

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### FINANCE (NO.2) BILL

(Except Clauses 1 to 5; Clauses 6 to 14 and Schedule 1; Clauses 24 to 26; Clause 28; Clause 30 and Schedule 6; Clauses 31 to 33; Clause 36 and Schedule 7; Clause 40; Clause 41; Clause 86; Clauses 87 to 89 and Schedules 16 and 17; Clauses 90 and 91; Clauses 92 to 96 and Schedule 18; Clause 97 and Schedule 19; Clauses 109 to 111 and Schedules 21 and 22; Clause 115 and Schedule 27; Clauses 117 to 121 and Schedules 29 to 32; Clauses 128 to 130; any new Clauses or new Schedules relating to: the impact of any provision on the financial resources of families or to the subject matter of Clauses 1 to 5, 24 to 26, 28, 31 to 33, 40 and 86; the subject matter of Clauses 6 to 14 and Schedule 1; the impact of any provision on regional economic development; tax avoidance or evasion; the subject matter of Clauses 87 to 89 and Schedules 16 and 17 and Clauses 90 and 91; the subject matter of Clauses 92 to 96 and Schedule 18, Clause 97 and Schedule 19 and Clauses 128 to 130)

*Second Sitting*

*Thursday 22 April 2021*

*(Afternoon)*

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CLAUSES 42 to 59 agreed to.  
SCHEDULE 9 agreed to.  
CLAUSES 60 and 61 agreed to.  
SCHEDULE 10 agreed to.  
CLAUSE 62 agreed to.  
SCHEDULE 11 agreed to.  
CLAUSES 63 and 64 agreed to.  
SCHEDULE 12 agreed to.  
CLAUSES 65 to 71 agreed to.  
SCHEDULE 13 agreed to.  
CLAUSES 72 to 80 agreed to.  
SCHEDULE 14 agreed to.  
CLAUSE 81 and 82 agreed to.  
SCHEDULE 15 agreed to.  
CLAUSES 83 to 85 agreed to.  
Adjourned till Tuesday 27 April at twenty-five minutes past Nine o'clock.

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No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

**not later than**

**Monday 26 April 2021**

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**The Committee consisted of the following Members:**

*Chairs:* DAME ANGELA EAGLE, † SIR GARY STREETER

† Bacon, Gareth (*Orpington*) (Con)  
 † Badenoch, Kemi (*Exchequer Secretary to the Treasury*)  
 † Buchan, Felicity (*Kensington*) (Con)  
 † Coutinho, Claire (*East Surrey*) (Con)  
 † Eshalomi, Florence (*Vauxhall*) (Lab/Co-op)  
 † Grant, Peter (*Glenrothes*) (SNP)  
 † Higginbotham, Antony (*Burnley*) (Con)  
 † Jones, Andrew (*Harrogate and Knaresborough*) (Con)  
 Marson, Julie (*Hertford and Stortford*) (Con)  
 † Murray, James (*Ealing North*) (Lab/Co-op)

† Norman, Jesse (*Financial Secretary to the Treasury*)  
 † Oppong-Asare, Abena (*Erith and Thamesmead*) (Lab)  
 † Owen, Sarah (*Luton North*) (Lab)  
 † Russell, Dean (*Watford*) (Con)  
 † Rutley, David (*Lord Commissioner of Her Majesty's Treasury*)  
 † Smith, Jeff (*Manchester, Withington*) (Lab)  
 † Thewliss, Alison (*Glasgow Central*) (SNP)

Chris Stanton, Jo Dodd, *Committee Clerks*

† **attended the Committee**

# Public Bill Committee

Thursday 22 April 2021

(Afternoon)

[SIR GARY STREETER *in the Chair*]

## Finance (No.2) Bill

**(Except Clauses 1 to 5; Clauses 6 to 14 and Schedule 1; Clauses 24 to 26; Clause 28; Clause 30 and Schedule 6; Clauses 31 to 33; Clause 36 and Schedule 7; Clause 40; Clause 41; Clause 86; Clauses 87 to 89 and Schedules 16 and 17; Clauses 90 and 91; Clauses 92 to 96 and Schedule 18; Clause 97 and Schedule 19; Clauses 109 to 111 and Schedules 21 and 22; Clause 115 and Schedule 27; Clauses 117 to 121 and Schedules 29 to 32; Clauses 128 to 130; any new Clauses or new Schedules relating to: the impact of any provision on the financial resources of families or to the subject matter of Clauses 1 to 5, 24 to 26, 28, 31 to 33, 40 and 86; the subject matter of Clauses 6 to 14 and Schedule 1; the impact of any provision on regional economic development; tax avoidance or evasion; the subject matter of Clauses 87 to 89 and Schedules 16 and 17 and Clauses 90 and 91; the subject matter of Clauses 92 to 96 and Schedule 18, Clause 97 and Schedule 19 and Clauses 128 to 130)**

### Clause 42

#### PLASTIC PACKAGING TAX

*Question proposed*, That the clause stand part of the Bill.

2 pm

**The Chair:** With this it will be convenient to discuss the following:

Clauses 43 to 46 stand part.

New clause 8—*Report on Part 2*—

“(1) The Secretary of State shall, before 1 April 2023, publish a report on the impact of the provisions in Part 2 of this Act.

(2) The report in subsection (1) shall include consideration of the impact on—

- (a) the rate of plastic recycling in the UK generally,
- (b) the rate of PET plastic recycling in the UK,
- (c) the rate of Polypropylene plastic recycling in the UK, and
- (d) the rate of HDPE plastic recycling in the UK.

(3) The report in subsection (1) shall include consideration of the impact on—

- (a) the volume of plastic used in the UK,
- (b) the volume of PET plastic used in the UK,
- (c) the volume of Polypropylene plastic used in the UK, and
- (d) the volume of HDPE plastic used in the UK.

(4) The report in subsection (1) shall include consideration of the impact on—

- (a) the volume of plastic stockpiling in the UK,
- (b) the volume of PET plastic stockpiling in the UK,
- (c) the volume of Polypropylene plastic stockpiling in the UK, and
- (d) the volume of HDPE plastic stockpiling in the UK.

(5) The report in subsection (1) shall consider whether—

- (a) £200/tonne provides an economic incentive to change the content of packaging for those types of plastic specified in subsection (2),
- (b) the economic incentive in subsection (5)(a) remains in the event of lower than average oil prices, and
- (c) a tax escalator might be more efficacious.”.

*This new clause seeks a review of the efficacy of the proposed plastic packaging tax, with respect to whether the proposals will (a) increase use of certain plastics and (b) provide an incentive to recycle in the event of low oil prices.*

New clause 11—*Rate review (plastic packaging tax)*—

“(1) The Chancellor of the Exchequer must review the impact of section 45 and lay a report of that review before the House of Commons within six months of the passing of this Act.

(2) A review under this section must estimate the expected impact of section 45 on—

- (a) plastic packaging tax revenue,
- (b) levels of recycled material (plastic and non-plastic) in packaging, and
- (c) levels of reusability and recyclability of packaging material (plastic and non-plastic).

(3) A review under this section must also estimate the expected impact of increasing the rate set out in section 45 by £50 each year.”.

New clause 13—*Annual review (plastic packaging tax)*—

“(1) The Chancellor of the Exchequer must review the impact of sections 42 to 85 and schedules 9 to 15 of this Act and lay a report of that review before the House of Commons within six months of the passing of this Act and once a year thereafter.

(2) A review under this section must estimate the expected impact of sections 42 to 85 and schedules 9 to 15 on—

- (a) levels of recycled material (plastic and non-plastic) in packaging,
- (b) levels of reusability and recyclability of packaging material (plastic and non-plastic),
- (c) the waste hierarchy,
- (d) levels of carbon emissions, and
- (e) progress towards a circular economy.”.

**The Exchequer Secretary to the Treasury (Kemi Badenoch):** As the Committee will know, the Government are deeply committed to greening our economy and being the greenest Government ever. As part of our resources and waste strategy, published in 2018, we committed to reducing waste and incentivising more sustainable production. The introduction of this world-leading tax on plastic packaging is a key part of that strategy.

Plastic waste is a pressing global issue. It often does not decompose and can last centuries in landfill, or ends up littering the streets or polluting the natural environment. More than 2.2 million tonnes of plastic packaging are manufactured in the UK each year. The vast majority is made from new plastic, rather than recycled material, because recycled plastic is often more expensive to use than new plastic. To tackle this, our 2019 manifesto reaffirmed the commitment to introduce a world-leading new tax on plastic packaging from April 2022. The tax will apply to the manufacture and import of plastic packaging that does not contain at least 30% recycled plastic.

The tax charge will arise on unfilled packaging manufactured in the UK and to unfilled or filled packaging imported into the UK. Including imported

filled packaging in the tax will prevent any potential disadvantage to the UK packaging industry and means that packaging around imported products—for example, the bottle a drink comes in—will be within the scope of the tax.

The tax will provide a clear economic incentive for businesses to use recycled material when manufacturing plastic packaging. That will help to tackle the problem of plastic pollution, creating greater demand for this material and in turn stimulating increased levels of recycling and collection of plastic waste, diverting it away from landfill or incineration.

Clauses 42 to 46 set out the introduction of the plastic packaging tax. They provide the high-level principles around the charging of the tax, including key definitions needed to give businesses clarity about whether they are liable to the tax on packaging they manufacture or import. The Bill also provides powers to make secondary legislation that will provide further clarity to these definitions. That will be supported by guidance, which will also be published later this year.

