruits made of plastics or containing plastic parts, and articles made of artificial flowers, foliage or fruit – HUF 1,900 (or approximately EUR 5.30) per kilogram; and
- › a polluter of marginal quantity (provided that the product stream comprises other plastic products) – flat-rate of HUF 4,000 (or approximately EUR 11.20) per annum.

Exceptions

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

- › used for the purposes of packaging as an agricultural producer who is entitled to pay a flat-rate product charge (this exemption will cease from 1 July 2023);
- › admitted into the register of reusable packaging products. This includes: (a) reusable packaging products within a government-approved deposit-and-return scheme; and (b) reusable pallets (for at least 365 days from the date of receipt) to be used as a reusable packaging aid for making packaging;
- › used as packaging materials or sundries; or
- › deposited into a product charge warehouse.

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

The product charge is paid by:

- › the first supplier or user for one's own purpose of such products;
- › the first domestic supplier of imported intermediate packaging materials subject to the product charge; or
- › the first domestic holder of packaging waste from dismantled packaging.

Compliance obligations

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

A taxable person must submit a declaration 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 taxable person is a polluter of marginal quantity that is entitled to pay a flat-rate product charge, then it must submit a declaration 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.

In the case of a taxable person that is a farmer entitled to pay a flat-rate product charge, then such a farmer is exempt from the requirement to make a declaration but must pay the product charge due by 20 April following the calendar year for which it is due (this regulation will be repealed from 1 July 2023).



Italy

Country overview

The plastic packaging tax, which was initially scheduled to enter into effect on 1 July 2020, (and was then postponed to 1 January 2021, then to 1 July 2021, then to 1 January 2022, and then to 1 January 2023) will not come into force until 1 January 2024, unless possible additional postponements are adopted. The tax is expected to be charged at a rate of EUR 0.45 per kilogram 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 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, 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 Member State 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:

- › for MACSI manufactured in Italy, the business that manufactures the MACSI will be liable to the tax;
- › for MACSI delivered to Italy from other Member States, 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 for which the tax return relates to. 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 may 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

The applicable tax rates for plastic packaging and single-use tableware and accessories made of plastic are as follows:

- › plastic-sourced materials (except bio-plastics and oxy-degradable plastic-sourced materials) – EUR 1.22 per kilogram;
- › polystyrene-sourced materials – EUR 2.20 per kilogram; and
- › oxy-biodegradable plastic materials – EUR 0.24 per kilogram.

The applicable tax rates for plastic bags are as follows:

- › light plastic bags – EUR 4.80 per kilogram;
- › plastic bags with a material thickness of more than 50 microns – EUR 1.50 per kilogram; and bioplastic – EUR 0.24 per kilogram.

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 producer responsibility 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 producer responsibility scheme, it is exempt from NRT on plastic packaging.

The exemption from NRT similarly applies to the plastic packaging of beverages under the deposit system, which came into force on 1 February 2022.

The exemption from NRT does not apply to single-use tableware and accessories made of plastic or to plastic bags.

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

NRT is paid by the first person to:

- › 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 recipient of the service.

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.

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).

Compliance obligations

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 EUR 142.29, 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. Further amendments to the Law are expected to take effect on 1 January 2028. Another draft law is pending discussion in Parliament, and, if passed, it is likely to take effect on 1 January 2024.

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

Exceptions

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

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;
- › 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.

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 16% (with a temporary decrease for the year 2023) 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 extended producer responsibility and recycling of waste. When plastic single-use products are produced and imported then the Extended Producer Responsibility or *EPR (Uitgebreide Producent-verantwoordelijkheid)* 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 kilograms or more of plastic packaging into the Dutch market; or
- › disposes of 50,000 kilograms 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 (regular rate) – EUR 1.05 per kilogram (excluding VAT);
- › plastic packaging (lower rate) – EUR 0.79 per kilogram (excluding VAT); and
- › biodegradable plastic packaging – EUR 1.05 per kilogram (excluding VAT).

An enterprise qualifies for the lower rate of EUR 0.79 per kilogram if the plastic packaging has a positive market value and can be properly sorted and recycled.

