



TACKLING THE PLASTIC PROBLEM: SINGLE-USE PLASTIC WASTE

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ICAEW welcomes the opportunity to respond to the call for evidence [Tackling the plastic problem: using the tax system or charges to address single-use plastic waste](#) published by HM Treasury on 13 March 2018.

This response of 22 May 2018 has been prepared by the ICAEW Tax Faculty. Internationally recognised as a source of expertise, the Tax Faculty is a leading authority on taxation and is the voice of tax for ICAEW. It is responsible for making all submissions to the tax authorities

known names in the tax world, who work across the complete spectrum of tax, both in practice and in business.

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COMMENTS

1. We welcome the fact that government is actively taking forward the debate on single-use plastics with a view to delivering better environmental outcomes.
2. Under general principles we do not normally support using tax to influence behaviour, because past outcomes have usually resulted in a more complex tax system and unintended consequences. This is probably because it has proved difficult to limit or control the impact of the policy.
3. However, where harmful impacts can be curtailed, and people perceive that the benefits to society outweigh monetary and other costs that they have to incur as a result of the policy, then imposing charges or providing incentives via tax or other fiscal means is a viable way to achieve better outcomes.
4. As noted in the discussion document, an example of where imposing a charge, which might be termed a tax, has worked well is the carrier bag charge. This has not only led to a dramatic fall in the number of plastic carrier bags used, and therefore manufactured and thrown away, but has also had a beneficial impact on society because proceeds have gone to charitable causes.
5. Indirect taxes have been deployed in areas such as the climate change levy, landfill tax and aggregate levy to alter behaviour and to provide support for environmentally sustainable alternative technologies by ensuring that consumers bear the cost of externalities, such as pollution and the costs of collection and recycling.
6. Given the increased recognition of the long-term environmental damage and associated costs that plastic can cause, we therefore believe that a well-designed tax to curb the use of single-use plastic, which reflects the cost of externalities and provides funding or support for industrial innovation to accelerate the development of new and competing technologies to the use of existing single use non-biodegradable plastics, should have a similarly beneficial outcome to that noted above.
7. We recommend that any rules, whether tax or otherwise, that are introduced to encourage people to cut down on single-use plastics should comply with our *Ten Tenets for a Better Tax System*, summarized in Appendix 1, especially Tenets 2: Simple and 3: Easy to comply with.

REPLIES TO SPECIFIC CONSULTATION QUESTIONS

Consumption

Q16. In your opinion, how can the tax system or charges play a role in delivering better environmental outcomes at this stage?

8. We note with approval that government is already considering evidence for a deposit return scheme on drinks containers. In the past in the UK, deposits were charged on bottles, soda syphons, etc., and in some localities people were able to get money back even on jam jars and other glass containers. Such schemes encourage re-use and recycling. We believe that some countries have deposit systems today so their re-introduction in the UK should be explored and encouraged.

Discarding and waste treatment

Q17. What are the barriers to the collection of single-use plastics and more environmentally friendly methods of waste treatment, including barriers to any existing technologies?

9. We believe that local authority rubbish collection procedures and planning rules have an important role to play here.
10. Local authorities rightly collect general waste, which goes to landfill, separately from recycling. In some local authority areas the recycling rules that householders have to comply with are very complicated, for example requiring households to have multiple bins for different types of recycling, which can be confusing for householders and may well reduce the amount that they recycle. We suggest that there be one recycling bin for all recycling (glass, metal, paper, etc.) and a separate one for food where collected.
11. Turning to planning, many residential buildings containing more than one flat have bin rooms in which are large waste bins shared between more than one flat. Although there are normally separate containers for general waste and recycling, it takes only one person in a block of flats to put non-recyclable items in a recycling bin to contaminate the whole load, perhaps because the items have not been washed or because the items are not on the list of items that the council considers recyclable.
12. In order that the items that are recycled by those who follow the rules are not contaminated by the wrong items put into the bins by those who are less conscientious, consideration should be given to planning rules obliging developers of new builds and those who split properties into flats to provide sufficient space for each flat to have their own rather than shared recycling and general waste bins. We anticipate that this would reduce the quantity of items in recycling bins which have to be sent to landfill owing to having been contaminated, but we recognise that it may increase collection costs.

Q18. In your opinion, how can the tax system or charges play a role in delivering better environmental outcomes at this stage?

13. We recommend that where local authorities charge for rubbish collection, as many do for commercial, i.e., non-domestic, rubbish, the charges favour clean recycled items over general waste.

APPENDIX 1

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

The tax system should be:

1. **Statutory:** tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. **Certain:** in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. **Simple:** the tax rules should aim to be simple, understandable and clear in their objectives.
4. **Easy to collect and straightforward and cheap to collect.**
5. **Properly targeted:** when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. **Constant:** Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. **Subject to proper consultation:** other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. **Regularly reviewed:** the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. **Fair and reasonable:** the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. **Competitive:** tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99 (see <https://goo.gl/x6UjJ5>).