Clause 42 introduces the PPT and sets out that Her Majesty's Revenue and Customs will be responsible for its collection and management, in line with its wider responsibilities for the collection and management of taxes. Clauses 43 and 44 set out that the tax will be paid on packaging manufactured in the course of business in the UK, as well as on imported plastic packaging. For packaging manufactured in the UK, the manufacturer will be liable for the tax. For imported packaging, the person on whose behalf the packaging is imported will be liable, as they are better placed to know about the packaging than those providing customs and transport services to import goods.

Clause 45 sets out that the tax will be charged at a rate of £200 per metric tonne of chargeable plastic packaging. We will come later to the clause that sets out the 30% threshold for recycled plastic, below which the tax will be charged. A £200 rate provides a clear economic incentive for businesses to use recycled material when manufacturing plastic packaging. The clause specifies that this rate applies to a single plastic packaging component, such as bottles, lids and wrappers. This will mean that manufacturers and importers have incentives to include 30% recycled plastic in each type of plastic packaging component that they manufacture or import. If this is part of a tonne, the amount is reduced proportionately. For example, 0.5 tonnes would equate to £100 in tax. Clause 46 provides the high-level principles for the payment of the tax in relation to the relevant accounting periods. Further detail on this will be set out in regulations.

I now turn to new clause 8, tabled by the hon. Members for Glasgow Central, for Glenrothes, for Gordon and for Midlothian, and new clauses 11 and 13, tabled by the hon. Members for Ealing North, for Erith and Thamesmead and for Manchester, Withington. These new clauses suggest that the Government conduct future reviews into the tax and the impact that it has, including after six months of passing the Bill for the tax rate and for all aspects of the tax in the year after introduction, or annually after an initial report.

The Government have already set out a large amount of detail about the expected impact of the tax, and a National Audit Office report on environmental taxes recently concluded that Her Majesty's Treasury and HMRC

“had undertaken extensive work to understand the possible impact of the tax.”

The tax information and impact note published in March this year set out that, as a result of the tax, the use of recycled plastic in packaging could increase by around an estimated 40%—equal to carbon savings of nearly 200,000 tonnes—with expected revenue from the tax ranging from £210 million to £235 million a year between 2022-23 and 2025-26. Further detail on modelling to assess the impacts of the plastic packaging tax was set out by the Office for Budget Responsibility in its economic and fiscal outlook published in March 2020. Most significantly, that included the increase in recycled plastic in packaging and more marginal impacts, such as switching to alternative plastics or materials.

The aim of the tax is to incentivise the use of more recycled plastic, rather than new plastic, in plastic packaging. The tax will complement the reformed packaging producer responsibility regulations, which will encourage businesses to design and use plastic packaging that is easier to recycle, and discourage the creation of plastic packaging that is difficult to recycle. They will also make businesses responsible for the cost of managing the packaging they place on the market when it becomes waste. Given that, the Government have focused analysis of the plastic packaging tax on the objectives rather than wider issues such as the reuse and recyclability of packaging, as suggested in new clause 13.

As with all tax policy, the Government will continue to keep the plastic packaging tax under review, including the level of the tax, to ensure that it remains effective in increasing the use of recycled plastic. Given the substantive information already published and the fact that limited new information is likely to be available before the tax is introduced, six months after the passage of the Bill would not be the right time to conduct and publish a review into the impact of the tax rate and chargeable packaging components.

As regards evaluating the tax annually after its introduction, being able to accurately isolate the impact of particular policy measures alongside other external factors is inherently difficult, and the Government will carefully consider those issues. As set out in the tax information and impact note published in March this year, consideration will be given to evaluating aspects, including the rate, threshold and exemptions, of the policy after at least one year of monitoring data has been analysed and collected.

The Government agree that it is important to understand the efficacy and impacts of the plastic packaging tax, but given that these issues have been previously considered and will be kept under review, we do not think new clauses 8, 11 and 13 are necessary. The clauses in the Bill form the first part of the legislation needed to introduce the plastic packaging tax in April 2022. I therefore move that they stand part of the Bill.

**Alison Thewliss** (Glasgow Central) (SNP): I rise to speak to new clause 8, tabled in my name and that of my colleagues. I remain interested in the idea of a plastic packaging tax, and I will support it because too many of our natural resources are being wasted. We know from looking around that things are often thrown away that could be used again. We certainly broadly support what the Government are trying to do here, and it is a shame that it does not align with the deposit

[*Alison Thewliss*]

return scheme, which has been delayed in England but will move ahead in Scotland, because doing these things at the same time would have made a lot of sense and would make for a cohesive and coherent policy.

We tabled our new clause because there are aspects of the Bill where we need a wee bit more detail and aspects where the Government could be more ambitious. It is an ambitious new policy, but I think that more could be done. For example, we understand from the consultation that Her Majesty's Treasury has closed a loophole that would have allowed people to switch to bringing in packaging from abroad, but there are still questions around the operation of the paperwork and the audit trail that will be required to ensure the success of the scheme. We also understand that the provisions are to be made by regulation under the negative procedure, and we urge the Government to be as clear as possible about how that will work, because it is important. Those in the industry will want to know how that will operate, and it falls to us as elected representatives to scrutinise that as much as we can to ensure that it is done properly.

Having spoken to stakeholders, there are concerns that I want to set out. The first is about the 30% threshold. Last night, I went to pick up a bottle of brand-name lemonade from the supermarket as part of my dinner. It proudly proclaimed on the side that it was 50% recycled, which is already above the 30% threshold—they were already doing more.

Some plastics lend themselves more to a higher level than others. PET, which is used in fizzy juice bottles such as my lemonade bottle, can be commonly and easily recycled up to 100%, so 30% is quite low for that type of plastic. The new clause seeks to look at different types of plastic and the scope for recycling them.

Polypropylene, which is used for food-grade plastics, is much more difficult to recycle. Just before lunchtime, a briefing from the Food and Drink Federation reached me. It queries what will happen about food-grade plastics and whether food businesses can avoid paying the plastic packaging tax when they cannot legally increase the recycled content of packaging in certain polymer types and formats for food contact. There are different regulations for food-grade plastics than for other plastics.

HDPE, which is used in milk bottles, could reach 30%. The dairy industry road map suggested that it was aiming for 50% of recycled material in opaque milk bottles. Again, we are not quite sure what the 30% makes possible. It would be good to be more ambitious in the areas where we can do more recycling, so that we can storm ahead. In areas where it is more difficult, it makes sense to look at things slightly differently.

The Association of Accounting Technicians commented on the international context. Brands such as Kraft Heinz have committed to make 100% of packaging worldwide recyclable or compostable by 2025. The American Chemistry Council's plastics division is working towards 100% of plastic packaging being recyclable and recoverable by 2030. The European Commission and the Australian Government are also pushing ahead and say that 30% appears to lack ambition on a global scale.

I gently urge the Government to see if there is a differentiated approach that might be a bit more ambitious and a bit more detailed, to allow those areas where

more speed is possible to push ahead. The Green Alliance believe that a differentiated obligation would be useful, because there is potential there. While we want all areas to be recycling 100% if possible, there are real technical difficulties in doing so at the moment.

The Green Alliance is also concerned about perverse outcomes from the Bill around packaging composed of multiple materials, such as card coated in a plastic or other such elements. Such items are very difficult and specialist to recycle. We would not want people to switch to those items rather than plastics; that would make the recycling situation worse because those items cannot be recycled and recovered as easily. Our new clause also addresses that point, as well as ensuring the reporting of recycling rates and the volume use of the relevant plastics.

It is important to note that the price of plastics, both recycled and virgin material, is very volatile, fluctuating with the oil price, which as we all know has moved considerably in recent years. We are worried that the scheme will not deliver the desired outcome in the event of low oil prices. Some experts suggest that plastics recycling is unviable if the oil price is under £65 a barrel. An HMT analysis of the tax level required to balance that volatility and reduce exposure would seem logical.

The £200 per tonne levy could be set higher, and there should be further analysis. At £200 per tonne, it might be more viable for businesses to pay the tax, rather than recycle the materials, which is not the Government's very laudable aim. It would be useful to understand that fully, as low oil prices will have an impact on the viability of recyclers. Some have attributed the failures of recycling plants in London and Lincolnshire in 2015 and 2017 to that oil-price volatility. We want to ensure that those recyclers are viable businesses. We want to give a future to this sector and to ensure that these businesses can thrive, because they do good work.

A contrast has been drawn with the landfill tax, which has a clear trajectory and clear predictability, allowing people to plan a way for the market to shift to alternatives. We need to make it as easy as possible for businesses to do that. An escalator, as suggested by the Green Alliance, would be useful, so that people can plan and, if behaviour changes or other prices play into that, there is a clear sense of where we are going.

2.15 pm

I know from my previous experience as a local government councillor in Glasgow that some recyclers stockpiled plastics until the price was right to sell. I visited one of the recycling facilities in Glasgow at the time—not recently, but about 10 years ago—and they were clearly stockpiling recycled materials, because it was not worth their while to sell them, and they would not get the return to Glasgow City Council on those materials. However, that meant that they needed the space to stockpile all those plastics, and it was building up, which had an impact on what they were able to do. The head of recycling at the time told me how he was having to phone up and haggle to get the best prices for some of the recycling within the city. That is not really what is wanted; we want a stable market, so that there is clear throughput and people can understand what money they will receive for the recycled material. There is certainly more to be considered. What consideration has the Minister given to that? What has come back through consultation with those who gather the recycled materials, because that is important?

Further to that, the Food and Drink Federation has asked whether the Government will consider ring-fencing the funds from the plastic packaging tax to re-invest in the recycling infrastructure across the UK. That seems pretty sensible. If we are trying to get the maximum amount recycled, we want to capture that as best we can. If there is money there, that would be useful.

