



PLASTIC PACKAGING TAX: POTENTIAL CERTIFICATION FOR MECHANICALLY RECYCLED PLASTIC PACKAGING

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ICAEW welcomes the opportunity to comment on Plastic Packaging Tax: Potential Certification for Mechanically Recycled Plastic Packaging, published by HM Revenue & Customs on 18 May 2026, a copy of which is available from this [link](#).

ICAEW supports the aim of ensuring that recycled-content claims are accurate and that compliant businesses are not undercut by unsupported claims. However, we are not yet persuaded that a universal mandatory certification requirement is the proportionate response: HMRC holds very little evidence of widespread fraud, and the concerns that have been raised relate mainly to imports rather than to the domestic supply chain as a whole. Any requirement should therefore be risk-based, evidenced, and designed to avoid a situation where the cost of demonstrating eligibility outweighs the benefit of using recycled plastic – which would undermine the purpose of plastic packaging tax (PPT) rather than support it.

If certification does proceed, it should build on a competitive market of accredited schemes and bodies, align with and follow the framework being developed for chemically recycled plastic, and allow a realistic lead-in time that does not clash with the other PPT changes planned for April 2027. More broadly, we would encourage the government to keep the cumulative burden of PPT alongside EPR and the wider packaging and waste reforms under review.

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This response of 4 August 2026 has been prepared by ICAEW's Tax Faculty.

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KEY POINTS

1. ICAEW supports the objective behind this consultation: ensuring that claims against the recycled-content threshold are accurate and that there is a level playing field for compliant businesses. Robust, consistent verification is a legitimate aim (see question 16).
2. However, the case for a new, universal, supply-chain-wide mandate is not clear. The consultation itself records that HMRC holds very little evidence of widespread fraud, so the scale and location of the problem should be established before any decision is taken (see question 16). We recognise that certification has been sought by parts of the industry, but that support, of itself, does not establish that risk is evenly spread across the whole population of obligated businesses.
3. PPT's design already protects the revenue: the tax is chargeable by default, and the exemption is conditional on evidence. Where a business cannot obtain adequate evidence from its supplier, the tax is due – and whether to pay it, press the supplier for better evidence or change supplier is a commercial decision. A mandate is not needed to secure that outcome (see question 16).
4. Members report that PPT compliance is already disproportionately costly relative to the liability – in some cases the cost of compliance exceeds the tax itself. If demonstrating eligibility costs more than the benefit of using recycled plastic, businesses may simply pay the tax, undermining the policy's purpose. Cost and proportionality are therefore decisive (see questions 16 and 21). A universal mandate, applied without regard to size or risk, would sit uneasily with the government's commitment to reduce the administrative burden of regulation on business by 25% by the end of this Parliament.
5. The evidence and concerns cited in the consultation paper appear to relate particularly to imported packaging. Any requirement should therefore be proportionate and risk-based, rather than imposing the same burden across all domestic and overseas supply chains (see question 14).
6. Before adding a new mandate, government should make better use of existing data and obligations – including due diligence records, voluntary certification, extended producer responsibility (EPR) related packaging data where available, and customs and import data – alongside more targeted compliance on imports, where those concerns are focused (see question 15). Formal recognition of voluntary certification as sufficient evidence would capture much of the administrative benefit of a mandate without its cost.
7. If certification proceeds, certification bodies should be accredited by a recognised accreditation body, such as UKAS, with workable overseas equivalence for import supply chains (see question 22).
8. Alignment with the certification framework being developed for chemically recycled plastic under the mass balance approach (MBA) is sensible, but that framework is not yet finalised and only takes effect from 1 April 2027. Any mechanical-recycling requirement should follow and learn from that framework (see question 23). The MBA rationale – certification as integral to a notional allocation method – does not, however, extend automatically to physically traceable mechanically recycled content.
9. Affordability will depend on a competitive market of accredited schemes and certification bodies, and on adequate lead-in time for that market to scale (see questions 21 to 25).
10. Timing must be realistic: there should be a generous lead-in, alignment with accounting periods where possible, and no clustering with other significant PPT changes taking effect in April 2027 (see questions 23 to 25).
11. More broadly, and consistent with our previous representations on PPT, we question whether PPT – alongside EPR and the wider package of packaging and waste reforms – is the most efficient tool to achieve the recycling objective. We encourage the government to keep the cumulative burden of these overlapping regimes under review.