Extended Producer Responsibility

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 (Single Use Plastic)* amounts to EUR 2.30 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 kilograms of plastic packaging into the Dutch market; or (b) disposes of less than 50,000 kilograms 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

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 extended producer responsibility for fishing equipment. This will take effect by 31 December 2024 at the latest.

Party liable to pay tax/duty/charge/fee/contribution*Waste management contribution*

An enterprise that meets or exceeds the 50,000 kilogram 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.

Extended Producer Responsibility

An enterprise that produces disposable plastic products.

Compliance obligations*Waste management contribution*

An enterprise that meets or exceeds the 50,000 kilogram 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.

Extended Producer Responsibility

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.

**Poland****Country overview**

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.

Since 1 January 2018, the law introducing the so-called recycling fee, implementing Directive 2015/720 of 29 April 2015, came into force.

On 9 March 2023 the Polish Parliament passed a law implementing Directive 2019/904/EU of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment (the so-called Single-Use Plastics Directive); this 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). This law is expected to enter into force in the second quarter of 2023.

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

The new regulation prohibits placing on the Polish market oxo-degradable plastics 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, will be obliged to collect a fee from the end-user (i.e. those purchasing products for their own use, without further resale) of up to PLN 1.00 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;

– will be obliged to pay an annual fee of up to PLN 0.20 per 1 kg for products indicated in points 1)-5) and up to PLN 0.03 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 – PLN 0.01 per 10 items;
- › wet wipes, balloons, sanitary towels (pads), tampons and tampon applicators – PLN 0.01 per single item;
- › lightweight plastic carrier bags with a wall thickness below 50 microns – PLN 0.05 per 1 kg.

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) and 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 a product fee of up to PLN 4.50 per 1 kg.

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 PLN 0.20 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 will 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 a database of products and packaging and waste management (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

Following Ministerial Order Number 331-E/2021 of 31 December 2021 (as amended by Ministerial Order no. 312-C/2022, of 30 December 2022), a contribution of € 0.30 per package is levied on single-use packaging made of plastic or aluminium (or multi-material containing plastic or aluminium) used in ready-to-eat meals. The contribution has been in force since **1 July 2022** for single-use packaging made of plastic (or multi-material with plastic) and will come into force from **1 September 2023** for single-use packaging made of aluminium (or multi-material containing aluminium).

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 made of plastic or aluminium (or of multi-material packaging made of plastic or aluminium, regardless of its amount in the total weight of the packaging), which are used in ready-to-eat meals.

Following the amendments introduced by Ministerial Order no. 312-C/2022, of 30 December 2022, single-use beverage packaging is excluded from the scope of the contribution, to avoid potential distortion of competition between beverages supplied in shops and those supplied through vending machines.

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 (i.e. in a mobile or movable unit, and in a fixed premises where fewer than 20 events are held each year, with a maximum cumulative annual duration of 30 days); 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, or to the Autonomous Regions of Azores and Madeira; or
- › used for social or humanitarian purposes.

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.

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 2023 is submitted by 5th April 2023, the assessment of the contribution is electronically and automatically notified by 15th April 2023 and the contribution should be paid by 15th May 2023).



Romania


Country overview

Following 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 RON 2 (or approximately EUR 0.40) per kilogram 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 RON 0.15 (or approximately EUR 0.03) 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	<p>The party liable to pay the contribution is the economic operator that:</p> <ul style="list-style-type: none"> › 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). <p>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).</p>
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 will pay fines up to RON 50,000 (EUR 10,000) or they may have their activity temporarily suspended.</p>
 Slovenia Country overview	<p>Under the Decree on the Environmental Tax on Packaging and Waste Pollution (<i>Slovene: Uredba o okoljski dajatvi za onesnaževanje okolja zaradi nastajanja odpadne embalaže</i>), 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>
Scope of tax/duty/charge/fee/contribution	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 EUR 33.38 per annum per taxpayer and EUR 0.0017 per environmental pollution unit. Specifically, the environmental pollution unit for plastic packaging is 300 units per kilogram.
Exceptions	<p>A packer or acquirer is exempt from the tax if:</p> <ul style="list-style-type: none"> › the amount of packaging sold or used does not exceed 15,000 kilograms per annum; › the packaging is recyclable; or › the packaging has a long life span.