Lastly, the British Plastics Federation—it fully supports the Bill, and was keen to stress that in its correspondence—expressed some concerns about how recycled content will be measured. It is difficult to measure once it is in a product, so we need clear mechanisms ahead of that. The federation also raised the issues I mentioned to do with food safety and other regulations and exemptions, and asked whether all plastic materials can be recycled properly, given what is in them. It feels that it is unfair to tax companies where regulations do not permit the use of recycled materials, which specifically affects food and cosmetic applications, because that cost will then be passed on to those companies, which can do little about it. Would that be a fair consequence of the legislation?

There is certainly a lot of scope here to change public behaviour and to make a real difference to plastic pollution across the UK. I commend the Government for looking at the issue, but very much urge them to look at the secondary details and to give some answers on exactly how this will work.

**Abena Oppong-Asare** (Erith and Thamesmead) (Lab): It is a pleasure to serve under your chairship, Sir Gary—for the second time this week for me.

I begin my discussion of the plastic packaging tax by saying that we welcome the new tax in principle. As members of the Committee can see, we have tabled a number of amendments to the clauses in this part of the Bill. We hope to encourage the Government to make improvements where they are needed. I will make some general remarks and be brief about the other proposals.

Plastic pollution is one of the biggest threats to our environment. In the UK, an estimated 5 billion tonnes of plastic are used every year, nearly half of which is packaging, and 67% of plastic waste comes from packaging. A report from the World Wildlife Fund calculated that total plastic waste generation in the UK could increase to about 6.3 million tonnes by 2030. As the Minister rightly mentioned, the vast majority of the plastic packaging used in the UK is from new rather than recycled plastic. We also know that far too much of that plastic waste goes to landfill or is incinerated, rather than being recycled or reused, so there is a dual problem: the environmental impact of producing new plastic, and the waste that is created by the failure to recycle plastic.

As the Green Alliance, to which I am grateful for its briefing on the issue, has said, solving those problems without increasing other environmental burdens will require an approach that tackles wider concerns about unsustainable resource use. It is a challenge that businesses, Government, and the whole of society must face together. The new plastic packaging tax is an opportunity to use the tax system to reduce the production of new plastics, encourage the use of recycled plastic, and divert plastic away from landfill or incineration.

However, we have a number of concerns about the detail and operation of the tax set out in these clauses. As the Exchequer Secretary mentioned, clause 45 sets

a rate of £200 per metric tonne of chargeable plastic packaging components. We are concerned that this low flat rate tax will not provide enough of an incentive to encourage plastic manufacturers and importers to move to a greater use of recycled plastic at the speed we need them to. I echo comments made by the hon. Member for Glasgow Central, which the Green Alliance and others have also noted, that the relative effectiveness of the flat tax is likely to change according to market conditions, including seasonal variations in plastic prices and fluctuations in oil prices. Over the past year, low oil prices have impacted on the competitiveness of recycled plastic versus new plastic.

Our new clause 11 is a probing amendment to get the Government to review the impact of the £200 rate, and to consider a rate escalator through which the per tonne charge would increase each year. Of course, we understand that further work is required to set this at an appropriate level, but an escalator would set a clear expectation on the industry over the coming year. The SNP's new clause 8 makes a similar point about whether the proposed rate provides the right incentive to remove non-recycled plastic from packaging as much as possible. The Food and Drink Federation has also asked whether the Government will consider ringfencing funds from the plastic packaging tax, to be reinvested in the UK's plastic recycling infrastructure. I hope that when the Exchequer Secretary replies, she can respond to a number of the concerns that we have raised.

I will just add that our new clause 13, which is also in this group, is more of a general review on the impact of tax overall on levels of recycled material in packaging. That includes non-plastic material, the waste hierarchy, levels of carbon emissions, and progress towards a circular economy. Again, I hope the Exchequer Secretary can pick up on some of those points.

**Kemi Badenoch:** I will go through the points that hon. Members have raised, and I think I will be able to answer quite a few of their questions. On the point about the 30% recycled plastic threshold being too low to be effective, I would say to the hon. Member for Glasgow Central that a £200 per tonne rate for plastic packaging that does not contain at least 30% recycled plastic will provide a clearer economic incentive for businesses to use more recycled plastic in the production of packaging—at the moment, it is just about 10%—and, in many cases, will make it more cost effective. We as a Government believe that setting the threshold for the level of recycled packaging at 30% is ambitious, reflects the pressing need to act on this issue and is achievable in the foreseeable future for many types of packaging. There is no point setting a threshold that we do not think people will be able to meet.

On the question of consultation with industry representatives and stakeholders, we consulted extensively. All regulations under this part of this Bill will also go through a public technical consultation before they are finalised. We will seek comments from interested stakeholders. HMRC has also set up the plastic packaging tax industry working group and conducted meetings with it to support the implementation of the tax and aid the process of drafting regulations and guidance. I take the point that the hon. Lady has made about the clarity of that guidance, and I am sure—because HMRC is working with the industry working group—that it will

[Kemi Badenoch]

get there. The group consists of an independent expert and trade organisations that cover the wide range of sectors affected by the tax, ensuring that a broad range of views are taken into account.

To date, the Government have conducted extensive engagement with the industry on the design of the tax, and held two policy design consultations and one technical consultation about the clauses of this Bill. HMRC also continues to have regular contact with the devolved Administrations, non-Government departmental bodies, and other interested stakeholders about all activity regarding the tax.

**Alison Thewliss:** I am glad to hear that that engagement is ongoing. Can I ask whether the Food and Drink Federation is included within that? I am a wee bit concerned that its concerns came through this afternoon, just before we were due to discuss this issue. Perhaps the timetable that we have gone through with the Bill has surprised people who thought that they had a couple of days longer to get their submissions in, and I would like to know whether the Food and Drink Federation was part of that.

**Kemi Badenoch:** The Food and Drink Federation is part of the industry working group. The other members are WRAP, the British Plastics Federation, the Chartered Institution of Wastes Management, the Foodservice Packaging Association, the Grantham Institute, the Chartered Institute of Logistics and Transport, Inkpen, the British Retail Consortium, the Packaging Scheme Forum, the Association of the British Pharmaceutical Industry and the Forum of Private Business.

I was asked whether there is evidence that the tax will cause any change because of the level that it has been set at, but I think I answered that in my previous answer.

The hon. Members for Erith and Thamesmead and for Glasgow Central asked about the oil price. The Government recognise that the price of oil may impact on the demand for virgin and recycled plastic, which is why we are putting in place a number of reforms to transform the economics of recycling. A stabilisation fund to protect against changes to the oil price would be highly complex to administer and would carry a risk to public finances. We are not going with that, but tax measures are being introduced by the Department for Environment, Food and Rural Affairs, including extended producer responsibility reforms and a deposit scheme. The hon. Member for Glasgow Central mentioned that there is one in Scotland, and we will be introducing one in England as soon as is practical. We are seeking feedback on proposed timelines from DEFRA's consultations. All of that will help increase the supply and quality of recycled plastic, making it a cheaper and more viable alternative to virgin plastic. That will also make demand for recyclable plastic less susceptible to changes in the oil price.

There was a similar question about complex multi-material packaging. We are not making an exemption for that, because during the consultation on the treatment of multi-material packaging, the Government decided that all packaging in which plastic is the largest material by weight should be within the scope of the tax. This

will make it easier for businesses to administer the tax, and it will also rightly focus on packaging components that use the most plastic as a proportion of all material. We are confident that a reformed producer responsibility system for packaging will complement the tax and incentivise businesses to design and use packaging that can be recycled more easily.

**Alison Thewliss:** One of the things that has been raised with me is that, if someone gets a traditional coffee cup from any high street coffee chain, the coffee cup would not be within the scope of the Bill, but the lid would be. Does that not seem a wee bit perverse?

**Kemi Badenoch:** I am not sure that is the case. HMRC and the members of the working group could give specific details on exactly how that would work, but we are having the public technical consultation. That is the sort of question that can be raised there; hopefully, it will receive an answer.

*Question put and agreed to.*

*Clause 42 accordingly ordered to stand part of the Bill.*

*Clauses 43 to 46 ordered to stand part of the Bill.*

#### Clause 47

##### CHARGEABLE PLASTIC PACKAGING COMPONENTS

**Abena Opong-Asare:** I beg to move amendment 20, in clause 47, page 26, line 4, at end insert—

“(6) Before making regulations under subsection (5), the Commissioners must consult—

- (a) industry representatives,
- (b) environmental NGOs, and
- (c) any other relevant individuals or organisations.”

**The Chair:** With this it will be convenient to discuss the following:

Clause stand part.

Clauses 48 to 50 stand part.

New clause 12—*Plastic packaging components review*—

“(1) The Chancellor of the Exchequer must review the impact of section 47 and lay a report of that review before the House of Commons within six months of the passing of this Act.

(2) A review under this section must estimate the expected impact of section 47 on—

- (a) plastic packaging tax revenue,
- (b) levels of recycled material (plastic and non-plastic) in packaging, and
- (c) levels of reusability and recyclability of packaging material (plastic and non-plastic).

(3) A review under this section must also estimate the expected impact of—

- (a) raising the 30% threshold in section 47 by 5% each year, and
- (b) introducing a power to vary the 30% threshold in section 47 depending on the type of plastic packaging.”