ANSWERS TO SPECIFIC QUESTIONS

As ICAEW is responding as a representative body, we have not answered questions seeking data or experiences specific to individual businesses (questions 1, 2, 4, 5, 9, 10, 11, 12, 13, 17 and 18), nor those calling for sector-specific or international evidence (questions 3, 6 and 7).

Question 8: Do you agree that mandating certification and standardising the evidential requirements could provide more certainty for businesses when seeking to claim an exemption from PPT when using mechanically recycled plastic? Please explain your reasoning.

12. Clearer and more standardised expectations regarding the evidence needed to demonstrate recycled content would be welcome and would address a genuine pain point. Members report real uncertainty about the specific documentation HMRC will accept as sufficient to support an exemption claim, particularly for imported material.
13. In line with our Ten Tenets for a Better Tax System (see Appendix 1), we support the standardisation of evidential requirements in principle, as it advances the certainty and simplicity that taxpayers are entitled to expect of the rules.
14. We would emphasise, however, that much of this certainty could be delivered through clearer and more robust HMRC guidance and a published view of acceptable evidence – in particular, by strengthening the existing force of law guidance, which stipulates that evidence is required but does not prescribe exactly which documents a business must hold. A mandatory third-party certification requirement is a more significant step: it risks imposing administrative and financial costs that are disproportionate to the liability at stake, cutting against a tax system that should be simple and cheap to comply with. The certainty benefit is therefore an argument for standardising the evidence, but not by itself a conclusive argument for mandatory certification (see our responses to questions 15, 16 and 21).
15. We recognise that standardised certification would also assist HMRC: auditing a single recognisable form of evidence is more efficient than reviewing a different mix of declarations, contracts and test reports for every business. However, much of that administrative benefit could equally be secured through a published view of acceptable evidence and formal recognition of voluntary certification, without imposing the cost of a mandate on low-risk businesses.

Question 14: If certification for mechanically recycled plastic packaging were to be introduced, should it apply to all businesses claiming exemption from PPT to ensure a level playing field of evidential requirements? Please explain your reasoning for any suggestions provided.

16. We recognise the level playing field rationale for applying any requirement consistently. However, the more recent concerns cited in the consultation, particularly RECOUP's September 2025 report and the October 2023 Westminster Hall debate, are focused on imported packaging, rather than evidencing an equivalent risk across all domestic supply chains. Some UK manufacturers may operate shorter and more readily demonstrable domestic supply chains, and the consultation does not establish that risk is evenly spread across all businesses.
17. Imposing a uniform certification requirement regardless of risk would therefore be disproportionate, adding cost to compliant low-risk businesses without a corresponding compliance benefit. We would encourage HMRC to consider a risk-based application – for example, recognising low-risk domestic chains and ensuring that smaller businesses are not disproportionately burdened. We recognise that chain of custody certification may need to apply across the whole supply chain if traceability is to be preserved – and we note that, as proposed, importers of finished packaging would hold certificates obtained from their suppliers rather than be certified themselves. If so, a risk-based design should operate primarily through the process of verification – the frequency, scope and form of audits (see our responses to questions 19 to 21) – rather than by carving businesses out of scope entirely.

18. In our view, a level playing field is best achieved by properly targeting effort where the risk arises, rather than by applying the heaviest evidential burden to every business. We would add that PPT's registration threshold – 10 tonnes of finished plastic packaging components manufactured or imported in a 12-month period – brings many smaller businesses within scope of the tax. ICAEW is a member of the government's Small Business Regulatory Taskforce, established to support the government's commitment to reduce the administrative burden of regulation on business by 25% by the end of this Parliament. A new universal certification mandate, applied without regard to size or risk, would sit uneasily with that commitment.
19. The UK's own Carbon Border Adjustment Mechanism (CBAM), due to take effect from 1 January 2027, illustrates how this can work in practice. HMRC raised the registration threshold from £10,000 to £50,000 specifically to reduce the burden on smaller importers and estimates that this excludes over 80% of otherwise affected importers while still capturing around 99% of the embodied emissions the regime is designed to catch. A similarly calibrated threshold could allow a certification requirement to focus on the businesses that matter without capturing every business regardless of size or risk.

Question 15: Do you have any alternative suggestions, outside of certification, that could provide a robust and more efficient way of ensuring all recycled content claims are true and accurate?