However, the exemption does not apply if the packaging sold or used is produced using polyvinylchloride as a material.

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

A packer or acquirer (including an importer) of packaged goods, or a producer or acquirer of (unfilled) packaging, is liable to the tax.

Compliance obligations

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:

- › 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

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 Single-Use Plastics 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 EUR 0.45 per kilogram of non-reusable plastic packaging and an additional tax on waste incineration and disposal in landfills.

Scope of tax/duty/charge/fee/contribution

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.

Exceptions

The following types of non-reusable plastic packaging will be excluded from the tax's scope or will be exempt:

- › 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 kilograms of non-reusable plastic packaging in one year; and
- › non-reusable plastic packaging that is directly exported by a manufacturer to another Member State or outside the EU.

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

The manufacturer, importer or intra-EU acquirer of non-reusable plastic packaging is liable to the tax.

Compliance obligations

Plastic Tax compliance obligations are different depending on the activity carried out in Spain.

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 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.

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 kilograms); 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.



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 2023 is charged at a rate of £210.82 per tonne of plastic packaging (being previously £200). The tax is designed to incentivise businesses to use substantially 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 is expected to generate between GBP 220 to 240 million per annum 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.

Additionally, plastic packaging that is exported within 12 months from its manufacture is not subject to the tax.

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 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. 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. 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 business customers. The requirement to include a statement with an invoice to show that PPT has been paid, which was due to commence in April 2022, has been delayed. More information and guidance will be published in due course.

Client Experience

We have seen an increased number of clients in the UK seeking advice on Plastic Packaging Tax, primarily around interpretation of the rules, data collection and manipulation. We have also seen instances where HMRC have undertaken onsite visits, which shows they are investing time and resources into targeting businesses who have not registered for PPT but have business activities that suggest they could be in-scope. It is not currently clear what strategy HMRC is using to identify which businesses to review, but we understand that significantly fewer registrations have been made than expected. 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.

Contact

Austria**Matthias Mitterlehner**

matthias.mitterlehner@icon.at

Sabine Steiner

sabine.steiner@icon.at

ICON Wirtschaftstreuhand GmbH

4020 Linz

Stahlstraße 14

T +43 732 69412

icon.at/en

Belgium**Stijn Vastmans**

Stijn.Vastmans@tiberghien.com

Tiberghien

Havenlaan 86C B419

1000 Brussels

T +32 2 773 4000

tiberghien.com

Bulgaria**Veselina Petkova**

veselina.petkova@delchev-lawfirm.com

Delchev & Partners

8 Tsar Kaloyan str., 2nd floor

Sofia 1000

T +359 2 933 09 81

delchev-lawfirm.com

Czech Republic**Jana Alfery**

Jana.Alfery@alferypartner.com

Jana Kotíková

jana.kotikova@alferypartner.com

WTS Alfery s.r.o.

Václavské náměstí 40

110 00 Prague 1

T +420 221 111 777

alferypartner.com

Denmark**Marjam Brink**

mabr@lundgrens.dk

Lundgrens Law Firm P/S

Tuborg Boulevard 12

DK-2900 Hellerup, Copenhagen

T +45 3525 2535

lundgrens.dk/en

Estonia**Kärt Anna Maire Kelder**

kart.kelder@sorainen.com

Verner Silm

verner.silm@sorainen.com

Sorainen

Rotermanni 6

10111 Tallinn

T +372 6 400 900

sorainen.com

France**Laurence Jardin**

laurence.jardin@fidal.com

Fidal

4-6 Avenue d'Alsace, Tour Prisma

CS 21728

92982 Paris la Défense cedex

T +33 1 46 24 30 30

fidal.com/en

Germany**Dr. Karen Möhlenkamp**

karen.moehlenkamp@wts.de

Dr. Sabine Schulte-Beckhausen

sabine.schulte-beckhausen@wts.de

Bertil Kapff

bertil.kapff@wts.de

WTS Steuerberatungsgesellschaft mbH

Klaus-Bungert-Str. 7

40468 Düsseldorf

T +49 (0) 211 200 50 – 669

wts.com

Great Britain**Lucy Healy**

lucy.healy@fticonsulting.com

FTI Consulting

200 Aldersgate

Aldersgate Street

London EC1A 4HD

T +44 20 3727 1000

http://fticonsulting.com

Contact

Hungary**Tamás Gyányi**

tamas.gyanyi@wtsklient.hu

Zoltán Cseri

zoltan.cseri@wtsklient.hu

WTS Klient Tax Advisory Ltd.