**Abena Opong-Asare:** I rise to speak to amendment 20 and new clause 12, as well as to the Government clauses. Clause 47 sets out the plastic packaging tax that will be charged on plastic packaging in which less than 30% of the plastic is recycled. Again, we are concerned that the

Government's ambition is too low. The UK plastic cap is already targeting an average of 30% recycled content across all plastic packaging by 2025.

New clause 12 is another probing amendment, to get the Government to consider creating an escalator in the amount of material that must be recycled in order to avoid the tax. An escalator that would be used effectively to reduce landfill would signal the Government's commitment in this area and would also help businesses to plan for an increase in their use of recycled material over time, rather than being locked into unsustainable supply chains. It would also encourage the development of technology to overcome barriers to higher recycled content use. Further work would be needed on the precise percentage increase that would be needed each year to achieve the optimal reduction in non-recycled plastic.

2.30 pm

Subsection (3)(b) of new clause 12 would require the Government to consider varying the 30% threshold, depending on the type of plastic packaging. Recycled content is easier to achieve for some polymers than for others. Green Alliance has pointed out that a single obligation will encourage gaming and switching between polymers. For example, manufacturers could reduce recycled content in packaging that already exceeds the threshold so that they can increase it elsewhere, resulting in no overall improvement. I hope that the Minister will look closely at the possibility of varying this threshold, as appropriate.

Amendment 20 is really a simple amendment to clause 47, which would require the commissioners to consult industry representatives and environmental NGOs before making regulations about the way in which the 30% threshold is calculated. At the moment, there is very little clarity about the verification process that will be used. Ideally, what we need is something such as an independent and verifiable recycled content verification system. As our amendment says, this should be developed in consultation with businesses and other stakeholders, to ensure that information on recycled content is trustworthy and can be audited, including for overseas producers.

In their witness evidence to this Committee, the British Plastics Federation has pointed out that the definition of "plastic packaging" for the tax is not aligned with the widespread definition of "plastic packaging" within existing UK and EU law, which it said is likely to result in confusion among manufacturers. Can the Minister explain why a different definition has been used? I hope that the Government will commit to working closely with all interested parties on this matter.

Finally, I will say something about the exemption of packaging made of multiple materials, which is set out in clause 48(3). In practice, it means that many of the materials that are most difficult to recycle that contain plastic—for example coffee cups and food cartons, as mentioned by the hon. Member for Glasgow Central—will not be captured by the tax. We are concerned that this could have the unintended consequence of encouraging businesses to switch to that sort of packaging, in order to avoid the tax.

Multi-layer materials are particularly difficult to recycle and cannot be recycled back into the same format. Cartons are not reported as a separate packaging category

in recycling information, so it is impossible to say what the current recycling rate for them is. The UK has one open-loop recycling facility for cartons, with a capacity of 25,000 tonnes per annum. This compares with a market size of at least 60,000 tonnes per annum, meaning that it is already impossible to recycle domestically all the cartons put on the market in the UK.

Can the Minister address these concerns directly? What will the Government do to encourage recycling of this type of material? How will they ensure that the plastic packaging tax does not inadvertently increase the use of plastic? Finally, will they consider bringing the materials that I have just talked about within the scope of the tax in the future?

**Kemi Badenoch:** Clauses 47 to 50 set out key high-level definitions for the plastic packaging tax, which between them define the meaning of "plastic packaging", when packaging is in scope of the tax and at what point packaging becomes chargeable. These are important definitions that give businesses clarity about whether their packaging will be liable to the tax, so I will go through them thoroughly. I will add that they will be supported by regulations and guidance later this year, to give further clarity to businesses.

Clause 47 determines the minimum threshold for the recycled plastic content that packaging must meet to be out of scope of the tax. For packaging that comes under this threshold, clause 47 also sets out at what point this packaging becomes chargeable. For imported plastic packaging, clause 50, which I will turn to shortly, also needs to be considered when determining the tax point. The tax will be charged on plastic packaging that contains less than 30% recycled plastic when measured by weight, and once it has gone through its "last substantial modification". The concept of "last substantial modification" was introduced following stakeholder feedback that the packaging supply chain is complex and packaging is not always completed by a single manufacturer. By moving the tax point to after the last substantial modification, we reduce the risk that UK manufacturers will be disadvantaged by the tax by bringing the tax point to when the packaging is finished, as it is for imported packaging. This also keeps the tax point as close to the manufacturer of the packaging as possible, where there is most knowledge and evidence about what recycled plastic it contains. I hope that that answers the questions from the hon. Member for Erith and Thamesmead.

Let me turn briefly to amendment 20, which was tabled by the hon. Members for Ealing North, for Erith and Thamesmead and for Manchester, Withington. It would require the Government to consult industry representatives, environmental non-governmental organisations and other relevant organisations prior to making regulations under subsection (5) of this clause. Since the Budget announcement in 2018, my officials have conducted two policy consultations on the design of the tax and a further technical consultation on the draft legislation in this Bill. These responses were analysed to inform and validate policy decisions for the design of the tax. The Government are currently developing regulations and will continue to consult industry representatives, both through Her Majesty's Revenue and Customs' plastic packaging tax industry working group, which I mentioned and, more broadly, through a technical consultation on

[*Kemi Badenoch*]

these regulations, as with all other regulations that are required to support the implementation of this tax. Given that comprehensive consultation with external stakeholders, such as that detailed in this amendment, has and continues to be a major feature of the design and implementation of this tax, the amendment is not necessary.

Clause 48 defines what a “packaging component” is—a product designed to be suitable for use for the containment, protection, handling, delivering or presentation of goods in the supply chain. This includes items such as plastic wrap, drinks bottles, and food packaging such as yoghurt pots and ready-meal trays. The scope of this definition includes packaging that does not fulfil its packaging function until it is used by the end consumer. This definition was revised following a technical consultation to ensure that only items designed to be suitable for use as packaging in the supply chain of the goods from the producer—in other words, the manufacturer—to the consumer are in scope; but to provide clarity to the person liable for the tax, who may not know the eventual use of the packaging, it does not matter whether the packaging is used in a supply chain or by an end consumer for packaging such as cling film or bubble wrap.

Clause 49 defines key terms relating to plastic, including the meanings of “plastic” and “recycled plastic”. The definitions in this clause determine whether a packaging component is plastic, and whether any of the plastic within that packaging component is recycled. The definition of plastic includes alternative plastics, such as biodegradables and compostables, putting them in scope of the tax. Although alternative plastics can play a role in addressing plastic waste, further evidence of their impact is required. For this reason, work is ongoing in this area and we will keep their tax treatment under review. The hon. Member for Erith and Thamesmead asked why the definition of plastic packaging in the Bill does not align with packaging regulations terminology. We recognise that there are differences between the definition of plastic packaging for the tax and packaging producer responsibility obligations, an issue that the British Plastics Federation raised. However, differences between the design of the tax and these responsibility obligations mean that a different approach is required. For example, the tax will have quarterly reporting periods, whereas businesses have longer to determine use and report their annual packaging producer responsibility obligations—these are often known as packaging recovery notes, or PRNs. Furthermore, PRNs adopt the EU definition of packaging, and now that we have left the EU we do not feel it appropriate to use this, especially as we are aware that the EU definition is under review and therefore subject to change.

Clause 50 establishes the time of importation. It ensures that, where there is a customs formality in place, such as customs warehousing, the tax will become chargeable only after the plastic packaging has cleared the customs processes where these apply. That will ensure that the tax does not act as a barrier to international trade and gives clarity to businesses about when the tax becomes due for imported plastic packaging.

I turn to new clause 12, tabled by the hon. Members for Ealing North, for Erith and Thamesmead and for Manchester, Withington. The new clause suggests that

the Government conduct a future review into the impact of clause 47, including the impact of increasing the 30% threshold for recycled content and having different thresholds for different types of plastic packaging. A £200 per tonne rate for plastic packaging that does not contain at least 30% recycled plastic will provide a clear economic incentive for businesses to use more recycled plastic in the production of packaging. In many cases, it will make using recycled plastic the most cost-effective option. Following consultation, the Government concluded that a single threshold will make the tax simpler for businesses to administer, minimise the compliance risks associated with multiple threshold levels and reduce the risk of lowering incentives for some types of packaging to include more recycled plastic.

As with all tax policy, the Government will continue to keep the plastic packaging tax under review, including the level of the tax, to ensure that it remains effective in increasing the use of recycled plastic. As I pointed out when discussing the previous set of new clauses tabled by Opposition Members, given the substantive information already published and the fact that limited new information is likely to be available before the tax is introduced, six months after the passage of the Bill would not be the right time to conduct and publish a review into the impacts of the recycled threshold for chargeable packaging components. The Government agree that it is important to understand the efficacy and impacts of the plastic packaging tax, but given that these issues have been previously considered and will be kept under review, the Government do not think that new clause 12 is necessary.

In conclusion, this group of clauses define key terms needed for the plastic packaging tax to work. They will be supported by secondary legislation and guidance, to provide further clarity on these terms.

**Abena Oppong-Asare:** I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 47 ordered to stand part of the Bill.*

*Clauses 48 to 50 ordered to stand part of the Bill.*

### Clause 51

PLASTIC PACKAGING COMPONENTS INTENDED FOR EXPORT

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to consider clauses 52 and 53 stand part.

**Kemi Badenoch:** Clauses 51 to 53 set out the circumstances when plastic packaging tax can be deferred or exempted and when tax paid packaging is eligible for a tax credit. As I explained before, the rationale of the tax is to encourage the use of recycled plastic instead of new material within plastic packaging. To maximise the incentive for businesses to use recycled plastic, the Government, as a general rule, believe it is important to include types of plastic packaging even where it may be challenging to increase the level of recycled plastic. That will encourage further investment in the recycling infrastructure and innovation required to overcome these challenges.

