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UK drinks companies must prepare now for a 20p deposit return scheme

The plan starts in October 2027 for plastic bottles, metal cans, with Wales set to run separate rules on glass.

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Drinks companies across the UK are being told to begin preparing now for a new deposit return scheme that is scheduled to start in October 2027 and is expected to change how many beverage products are priced, labeled, sold, and collected after use.

The scheme will apply across all parts of the UK to plastic bottles and metal cans with volumes from 150 milliliters to 3 liters. Consumers are expected to pay a refundable 20p deposit on each container and get that money back when they return the empty, undamaged item to a collection point or reverse vending machine. Businesses that place in-scope products on the market will have to comply with the system, including registering with the scheme administrator, Exchange for Change.

Clarke Willmott, a national law firm, said the rollout will have significant commercial effects for manufacturers, brand owners, importers, and retailers. The firm said companies should not treat the measure only as an environmental policy because it is also likely to affect margins, cash flow, contracts, packaging design, logistics, IT systems, and tax treatment.

For the drinks sector, the impact could be broad. Beer, cider, soft drink, ready-to-drink, and canned cocktail producers will face direct packaging and reporting requirements. Wine and spirits companies may also need to review product lines, especially where

canned formats, plastic packaging, or cross-border distribution are involved. Importers and wholesalers could face additional working capital pressure because the deposit has to be built into transactions before containers are returned, and that may tighten margins in a business that already operates with high packaging, transport, and compliance costs.

Under the planned system, manufacturers and importers are expected to register with the Deposit Management Organisation, report how many in-scope containers they put on the market, apply the statutory deposit, make sure labels and markings meet the rules, and pay producer fees that will help fund the operation of the scheme. Retailers, meanwhile, are expected to charge the deposit at the point of sale, take back empty containers in many cases, and refund the deposit to consumers, although some limited exemptions are expected.

Declan Goodwin, a commercial partner at Clarke Willmott who advises on legal risk, said businesses need early planning because the rules will require changes across several parts of a company at once. He said pricing structures, invoicing systems, VAT treatment, and supply chain contracts are all likely to need review before the scheme begins.

A major complication is that Wales is developing its own system that will operate alongside, but separately from, the scheme planned for the rest of the UK. The biggest difference is glass. For most of the UK, glass is excluded from the initial launch. In Wales, glass bottles are intended to be included in the wider deposit return framework, although the deposit will not be added to glass containers until October 2031 under the phased approach now described. That means businesses selling the same products in England and Wales may eventually have to manage different labeling, reporting, and operating rules in the two markets.

The split could be especially important for beverage companies whose portfolios move freely across the border. A brewer shipping canned beer to supermarkets in England and Wales, or a distributor handling bottled products for both markets, may need separate compliance processes for products that look similar on the shelf. For producers of wine, spirits, and premium soft drinks, even small changes in label design,

barcode management, or packaging runs can raise costs when applied across multiple stock-keeping units.

The legal and operational burden comes at a time when many companies are already dealing with other regulatory changes in packaging and recycling. Many European Union countries already run deposit return systems. In addition, EU member states must establish a deposit return scheme for single-use plastic beverage bottles and metal beverage containers of up to 3 liters by January 1, 2029, under the EU Packaging and Packaging Waste Regulation 2025. That means UK businesses exporting beverages to the EU may have to manage deposit compliance market by market, adding another layer of divergence between domestic and overseas rules.

For companies with both UK and EU sales, the challenge may not be only one of registration. They may also need different product markings, different back-office reporting, different customer terms, and different arrangements for returned containers. The result could be a more fragmented compliance system for businesses that once handled packaging under a simpler set of rules.

One point that may reduce some complexity is VAT. Goodwin said deposits are not expected to be subject to VAT at the point of sale. Instead, VAT would be accounted for only on deposits that are not reclaimed, with Exchange for Change expected to carry that liability as scheme administrator. If that approach is confirmed in final implementation, it could spare manufacturers, distributors, and retailers from a more complicated VAT process on each transaction involving a deposit.

Even so, the system is expected to require broad changes before the launch date. Producers will need to identify which products fall within scope, update labels, review packaging inventories, revise customer and supplier contracts, and make sure finance and IT systems can track deposits and returns accurately. Retailers will need to plan for take-back obligations, store operations, staff training, and customer communication. Importers will need to confirm that overseas suppliers understand UK-specific labeling and registration rules before stock enters the market.

The pressure to prepare early is likely to be strongest in beverages because container format is central to how drinks are marketed and sold. A packaging change affects not only compliance but also branding, shelf presentation, distribution, and promotional pricing. If companies delay, they may face higher costs, supply disruption, or last-minute relabeling work close to the October 2027 start date.

Wales, which has long ranked among the strongest recycling performers in Europe, is framing its separate approach as part of a broader effort to improve collection rates. But for businesses, particularly those operating across borders or selling in multiple formats, the practical issue now is less about policy intent than execution. The new rules will require decisions well before the launch date, and companies in the drinks trade are being warned that waiting until final implementation could leave too little time to adjust systems, packaging, and contracts.