Stefánia út 101-103.

H-1143 Budapest

T +36 1 887 3736; +36 30 68 68 873

wtsklient.hu

Italy**Chiara Mejnardi**

chiara.mejnardi@ra-wts.it

WTS R&A Studio Tributario

Corso Re Umberto, 10

10121 Torino

T +39 011 433 83 51

ra-wts.it

Latvia**Jānis Taukačs**

janis.taukacs@sorainen.com

Sorainen

Kr. Valdemara 21

LV-1010 Riga

T +371 67 365 000

sorainen.com

Lithuania**Saulė Dagilytė**

saule.dagilyte@sorainen.com

Ieva Tumulavičiūtė

ieva.tumulaviciute@sorainen.com

Sorainen

44A Gedimino Ave

LT-01110 Vilnius

T +370 52 685 040

sorainen.com

Luxembourg**Michiel Boeren**

michiel.boeren@tiberghien.com

Ngoc-My Nguyen

ngoc-my.nguyen@tiberghien.com

Tiberghien Lawyers

23, Boulevard Joseph II

LU-1840 Luxembourg

T +352 27 47 51 11

tiberghien.com

The Netherlands**Roelof Gerritsen**

rg@atlas.tax

Lieke Van Dongen

lvd@atlas.tax

Atlas Tax Lawyers

Weteringschans 24

1001 NB Amsterdam

T +31 20 535 4567

atlas.tax/en

Poland**Lidia Adamek**

lidia.adamek@wtssaja.pl

Natalia Dekert

natalia.dekert@wtssaja.pl

Doradztwo Podatkowe**WTS&SAJA Sp. z o.o.**

Bałtyk Building, 13th Floor,

ul. Roosevelta 22

60-829 Poznań

T +48 61 643 45 50

wtssaja.pl

Portugal**Conceição Gamito**

crg@vda.pt

Teresa Teixeira Mota

ttm@vda.pt

Nidia Rebelo

nrr@vda.pt

Nadine Gomes

ngs@vda.pt

Vieira De Almeida

Rua Dom Luís I, 28

1200-151 Lisboa

T +351 21 311 33 55

www.vda.pt/en

Romania**Mihaela Danalache**

mihaela.danalache@ensight.ro

Florin Gherghel

florin.gherghel@ensight.ro

Ensignt Finance

25 Alexandru Constantinescu Street

011471 Bucharest

T +407 4802 6865

ensight-finance.ro

Contact

Slovenia

Mateja Babič

mateja.babic@wts-tax.si

Tanja Pernuš

tanja.pernus@wts-tax.si

WTS TAX d.o.o.

Žanova ulica 3

4000 Kranj

T +386 59 071 705

wts.com

Spain

Paula Fernández

paulafernandez@arcoabogados.es

ARCO Abogados y Asesores Tributarios

C. Beethoven, 15, 5º

08021, Barcelona

T +34 934 871 020

arcoabogados.es/en

Sweden

Pontus Kartberg

pontus.kartberg@svalner.se

Ulrika Grefberg

ulrika.grefberg@svalner.se

Svalner

Smålandsgatan 16

111 46, Stockholm

T +46 8 528 01 250

svalner.se

Switzerland

Bruno Bächli

b.baechli@wengervieli.ch

Wenger Vieli AG

Dufourstrasse 56

8034 Zürich

T 41 58 958 58 58

wengervieli.ch

WTS Global team

› **Inés Blanco de Tord (WTS Global)**

ines.blanco@wts.com

Weronika Zurawska (WTS Global)

weronika.zurawska@wts.com

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Imprint

WTS Global
P.O. Box 19201 | 3001 BE Rotterdam
Netherlands
T +31 (10) 217 91 71 | F +31 (10) 217 91 70
wts.com | info@wts.de

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