These clauses provide for the deferral of PPT and the provision of tax credits for packaging that is exported. They also exempt packaging used in the immediate packaging of licensed human medicines; aircraft, ship and train stores; and packaging used to transport imported goods. I will go through the rationale for each of these in turn. These and other clauses in the plastic packaging tax legislation use the term “plastic packaging component”. However, for ease, from this point onwards I will use the term “plastic packaging” instead.

Clause 51 sets out that plastic packaging imported into or manufactured in the UK that is intended for export within 12 months is not chargeable. Based on consultation feedback, the clause requires that the export must be made within 12 months of when a plastic packaging component is manufactured or imported. The packaging must always have been intended for export. This relief will not apply to transport packaging used to export goods such as plastic pallets and wrap, given the administrative challenges of tracking and evidencing that this packaging has been exported. Clause 52 provides for exemptions from PPT for certain plastic packaging.

**Peter Grant** (Glenrothes) (SNP): I apologise for my late arrival, Sir Gary; I was held up in another Committee. Could the Minister expand more on the rationale behind exempting plastic packaging that is manufactured for export? The whole problem with plastics is that plastics that are manufactured here end up in the stomachs of animals in the south Atlantic and the south Pacific. Has she considered, for example, exempting only materials being exported to countries where it is known that there is a similar tax system in place when they are imported? I can understand that we do not want a double tax if the plastic is being exported to a country where there is also an import tax, but is she concerned that the environmental impact of the tax will be reduced if companies can manufacture this stuff and then export it anywhere in the world without having to pay the tax?

2.45 pm

**Kemi Badenoch:** We have considered extensively the issue around managing export and one of the things that we did not want to do is to disadvantage UK companies, which would be competing with companies that did not have to pay a similar tax. This measure will encourage other countries into which plastic is being imported to have their own regimes, which would make sure that we have a balanced global system. So, that is why. I think the hon. Gentleman is speaking specifically on the export of packaging, rather than on transport packaging, which is what I was actually talking about.

I think I have said this before, but I will repeat it just in case I did not. This relief will not apply to transport packaging used to export goods, such as plastic pallets and wrap, given the administrative challenges of tracking and evidencing that the packaging has been exported. That is still on clause 51.

Clause 52 provides for exemptions from the plastic packaging tax for certain plastic packaging. The clause exempts transport packaging used to import goods to the UK. There are limited records of transport packaging used on imports, such as pallets, crates and pallet wrap, and the importer will often have little to no control over, or knowledge about, the amount or type of transport packaging used. As a result, the Government believe

that the burden of including this packaging in the scope of the tax would be disproportionate to the environmental impact of the packaging for both businesses and HMRC.

Clause 52 also exempts aircraft, ship and train stores, as defined under section 57 of the Customs and Excise Management Act 1979. This is similar to the operation of other taxes, notably excise duties that offer relief for stores on aircraft, ship and train stores, where products will be sold for retail or consumed on board.

Finally, clause 52 sets out a narrow exemption for plastic packaging used in the immediate packaging of licensed human medicines. Testing requirements mean there are greater barriers to including recycled plastic in this packaging, which go beyond sourcing concerns for other packaging such as food contact packaging. As a result, the tax may have unavoidable impacts on patients and vulnerable people. The Government recognise that this is a complex and difficult issue, but based on evidence that has been provided we are confident that it is feasible to operate this exemption.

The Government have carefully considered the case for providing exemptions for other types of packaging where it is challenging to include recycled plastic. The Government believe that including these types of packaging maintains the incentive to find new ways to overcome these challenges, but will keep exemptions from the tax under review. Clause 52 includes a power to create further exemptions from the tax where appropriate.

Clause 53 introduces powers for the Government to make regulations for tax credit where a person has already paid PPT on the packaging. This credit would be available where packaging is subsequently exported from the UK. That will support the competitiveness of UK businesses selling their products abroad. The credit would also be available where the packaging is subsequently converted into a different packaging component and prevents the tax from being charged twice. The Government will provide further guidance about when the tax is due, to minimise the circumstances where credit for subsequent conversion is necessary.

In conclusion and to reiterate, to maximise the incentive for businesses to use recycled plastic, the Government believe that, as a general rule, it is important to include types of plastic packaging even where it may be challenging to increase the level of recycled plastic. However, these clauses ensure that UK manufacturers are not disadvantaged by having to pay the tax on exports. They also provide exemptions to prevent risk to human health, to ensure similar treatment of aircraft, ship and train stores to that of other taxes, and where the administrative burden of controlling transport packaging used on imported goods would be disproportionate to the environmental benefits.

I therefore move that these clauses stand part of the Bill.

**Abena Opong-Asare:** As we are now getting into some of the more technical details of the plastic packaging tax, I shall keep my remarks brief.

Clause 52 makes a number of sensible exemptions from the tax, including for packaging of medicines or other medical products. We welcome this exemption, of course, but it would be good to have reassurance from the Minister that the list of exemptions will be kept as short as possible. Clause 53 introduces tax credits for

*[Abena Oppong-Asare]*

situations in which a person becomes no longer liable to pay the tax. At this point, could the Minister confirm that HMRC will have the resources that it needs to undertake the considerable administration involved in this new tax?

**Kemi Badenoch:** I think that I can reassure the hon. Lady on those points. We have kept the exemptions as small as possible. Industry would have liked there to be many more exemptions, but we think that this is the right place. And we of course recognise that HMRC requires resources for any new regulations. That is something that we continue to address, as I am sure my right hon. Friend the Financial Secretary to the Treasury will attest.

*Question put and agreed to.*

*Clause 51 accordingly ordered to stand part of the Bill.*

*Clauses 52 and 53 ordered to stand part of the Bill.*

### Clause 54

#### THE REGISTER

*Question proposed, That the clause stand part of the Bill.*

**The Chair:** With this it will be convenient to discuss that clauses 55 to 58 stand part.

**Kemi Badenoch:** Clauses 54 to 58 make provision and set out the registration requirements for businesses liable to plastic packaging tax—or PPT, as it will henceforth be known—including the threshold that businesses must exceed before they are required to register for the tax. As I set out in my previous remarks, the tax applies to UK manufacturers of plastic packaging and importers of packaging. The Government announced at Budget 2020 that PPT would exclude businesses that manufacture or import less than 10 tonnes of plastic packaging. The Government believe that, by taking this approach, we will retain the vast majority of plastic packaging within the scope of the tax, while limiting the disproportionate burden on small business. The Government still expect businesses below the de minimis threshold to work towards increasing the recycled plastic content in their packaging.

Clauses 54 and 55 require HMRC to keep a register for the purposes of administering the tax, and establish the circumstances in which manufacturers and importers are liable to be registered. These clauses set out two tests to determine whether a person will exceed the de minimis threshold in either the coming 30 days, the forward look test, or over the past 12 months, the backward look test. This is a similar approach to that for other taxes, for example the VAT de minimis threshold, which is well tested. Packaging imported or manufactured in the UK before 1 April 2022 will not count towards either test.

Clause 56 provides for the period within which a person must notify HMRC of their liability to register for the tax. It also allows HMRC to make regulations about the information required and how it is provided. Clauses 57 and 58 provide for when a registration can be cancelled and corrected. HMRC may deregister a

person if it is satisfied that the person was never liable to the tax, or has not been liable for 12 months. Clause 58 also allows HMRC to make further regulations regarding corrections of the register.

These clauses provide the essential framework for the administration and registration of businesses liable for the tax. The inclusion of a de minimis threshold ensures that the tax captures businesses only where the revenue and environmental benefit exceed the administrative burden of the tax. I therefore urge that the clauses stand part of the Bill.

**Abena Oppong-Asare:** Again, I have relatively little to say on the clauses, which in this case relate to registration. I do note that firms do not have to register or pay the tax if they manufacture or import less than 10 tonnes of plastic packaging. Is the Minister concerned that that is quite a sharp threshold, whereby producing just over 10 tonnes could bring a firm into the scope of the tax? Has the Treasury given any consideration to a more gradual threshold? Also—I am struggling to talk, because I have a mask on my face—let me ask the Minister what monitoring will be undertaken to ensure that all the individuals and firms that are required to be on the register are in fact registered?

**Alison Thewliss:** In practical terms, how many additional staff will be brought into HMRC to deal with compliance? Does the Exchequer Secretary have an estimate of the cost to the Government? Is there any estimate of the cost to firms of complying with the additional paperwork? Firms are already having to do quite a lot of additional paperwork following Brexit.

**Kemi Badenoch:** I believe that the first question from the hon. Member for Erith and Thamesmead was about avoidance risk because of where we have set the de minimis threshold. As with other taxes, the Government intend to implement measures to prevent abuse—including anti-avoidance measures covered in later clauses, which I will come to—and, where appropriate, to enable HMRC to take action to tackle the artificial splitting of a business. Connected persons will also be treated as a single organisation in assessing whether they exceed the de minimis threshold.

On business readiness, awareness and the amount of support and guidance provided, which the hon. Member for Glasgow Central referred to, we have consulted extensively to ensure that businesses are ready. We have been discussing the measure for several years now, as the hon. Lady will remember from previous Finance Bills; it will be introduced in 2022. We are raising awareness through consulting on the tax, including through the technical consultation on draft legislation and through work with industry, which will help us to ensure that the regulations are fit and ready.