20. Before introducing a new mandate, we would encourage the government to test whether the objective could be achieved more proportionately through a combination of:
- a. Enhanced, clearer HMRC guidance, including a defined view of acceptable evidence;
 - b. Better use of existing data – including due diligence and other commercial records, DEFRA's EPR-related packaging data where available and customs and import data – to risk-target compliance (such data can help identify importers, routes or volumes that warrant closer scrutiny);
21. More targeted compliance activity on imports, where the reported concerns are concentrated;
- a. Recognising and strengthening the voluntary certification many businesses already use – including by giving certification under a scheme meeting published minimum requirements "safe-harbour" status ie, a formal HMRC commitment that such certification will be accepted as sufficient evidence of recycled content; and
 - b. A phased or initially voluntary approach.
22. These options should be assessed before a decision to mandate. Certification may well form part of the answer but it should be a proportionate component of a wider package rather than a blanket default. A "safe-harbour" approach in particular would standardise the evidence HMRC sees from businesses that choose to certify, allow compliance effort to be concentrated on those that do not, and create a strong commercial incentive to certify – capturing much of the administrative benefit of a mandate without imposing its cost on low-risk businesses.

Question 16: Taking into account the risks and challenges associated with the current evidence requirements, do you support the introduction of mandatory certification for mechanically recycled plastic packaging? Please explain your answer and provide reasoning.

23. ICAEW supports the underlying objective of ensuring that recycled-content claims are accurate and that compliant businesses are not undercut by unsupported claims. We are not, however, persuaded on the current evidence that a universal mandatory certification requirement across the whole supply chain is the proportionate and cost-effective response, for three main reasons.
24. Firstly, the case for change is not yet evidenced. The consultation itself records that HMRC holds very little evidence of widespread fraud, and the concern derives principally from industry reports focused on imported packaging. We recognise that the proposal responds

- to representations from parts of industry, and that compliant businesses have a legitimate interest in stronger verification of their competitors' claims. Support from some industry voices does not, however, establish that risk – or the case for bearing the cost of a universal mandate – is evenly spread across the whole population of obligated businesses.
25. Consistent with our Ten Tenets – that changes to the rules should have a justifiable basis and that measures should be properly targeted – a new, supply-chain-wide obligation should rest on a clear assessment of the scale and location of the problem, which we would encourage HMRC to establish and publish first.
 26. We note that HMRC's own analysis of 2024/25 returns, cited in the consultation, does not obviously evidence the concern: despite a broadly even split between imported and UK-manufactured tonnages, less than half of the tonnage exceeding 30% recycled content came from imported packaging. We would have expected it to be more than half. Nor does the certificate requirement in Spain, of itself, establish that mandatory certification would be proportionate in the UK context, where the design of the tax and the evidence of non-compliance differ.
 27. Secondly, proportionality and cost are decisive. Members report that PPT is already disproportionately costly to comply with relative to the liability involved – in some cases compliance costs exceed the tax itself. If the cost and complexity of demonstrating eligibility come to outweigh the benefit of using recycled plastic, some businesses may rationally choose to pay the tax rather than certify, which would directly undermine PPT's core purpose of incentivising the use of recycled content.
 28. Finally, the design of the tax already protects the revenue. PPT is chargeable by default, and the exemption is conditional on the business holding adequate evidence. Where a business cannot obtain that evidence from its supplier – including an overseas supplier – the tax is simply due and the business faces an ordinary commercial choice: pay the tax, press the supplier for better evidence or change supplier to one that does hold and provide better evidence.
 29. The evidential burden therefore creates the incentive for robust evidence up the supply chain, including to parties beyond the reach of UK legislation, without any need for mandation. The distinction with the previous point matters: where recycled content is genuine, but a mandate would make proving it uneconomic, paying the tax is a policy failure; where adequate evidence genuinely cannot be obtained, paying the tax is the evidential burden working as designed. What this model does require is that HMRC audits and disallows weak claims – the answer to under-enforcement is targeted compliance activity (see question 15), not a universal mandate.
 30. Nevertheless, if the government concludes that certification should proceed, we could support a proportionate, risk-based and well-sequenced certification, but only if:
 - a. the scale and location of the problem are evidenced;
 - b. cost is contained through a functioning, competitive market of schemes and bodies;
 - c. existing data and obligations are fully utilised first (see question 15);
 - d. small and low-risk domestic businesses are protected (see question 14); and
 31. the regime aligns sensibly with, and follows, the framework for chemically recycled plastic (see question 23).