On administrative cost, we think that 20,000 manufacturers and importers of plastic packaging will be affected by PPT. For plastic packaging manufactured in the UK, the manufacturer must register for and pay the tax; for plastic packaging imported into the UK, the person on whose behalf the packaging is imported must register and pay. They will usually be the consignee on import documentation, but where a consignee or co-signee can demonstrate that they are acting on behalf of another

business that owns the goods, as in the case of freight forwarders, the owner must register an account for the tax.

We have looked at all the measures to ensure that businesses are ready and that costs are proportionate, and we feel that we have struck the right balance.

**Abena Oppong-Asare:** I appreciate that the Government are looking into this to ensure that businesses are ready, but I would like a bit more clarification on what they are doing to monitor that businesses are registered.

**Kemi Badenoch:** That is a point that we will come to in later clauses.

*Question put and agreed to.*

*Clause 54 accordingly ordered to stand part of the Bill.*

*Clauses 55 to 58 ordered to stand part of the Bill.*

### Clause 59

#### NOTICES IMPOSING SECONDARY OR JOINT AND SEVERAL LIABILITY

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss that schedule 9 be the Ninth schedule to the Bill.

**Kemi Badenoch:** Clause 59 and schedule 9 set out secondary liability and joint and several liability for the plastic packaging tax. As with any tax, there is a risk of fraud and non-payment; the Bill introduces measures to enable HMRC to effectively tackle non-compliance.

Clause 59 will introduce secondary liability notices and joint and several liability notices. Schedule 9 contains powers to make a person operating with non-compliant businesses jointly or severally liable for the tax, or hold them secondarily liable where the tax has not been paid. While secondary liability is retrospective, joint and several liability is prospective; a secondary liability notice makes a person liable for tax that has previously not been paid, whereas a joint and several liability notice makes the person liable for future tax after the notice is given. Both notices will work in tandem to enable HMRC to tackle non-compliance with the PPT through recovery of the tax from other people in the supply chain, as is common in other tax regimes.

Use of the provisions will be limited to situations in which a person knows or ought to have known that tax should be paid, but where it has not been paid or is at risk of not being paid, on chargeable plastic packaging. This includes situations in which a person has previously been notified by HMRC of non-compliance by another person in their supply chain. Decisions in respect of secondary liability and joint and several liability notices, such as their issue and revocation, will be appealable to tribunal and may also be reviewed by HMRC.

Secondary liability and joint and several liability are essential compliance tools that enable HMRC to recover unpaid tax from another person in the supply chain when certain conditions are met. They have been successfully used in other taxes to ensure compliance.

3 pm

**Abena Oppong-Asare:** Clause 59 and schedule 9 make provision for secondary liability or joint and several liability, as mentioned by the Minister. We do support these measures to prevent the avoidance of this tax by companies, but concerns have been raised by the Chartered Institute of Taxation and others that additional administrative and financial burdens for businesses may arise out of this joint liability. Businesses in the supply chain, including retailers and manufacturers of products that use plastic packaging, will not necessarily know whether the supplier of plastic packaging has accounted for the appropriate amount of tax. Can the Minister reassure us that there will be a straightforward way for businesses to check that the correct amount of tax has been paid and that they do not bear joint and several liability?

**Kemi Badenoch:** On that question, there is general support for this proposal, on the basis that it will be applied only where a person knew or had reasonable grounds to suspect that the tax had not been accounted for. For example, if an overseas seller confirms that the tax is not due and the business purchasing the goods in the UK has taken reasonable steps to verify this, it will not be held liable.

This approach is used effectively in other tax provisions; it is not a new thing that we will be doing. Businesses will be considered secondarily liable or jointly and severally liable for the tax in certain situations only where they knew, or had reasonable grounds to suspect, the tax had not been paid. The Government will continue to work with the sector on what constitutes due diligence in establishing whether the tax has been properly accounted for, and will publish further guidance on this.

*Question put and agreed to.*

*Clause 59 accordingly ordered to stand part of the Bill.*

*Schedule 9 agreed to.*

### Clause 60

#### MEASUREMENT OF WEIGHT ETC

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss the following:

Clause 61 stand part.

That schedule 10 be the Tenth schedule to the Bill.

Clause 62 stand part.

That schedule 11 be the Eleventh schedule to the Bill.

Clauses 63 and 64 stand part.

That schedule 12 be the Twelfth schedule to the Bill.

Clauses 65 to 67 stand part.

**Kemi Badenoch:** I now turn to clauses 60 to 67. Among other things, they provide for how HMRC will enforce and administer the tax, which was the question asked by the hon. Member for Erith and Thamesmead.

These are technical clauses that grant powers to make regulations on the detailed operation of certain aspects of the tax. The amount of tax due is determined by the

[Kemi Badenoch]

weight of the plastic packaging component, so a provision is needed to ensure that the weights used are accurate and can be assessed, to ensure that all businesses liable for the tax are treated fairly.

It is also essential to have mechanisms in place to collect the tax from businesses and to take action to recover tax when it is not paid, as required by the legislation. To ensure that the revenue is protected, businesses will need to keep appropriate records in respect of their tax liability. These provisions grant powers to set out what records they are required to retain and for how long, so all relevant information is available in the event of a later query.

The measures in schedule 12 are necessary to ensure that HMRC can take samples of plastic packaging to verify that the right amount of tax is paid, share information with other named public bodies and take effective action to protect the revenue. Clause 65 enables HMRC to require a person to give security for the payment of any tax likely to be due, to protect the revenue in certain circumstances. Clauses 66 and 67 provide for the treatment of unincorporated bodies and for how anything required to be given to businesses liable to the tax is sent to them.

Clause 60 gives the commissioners of HMRC powers to make regulations setting out how the weight of plastic packaging will be measured and assessed for the purposes of the tax. The power will be used to require the weight of components to be taken as an average over a production run, and businesses will need to keep records of the measurements and calculations. There will be scope for businesses to agree methods of measurement with HMRC in particular cases. Where HMRC suspects that inaccurate weights are being used, it will be able to inspect and weigh samples of the packaging components, to use assumptions about weights if necessary and to override any agreement with this information.

Clause 61 and schedule 10 give the commissioners powers to make regulations covering record keeping, the mechanics of making tax returns and payments, and recovering tax owed. These powers mirror the powers in this area for other taxes and will be used in the same way.

Clause 62 introduces schedule 11, which establishes which decisions are appealable. It sets out a system of reviews and appeals using procedures long established in the tax system and the existing tribunals system. As with other taxes, businesses contesting a decision or assessment will have the right to a review by HMRC and an appeal to a tribunal, should they wish to pursue the matter.

Clause 63 grants regulation-making powers to require businesses to keep specified records for a specified period that does not exceed six years. This is consistent with other taxes. The powers will be used to require businesses to keep records relating to the calculation of their liability for PPT. The records will include the weight and the quantities of materials used in the packaging.

Clause 64 introduces schedule 12. The first part of schedule 12 provides for someone authorised by the commissioners to take samples of plastic packaging where this is necessary to ensure that tax is being properly accounted for, to share and receive information

from other public bodies and to provide information to the courts on registration and returns, and for evidence to remain acceptable when those providing it have had their penalties reduced for doing so. For example, HMRC may want to test a sample of packaging to validate the evidence provided about its weight and make-up.

The second part of the schedule provides for HMRC to share information obtained in connection with PPT with other named public bodies to assist them in their functions, and to receive information from the same bodies to assist with the administration of the plastic packaging tax. The final part of the schedule provides for the courts to accept certificates from the commissioners indicating whether a business is registered and whether returns have been made as sufficient proof of these matters. The schedule also makes provision that where evidence of non-compliance is provided by a taxpayer who has themselves been subject to a non-compliance penalty, that evidence will remain valid, even if the latter's penalty is to be reduced as a result of their assistance in protecting the revenue.

Clause 65 gives a power to make regulations requiring security to be provided against liability for PPT, for the purposes of protecting revenue. We do not intend to use this power initially, but it is important that it is provided in case it is required to act against fraud in the future. Clause 66 allows HMRC to make regulations for determining who is responsible for fulfilling the obligations of unincorporated bodies in respect of PPT. Clause 67 provides that anything required to be given to a person as part of the requirements for PPT is given to that person or their representative by post to that person's last known address.

These clauses and schedules set out important mechanics for the technical operation of the tax and for recovering tax due to the Crown. I therefore move that they stand part of the Bill.

**Abena Oppong-Asare:** Again, these are largely technical clauses on the administration and enforcement of the plastic packaging tax. Most of the clauses give the commissioners the power to make regulations—for example, on how the weight of the packaging is to be determined and how records should be kept. My only point here—we have tabled amendments on this that we will come to later—is that we believe that the Government should consult fully with relevant businesses and environmental groups before making such regulations. We also believe that all such regulations should be subject to proper scrutiny in Parliament. That will ensure that the Government have the best chance of making sure that the tax works effectively and with the minimum additional burden for businesses, which I am sure we all want.

**The Chair:** I look forward to coming to those points later on this afternoon.

*Question put and agreed to.*

*Clause 60 accordingly ordered to stand part of the Bill.*

*Clause 61 ordered to stand part of the Bill.*

*Schedule 10 agreed to.*

*Clause 62 ordered to stand part of the Bill.*

*Schedule 11 agreed to.*

*Clauses 63 and 64 ordered to stand part of the Bill.*

*Schedule 12 agreed to.*

*Clauses 65 to 67 ordered to stand part of the Bill.*

### Clause 68

#### STATEMENTS FOR BUSINESS CUSTOMERS

*Question proposed,* That the clause stand part of the Bill.