Question 19: Do you have any suggestions for the minimum requirements that should be included for audits? Please explain your reasoning for any suggestions provided.

Question 20: In what circumstances and at what frequency should a certification scheme check the quality of audits conducted by certification bodies? Please provide reasons for your response.

32. These are largely matters of detailed scheme and audit design, on which certification bodies and schemes will have the most to contribute. As a professional body with a core interest in audit and assurance, we would nonetheless offer the following principles:
 - a. Audit requirements should be risk-based and proportionate in both frequency and scope, with lighter-touch or desk-based assurance for businesses assessed as low

risk – for example by reference to the volumes of packaging involved and a business's compliance history with other taxes. To avoid divergence and duplication, these requirements must be consistent with the minimum requirements being developed for the chemical-recycling (MBA) framework. In all cases, the standards should be clear and published in advance.

- b. Accreditation (see question 22) should be the principal safeguard of audit quality. Beyond that, any scheme-level quality-checking of audits should itself be periodic and risk-based rather than a blanket re-review of every audit, with transparency over outcomes.

Question 21: Acknowledging there are administrative burdens and costs associated with the certification process and audits, is there anything the government could do to minimise these? Please explain any suggestions fully.

- 33. Ultimately, affordability depends on a competitive market: for certification to be cost-effective, there must be enough accredited schemes and certification bodies operating before any mandate begins. Otherwise, capacity constraints will inevitably push up fees and risk a concentrated, uncompetitive market.
- 34. Beyond fostering market capacity, burdens and costs could be reduced by:
 - a. recognising and giving credit for existing voluntary certification and audits;
- 35. allowing group-level certification – so that a group of companies under common ownership can be certified once, rather than each business separately – and site-level certification, so that multiple sites under common ownership or management can be certified together rather than each site needing separate certification ;
 - a. permitting risk-based and desk-based audits for low-risk businesses;
 - b. aligning documentation requirements with EPR and other regimes on a 'collect once, use many times' basis to avoid duplication; and
 - c. providing clear guidance and standardised templates while allowing an adequate lead-in time for businesses to adapt.
- 36. The government should also consider what it can do to support capacity-building in the certification and accreditation market so that demand can be met affordably.

Question 22: Do you agree that certification bodies conducting audits under a certification scheme should be accredited by a recognised accreditation body? If not, can you suggest an alternative method that would ensure standards are consistently maintained?

- 37. Yes, we agree. Requiring certification bodies to be accredited by a recognised accreditation body – for example, UKAS – is the proportionate way to ensure consistent audit quality and to give the resulting certificates international recognition, which matters particularly for import supply chains.
- 38. We regard accreditation as the appropriate safeguard of audit quality, in preference to more prescriptive or duplicative forms of oversight.
- 39. We also support the proposal that recognised accreditation bodies be signatories to the Global Accreditation Cooperation Incorporated (GACI) multilateral recognition agreement, so that certificates issued by certification bodies accredited overseas are recognised as equivalent to those issued by UKAS-accredited bodies. Without equivalence that is workable in practice, importers risk being disadvantaged and international supply chains disrupted. We would, however, ask HMRC to ensure that sufficient certification and accreditation capacity exists in the jurisdictions from which UK supply chains commonly source, not only in the UK, before any requirement takes effect.

Question 23: Do you agree with the government's proposal on implementing mandatory certification for mechanically recycled plastic? Please provide reasoning for your response.

- 40. We support, in principle, aligning the approach with the certification framework being developed for chemically recycled plastic under the mass balance approach (MBA), to allow businesses operating across multiple processes to consolidate their controls.
- 41. Alignment should not, however, be treated as self-justifying. The certification requirement for chemically recycled plastic is integral to the MBA itself: the MBA allocates recycled

content on a notional, accounting basis rather than through physical traceability, and independent chain of custody certification is what makes that allocation credible.

Mechanically recycled content is, by contrast, capable of more direct physical traceability through the supply chain. The case for extending mandatory certification to it therefore does not follow automatically from the MBA precedent and should be justified on its own merits (see question 16).

42. If the approach is aligned, sequencing is critical. The MBA minimum requirements are not yet finalised and the framework does not take effect until 1 April 2027. Any requirement for mechanically recycled plastic should follow, not precede, a working MBA framework – both to manage the administrative burden and to ensure that lessons learned from the initial rollout can be applied.