**Kemi Badenoch:** The clause sets out requirements relating to the inclusion of a PPT statement on certain invoices and allows for further regulations specifying what the statement must contain. In consultations, stakeholders told us that customers often have influence over the specification and design of plastic packaging. Including the amount of PPT on invoices will help encourage the behavioural shift towards using more recycled plastic. It will also increase the visibility of the tax and show businesses how much more they are paying for their plastic packaging by not switching to using more recycled plastics. The clause assists with the environmental behaviour shift that is sought by the tax, and I therefore recommend that it stands part of the Bill.

**Peter Grant:** I have just a few points on the clause. I can certainly understand the thinking behind it, but I note that it applies when the goods are first supplied—it applies to the person who is liable to pay the tax. Has the Minister considered what happens if there is a chain of supply but the intermediaries do not do anything that makes them liable to pay the tax? My reading of the clause is that the final user—the final customer—does not necessarily get the statement of how much tax has been paid. If the intention is to affect the behaviour of not only the manufacturers but customers, we are missing a trick, in that the customer might not realise how much of the final cost has been covered in the plastic packaging tax.

My second point is very simple. Is it envisaged that the statement of plastic packaging tax would be required to be printed on the face of the invoice, or could it simply be attached as a separate document? It is not clear what the commissioners are likely to put into any regulations. My concern is partly that if it is required to be put on the face of the invoice, that potentially requires quite a lot of changes to software by companies that use accounting software. Alternatively, if it is supplied as a separate document, are there not enforcement difficulties? It could be difficult to establish afterwards that it was not attached, whereas if somebody provides an invoice without accounting for VAT, it is quite clear to anybody that the requirement to give a VAT invoice has not been complied with. Have those two issues been considered by the Government in the precise wording of the clause?

**Abena Oppong-Asare:** The clause sets out the requirement for the PPT statement on certain invoices. The only point I want to make is to urge the Treasury and HMRC to work with businesses to ensure that they understand the requirement and implement it with the least burden possible.

**Kemi Badenoch:** On the question of liability, businesses that are liable for the tax will be required to include the amount of plastic packaging tax on the sales invoices to their customers. This will make the tax visible and help

incentivise customers to choose recycled plastic packaging. The Government are not requiring the amount of PPT to be included on sales invoices further down the supply chain, such as the invoice from a wholesaler to a retailer, as such customers have less influence over the type of packaging and it may disproportionately increase the burden on businesses. However, businesses further down the supply chain can still choose to show the tax previously paid on their sales invoices.

*Question put and agreed to.*

*Clause 68 accordingly ordered to stand part of the Bill.*

### Clause 69

#### TAX REPRESENTATIVES OF NON-RESIDENT TAXPAYERS

*Question proposed,* That the clause stand part of the Bill.

**Kemi Badenoch:** The clause is about tax representatives of non-resident taxpayers. It enables HMRC to make regulations requiring non-UK residential taxpayers to appoint tax representatives. The regulations may also include administrative matters—for example, provisions on the notification of being a non-resident taxpayer and naming tax representatives on the register against those whom they represent. The clause will help to ensure that liable overseas businesses register and comply with the tax. I therefore commend that it stand part of the Bill.

3.15 pm

**Abena Oppong-Asare:** Clause 69 gives commissioners the power to make provisions requiring that every non-resident taxpayer appoint a person resident in the UK to act as a tax representative for the plastic packaging tax.

The Chartered Institute of Taxation made a number of comments about the clause in its briefing. It would like future regulations to consider whether exceptions could apply—for example, if the non-resident taxpayer has a history of a prescribed period of compliant behaviour with other UK taxes, or has an internationally recognised accreditation, such as being an authorised economic operator. It also points out that it could be common for non-resident taxpayers to outsource the completion of UK tax returns to UK tax agents to ensure good compliance with UK obligations. It should be noted, though, that for the majority of UK tax agents it will not be usual business practice to act with joint and several liability for the taxes that they administer, so the requirement to be a tax representative would be a barrier to taking on such business.

Where a non-resident business has outsourced its VAT or customs duty compliance to a UK tax agent, it would appear sensible to similarly outsource the PPT compliance to the same tax agent, as they will have the details of the imports into the UK. However, the mandatory tax representation responsibilities will be a barrier to that. That will be an increased opportunity for areas where UK tax compliance must be provided by separate tax agents and tax representatives.

On subsection (8)(a), the Chartered Institute of Taxation would like to see greater explanation of what constitutes an “established place of business” in future regulations.

[Abena Oppong-Asare]

For example, if a large non-resident business has a presence in the UK, be it a large or small sales office, will the presence be enough to remove the obligation to appoint a UK tax representative? Businesses will require clarity on the definition of an “established place of business” with regard to this tax.

**Kemi Badenoch:** In terms of the requirements for businesses without a presence in the UK to appoint a UK-based representative, whether those requirements will work, and the additional burden that the hon. Lady refers to, the person on whose behalf the packaging is imported will be liable for the tax. The Government do not envisage that many businesses without a UK presence will be liable for PPT. The Government therefore intend to commence but not exercise the power initially. However, including the power in the Bill means that we can protect the revenue and maintain a level playing field for UK-compliant businesses if there is evidence of significant non-compliance with the tax by overseas businesses. The additional burden will therefore arise only if it is required to ensure compliance, protecting the revenue and ensuring a level playing field for UK-based businesses. In the absence of exercising that power, businesses without a presence in the UK will need to register for the tax in the same way as UK-based businesses. I am sure that HMRC officials will have taken note of some of the further questions, which I think will be addressed during later consultations.

*Question put and agreed to.*

*Clause 69 accordingly ordered to stand part of the Bill.*

### Clause 70

#### ADJUSTMENT OF CONTRACTS

*Question proposed,* That the clause stand part of the Bill.

**Kemi Badenoch:** Clause 70 provides for businesses to adjust existing contracts in respect of the plastic packaging tax. That covers two scenarios: first, adjusting the payment amount for a contract where PPT previously was not factored, or there is a change in the tax chargeable; and, secondly, adjusting a contract where chargeable plastic packaging is further processed into different packaging.

The latter case recognises the complexity of supply chains and avoids a double charge of tax. The Government expect that to be used in a very limited number of cases, given that the tax applies to substantially finished packaging. The clause helps businesses to take account of the tax within existing contracts. I therefore commend that it stand part of the Bill.

**Abena Oppong-Asare:** The clause is a technical measure that provides for the adjustment of contracts in respect of the plastic packaging tax. We have no questions for the Minister on that.

**The Chair:** That is what we like to hear.

*Question put and agreed to.*

*Clause 70 accordingly ordered to stand part of the Bill.*

### Clause 71

#### GROUPS OF COMPANIES

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss that schedule 13 be the Thirteenth schedule to the Bill.

**Kemi Badenoch:** Clause 71 and schedule 13 concern groups of companies. To make the reporting requirements for the tax less burdensome, clause 71 and schedule 13 set out when and how two or more corporate bodies may be treated as a group in respect of the plastic packaging tax. When used, PPT is charged to the representative of the group, rather than all members individually. This includes where a group member is found liable through secondary or joint and several liability. Schedule 13 contains further details on how the provision will operate, for example defining who is eligible to apply for group treatment and the limited grounds on which Her Majesty’s Revenue and Customs may refuse an application. The clause and schedule provide an administrative saving to businesses that choose this option and are eligible.

**Abena Oppong-Asare:** The clause and schedule allow two or more corporate bodies to form a group for plastic packaging tax purposes, so they can report and account for the plastic packaging tax as a single body with joint and several liability. I just want to know whether the Minister had seen the submission from the Chartered Institute of Taxation on this issue. It points out that the requirement for a group member to be a corporate body for VAT grouping rules was changed by schedule 18 of the Finance Act 2019, which extended it to individuals and partnerships that control other bodies in a VAT group with effect from 1 November 2019. Could the Minister explain why the updated rules for VAT do not apply to the plastic packaging tax?

**Kemi Badenoch:** I am afraid that I have not seen the note to which the hon. Lady refers so I am not able to answer the question, but I am sure we can get an answer from officials before the next sitting.

**The Chair:** Happy with that?

**Abena Oppong-Asare:** Yes.

*Question put and agreed to.*

*Clause 71 accordingly ordered to stand part of the Bill.*

*Schedule 13 agreed to.*

### Clause 72

#### PREVENTION OF ARTIFICIAL SEPARATION OF BUSINESS ACTIVITIES: DIRECTIONS

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to consider clause 73 stand part.

**Kemi Badenoch:** Clauses 72 and 73 prevent businesses artificially splitting in order to come under the tax's 10 tonne per year registration threshold and avoiding paying PPT. The clauses protect PPT against avoidance in the form of the business artificially splitting to come under the tax's 10 tonne per year de minimis threshold. Where HMRC determines that such avoidance is happening, the clauses allow it to issue a direction that means the persons named are treated as a single person liability for tax. The clauses are important for preventing attempts to circumvent the tax.

**Abena Oppong-Asare:** Clauses 72 and 73 introduce measures to prevent avoidance of plastic packaging tax by artificially separating business activities. We welcome the measures to prevent avoidance of this tax.

*Question put and agreed to.*

*Clause 72 accordingly ordered to stand part of the Bill.*

*Clause 73 ordered to stand part of the Bill.*

#### Clause 74

DEATH, INCAPACITY OR INSOLVENCY OF PERSON  
CARRYING ON A BUSINESS: REGULATIONS

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss clause 75 stand part.

**Kemi Badenoch:** Clauses 74 and 75 set out how the tax is dealt with in the event of a liable business changing ownership, or the unfortunate circumstances of an owner dying, or becoming incapacitated or insolvent. The clauses provide for further regulations to be made that will deal with how changes in a business due to a change of ownership, death, incapacity or insolvency are handled within the tax. Such provisions are a common part of many taxes and are important to ensure the protection of revenues owed to the Crown. The clauses are a necessary feature of most taxes needed to help the tax function properly. I therefore ask that they stand part of the Bill.

**Abena Oppong-Asare:** Clauses 74 and 75 make provisions for situations in which businesses are transferred. We welcome these sensible clauses, which I believe were suggested by the Chartered Institute of Taxation during an earlier consultation.

**The Chair:** Why cannot Parliament always be like this?

*Question put and agreed to.*

*Clause 74 accordingly ordered to stand part of the Bill.*

*Clause 75 ordered to stand part of the Bill.*

#### Clause 76

ISLE OF MAN: IMPORT AND EXPORT OF CHARGEABLE  
PLASTIC PACKAGING COMPONENTS

*Question proposed,* That the clause stand part of the Bill.

**Kemi Badenoch:** Clause 76 sets out the tax treatment of plastic packaging imported from or exported to the Isle of Man. For imports from the Isle of Man to the

UK, if in the future the Isle of Man were to have a corresponding tax on plastic packaging, and the Isle of Man PPT rate is equal to or greater than the UK rate, the UK tax is not charged. For imports where the Isle of Man rate is lower than the UK rate, the UK tax is charged as the difference between the two rates. Where there is no corresponding Isle of Man tax, the UK tax is charged at the full rate on imports to the UK. Where plastic packaging is exported from the UK to the Isle of Man, these are not treated as exports for the purposes of the UK tax. This clause provides clarity on tax treatment of imports and exports to and from the Isle of Man.

**Abena Oppong-Asare:** Clause 76 relates to the import and export of plastic packaging in respect of the Isle of Man, as the Minister said. Once again, this seems like a sensible clause, and we have no questions for the Minister.

*Question put and agreed to.*

*Clause 76 accordingly ordered to stand part of the Bill.*

#### Clause 77

FRAUDULENT EVASION

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss the following:

Clauses 78 to 80 stand part.

That schedule 14 be the Fourteenth schedule to the Bill.

Clause 81 stand part.

**Kemi Badenoch:** These clauses and the schedule set out a number of criminal offences in respect of fraudulent activities connected with the plastic packaging tax and the penalties and proceedings associated with these. It is essential that any tax is applied fairly and collected from all those liable to pay it. These clauses make provisions for necessary sanctions for non-compliance with the requirements for PPT, in a manner consistent with those applied in other taxes.

Clause 77 creates a criminal offence for knowingly being involved in the fraudulent evasion of PPT, including through fraudulent claiming of tax credits or repayments, and sets out the maximum penalties for doing so. Clause 78 creates a criminal offence for supplying false information and documents, with an intention to deceive, and sets out the maximum penalties for doing so. Clause 79 creates a criminal offence for conduct involving evasion or misstatements in respect of obligations under, and liability for, PPT. The specifics of those offences need not be known, and maximum penalties are set out.

Clause 80 and schedule 14 make provision to collect penalties for specified breaches of the requirements of PPT, such as those on record keeping obligations and requirements to keep a registration up to date. Clause 81 provides that the Customs and Excise Management Act 1979 applies in relation to PPT offences, in the same way that it applies to offences under the Customs and Excise Acts.

These measures are necessary both as a deterrent against avoidance and evasion of the payment of PPT, and to ensure that proportionate action can be taken

[Kemi Badenoch]

where offences are committed. This is the case as elsewhere in the tax system. I therefore move that these clauses and the schedule stand part of the Bill.

**Abena Oppong-Asare:** Clauses 77 to 81 and schedule 14 outline offences and penalties attached to the PPT, including new criminal offences of being involved in the fraudulent evasion of the PPT or supplying false information with an intention to deceive, as the Minister mentioned. We have already discussed tax evasion at considerable length during the various stages of the Bill, so I shall simply say that we support these measures and hope to see them robustly enforced.

*Question put and agreed to.*

*Clause 77 accordingly ordered to stand part of the Bill.*

*Clauses 78 to 80 ordered to stand part of the Bill.*

*Schedule 14 agreed to.*

*Clause 81 ordered to stand part of the Bill.*

## Clause 82

### MINOR AND CONSEQUENTIAL AMENDMENTS

*Question proposed,* That the clause stand part of the Bill.

3.30 pm

**The Chair:** With this it will be convenient to discuss the following:

That schedule 15 be the Fifteenth schedule to the Bill.  
Clause 83 stand part.

Amendment 22, in clause 84, page 47, line 20, leave out subsections (5) to (11) and insert—

“(4A) Any statutory instrument containing regulations under this Part may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.”

Amendment 21, in clause 84, page 48, line 3, at end insert—

“(12) Before making regulations under this Part the Commissioners must consult with—

- (a) industry representatives,
- (b) environmental NGOs, and
- (c) any other relevant individuals or organisations.

(13) Regulations made under this Part must pay regard to the principles of waste hierarchy and circular economy.”

*Clauses 84 and 85 stand part.*

**Kemi Badenoch:** Clauses 82 to 85 and schedule 15 enable minor amendments to be made to other legislation as a result of the plastic packaging tax. They also enable regulations to be made in respect of PPT. Clause 82 simply introduces schedule 15, which allows minor amendments to be made to other areas of legislation. Primarily, they make provision for certain existing penalties to apply to persons who fail to comply with their obligations for PPT.

Clause 83 sets out the meaning of various key terms used in the Bill relating to PPT. Clauses 84 and 85 allow regulations to be made in respect of PPT. They set out general provisions about making these regulations, including where they are subject to affirmative procedures in the House of Commons. They also give the Treasury the power by regulations to appoint the commencement date of clauses in the Bill relating to PPT.

Amendments 21 and 22, tabled by the hon. Members for Ealing North, for Erith and Thamesmead, and for Manchester, Withington, would require all regulations in part 2 of the Bill to be subject to the affirmative procedure and mandate that the Government consult industry representatives, environmental NGOs and other relevant organisations on all the regulations. I have previously outlined, when addressing their amendment to clause 47, how the Government have consulted and continue to consult with industry representatives and environmental groups, so I shall not go over that again.

With regard to amendment 22, which would make all the regulations in this part of the Bill subject to the affirmative procedure, it is right that Parliament has the opportunity to scrutinise legislation, but it is also right that we find an appropriate balance, given the volume of legislation that this House must make. The Government have therefore selected the most fundamental regulations to be subject to the affirmative procedure, which includes regulations that impact on the scope of the tax. We must also not forget that this House has Commons financial privilege, and it is important that we maintain that. I therefore strongly contest the amendment on those grounds. These final clauses and schedule are general in nature.

**Abena Oppong-Asare:** It is good to have reached the end of the plastic packaging tax clauses. I will speak briefly to our two amendments. Amendment 22 would amend clause 84 to improve scrutiny by making all regulations subject to the affirmative procedure and to prevent use of the made affirmative procedure. Amendment 21 would require consultation on all regulations and require that, in exercising powers, regard must be had to the principles of the waste hierarchy and the need to promote the circular economy.

These amendments simply make the point that I made earlier: much of the detail of this tax will be determined by regulations, and the Government must ensure that they are open to as much scrutiny as possible. The packaging industry will need to be consulted at all stages to ensure that the technical details of the tax work effectively. Environmental groups also need to be consulted, to ensure that the tax fulfils its purpose: to encourage the use of recycled plastic, to increase levels of recycling, to reduce the amount of waste going to landfill and to protect our natural environment. I hope that the Government will take on board the points we have made in Committee as they take this forward in the next year.

**Alison Thewliss:** I very much agree with the Opposition's amendments. It is clear that, even with all the consultation that the Government say they have done and all the extensive behind-the-scenes work, concerns will still be raised. It is important that, as we move forward with the regulations and other things, we continue the scrutiny in this House to ensure that we get it right and that those who have concerns about the policy can raise them through elected Members in a public forum. I very much agree with that.

I also very much agree with the point relating to environmental non-governmental organisations and other relevant organisations that may still have concerns that have not yet been addressed, despite the extensive discussions that we have had this afternoon. Involving them as we go forward is crucial.

**Kemi Badenoch:** I note the points that have been made. The fact is that no single set of policies will please consumers, businesses and environmental NGOs, but we think we have struck the right balance, and I hope the Opposition will not press their amendments.

*Question put and agreed to.*

*Clause 82 accordingly ordered to stand part of the Bill.*

*Schedule 15 agreed to.*

*Clauses 83 to 85 ordered to stand part of the Bill.*

*Ordered, That further consideration be now adjourned.*  
*—(David Rutley.)*

3.37 pm

*Adjourned till Tuesday 27 April at twenty-five minutes past Nine o'clock.*

**Written evidence reported to the House**

FB 01 Association of Taxation Technicians (ATT)—  
Clause 15—Annual Investment Allowance

FB 02 Chartered Institute of Taxation (CIOT)—  
Clauses 18-20—Reliefs for Business

FB 03 Chartered Institute of Taxation (CIOT)—  
Clauses 21-29—Employment Income and Pensions (various  
measures)

FB 04 Chartered Institute of Taxation (CIOT)—Part 2  
of the Bill—Plastic Packaging Tax

FB 05 Association of Taxation Technicians (ATT)—  
Clause 112

FB 06 Association of Taxation Technicians (ATT)—  
Clause 113

FB 07 Low Incomes Tax Reform Group—  
Clauses 112-113—Penalties

FB 08 Low Incomes Tax Reform Group—  
Clause 122—Financial Institution Notices

FB 09 British Plastics Federation