Question 24: If the government were to proceed with mandating certification for mechanically recycled plastic, when do you think this change could be implemented from? Please include views on the time required for businesses to comply with the proposed change, providing specific examples or evidence where possible.

43. Any mandatory requirement must have a generous lead-in period and should avoid being clustered with other significant PPT changes effective from April 2027 – specifically the MBA implementation and the reclassification of pre-consumer waste. A ‘big bang’ implementation would create a significant compliance bottleneck. On this basis, we would suggest that any mandatory certification requirement for mechanically recycled plastic should not take effect before April 2028 – at least one full compliance cycle after the MBA framework takes effect – to allow that framework to bed in, any lessons to be identified and applied, and to avoid two major PPT changes landing in the same commencement year.
44. Furthermore, sufficient time must be allowed for the certification and accreditation market to scale; there is a high risk of capacity shortages if a large number of businesses need to seek certification simultaneously. We suggest aligning implementation with corporate accounting periods where possible to minimise disruption.

Question 25: What steps could the government take to help businesses prepare for the implementation of a mandatory certification requirement for mechanically recycled plastic? We welcome suggestions that address practical implementation, industry readiness and transitional support.

45. To ensure industry readiness, the government should take the following steps:
- Early publication of minimum standards and supporting guidance.
 - A clearly defined transition window, including the grandfathering or recognition of existing, robust voluntary certifications.
 - Genuine co-design with industry and professional bodies to test the practicality of proposed mechanisms.
 - Targeted support and simplified pathways for smaller businesses.
 - Ensuring a sufficient supply of accredited certification bodies is operational before the requirement goes live.
 - A soft landing or light-touch penalty approach during the initial transition period, recognising that both businesses and the certification market will require time to adjust.

Question 26: Do you have any comments on the assessment of impacts in the Tax Impact Assessment?

46. We recognise that the impact assessment is necessarily limited at this stage, given HMRC’s acknowledgement of limited data. We would encourage a fuller assessment before any decision is taken to proceed.
47. In particular it should examine: how costs would be distributed across the supply chain and across businesses of different sizes; the risk that, for businesses near the threshold, compliance costs exceed the tax benefit and so deter the use of recycled content; the cost to HMRC of operating and assuring the regime, set against existing service-level pressures; and the interaction with EPR and other packaging regimes.

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. **Statutory.** Tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament. A clear statutory basis ensures legitimacy, accountability, and public trust in the tax system.
2. **Certain.** As far as possible, the application of tax rules and compliance processes should be certain. Taxpayers should not normally need to resort to the courts to understand how the rules apply to their affairs.
3. **Simple.** The tax system should be easy to understand for all taxpayers and advisers. Complexity undermines trust, creates unfairness, and discourages compliance.
4. **Easy to administer.** Tax liabilities should be straightforward to administer for HMRC, agents, and all taxpayers. Taxes should be designed to work effectively in a digital environment, while administration must remain accessible to those with limited digital capability.
5. **Properly targeted.** Anti-avoidance rules and other targeted measures should be proportionate, clearly defined, and carefully scoped to achieve their policy objective without undermining simplicity or certainty. Poorly targeted measures add complexity and uncertainty, harming compliance.
6. **Stable.** Changes to the tax system should only be made when clearly justified by economic, social, or environmental goals. Transparent, purposeful reforms build confidence and move the system toward greater coherence and long-term stability.
7. **Subject to proper consultation.** Other than in exceptional circumstances, tax changes should be subject to open and meaningful consultation. Adequate time for stakeholder input improves policy quality, practicality, and public trust.
8. **Regularly reviewed.** Tax rules, reliefs, and policy-driven interventions should be subject to regular, transparent review to assess whether they remain relevant, effective, and aligned with current policy goals. Outdated or unjustified provisions should be reformed or repealed to maintain coherence.
9. **Fair and accessible.** The tax system should be fair and accessible in design and in operation, ensuring equitable treatment of taxpayers. Revenue authorities must exercise their powers proportionately, and all taxpayers should have timely access to HMRC assistance, independent appeal, and redress.
10. **Efficient.** The tax system should raise revenue in a way that minimises unnecessary distortions, compliance burdens, and resource misallocation. While all taxes affect behaviour to some degree, tax design should avoid cliff edges, unintended incentives, or inefficiencies that reduce economic wellbeing unless these serve a clearly defined policy aim.

For more information, please see [Ten Tenets for a Better Tax System | ICAEW](#)