

Victoria Quay
Edinburgh
EH6 6QQ

24 October 2014

[Operator]
[Address line 1]
[Address line 2]
[Address line 3]
[Address line 4]
[Postcode]

Dear Sir/Madam

SCOTTISH LANDFILL TAX (SLfT) UPDATE – OCTOBER 2014

Scottish Landfill Tax comes into effect in less than six months' time. From 1 April 2015, Revenue Scotland will collect and manage the new tax with support from SEPA.

Following the Draft Budget announcement on 9 October of the proposed SLfT rates from 1 April, we are sending you some more information about the introduction of the new tax. This is set out in part 1 of the annex to this letter. Part 2 provides an update on the transition to the Scottish Landfill Communities Fund.

Revenue Scotland invites all Landfill Operators in Scotland to a seminar at New Register House, Edinburgh on 20 November 2014 from 09:30 – 12:30. This session will provide information on the following:

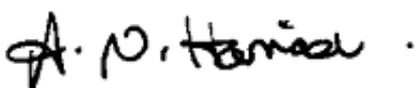
- Registration Processes and Requirements
- SLfT Returns Form Submission Processes
- De-Registration from HMRC
- Q&A for Revenue Scotland

To confirm your attendance, please email RevenueScotland@scotland.gsi.gov.uk

There are currently FAQs on SLfT on the Revenue Scotland page on the Scottish Government website. The Revenue Scotland website will launch shortly, and from February will host the Guidance for SLfT. Please contact us through the email address above if you have any further questions.

Colleagues within Scottish Government have appreciated input from Landfill Operators throughout the consultation for the primary and secondary legislation. We are sure that this close working will continue to serve us well for a successful implementation of the new tax from April next year.

Yours sincerely



Nicolette Harrison
Chief Operating Officer
Revenue Scotland



Calum MacDonald
Director of Operations
SEPA

1. Scottish Landfill Tax

1.1. Legislation update

On 24 September 2014, the Revenue Scotland and Tax Powers Act 2014 was given Royal Assent. This, together with the Landfill Tax (Scotland) Act 2014, gives Scotland the framework to collect and manage SLfT and to operate a Scottish Landfill Communities Fund (SLCF) scheme. Paragraph 10 of schedule 4 to the Revenue Scotland and Tax Powers Act 2014 makes amendments to the Landfill Tax (Scotland) Act 2014.

The recent consultation on subordinate legislation has now closed and Scottish Government colleagues have analysed and considered the responses. Non-confidential responses have been published and a link to the consultation analysis paper will follow on the Scottish Government website. Regulations and orders will be laid before the Scottish Parliament in November, in readiness for the 1 April 2015 start date.

1.2. Aligning Data and Tax Returns

The periods for SLfT tax returns have been aligned with the quarterly data return periods for your Landfill Permit. This will assist Revenue Scotland and SEPA in comparing data and should also make it easier for you to comply. Tax returns must be submitted no later than 44 days following the end of the period. Data returns should continue to be made to SEPA as per the current schedule. The periods are as follows:

Quarterly periods	Return due by
1 st April to 30 th June	13 th August
1 st July to 30 th September	13 th November
1 st October to 31 st December	13 th February
1 st January to 31 st March	14 th May

1.3. Rates and Bands

On 9 October 2014, the Cabinet Secretary for Finance, Employment and Sustainable Growth announced the proposed rates for Scottish Landfill Tax as part of his Draft Budget 2015-16 statement. These rates are subject to Parliamentary approval.

The proposal is to use 2 rates of tax, similar to those under UK LfT: Standard Rate and Lower Rate.

Standard rate

The standard rate, under UK LfT, is currently £80 per tonne. As a result of the Draft Budget 2014-15 announcement, **the proposed standard rate is £82.60 per tonne on 1 April 2015.**

Lower rate

The lower rate of tax applies to less-polluting waste which will be listed in the Scottish Landfill Tax (Qualifying Material) Order 2014. As a result of the Draft Budget 2014-15 announcement, **the proposed lower rate is £2.60 per tonne on 1 April 2015.**

1.4. Role of Revenue Scotland and SEPA

Revenue Scotland will be responsible for the collection and management of SLfT. Revenue Scotland is expected to delegate some SLfT compliance functions to SEPA. You will be familiar with SEPA Landfill Permit compliance inspections. From 1 April 2015, SEPA will also carry out routine tax inspections/audits in partnership with Revenue Scotland. Where there is evidence of criminality, SEPA and Revenue Scotland will assist Police Scotland in any investigations.

Operators of landfill sites in Scotland will be required to register for SLfT; the registrations process is expected to be available from mid-February 2015. Further details of this process will be provided in due course and will also be available on Revenue Scotland website.

1.5. Deregistering from UK landfill tax/changes to UK registration details

From 1 April 2015, operators of landfill sites in Scotland will no longer be liable to pay UK landfill tax for waste disposed of at their Scottish sites.

Operators of landfill sites in Scotland only

If you operate landfill sites only in Scotland, HMRC will deregister you from UK landfill tax with effect from 31 March. You will receive a final return on which to account for UK landfill tax up until 31 March 2015. You will have one month, as usual, in which to submit the return and pay any tax due. You must account for tax on all disposals of waste to landfill up to and including the 31 March, even if you issue the invoice after that date.

You may claim a tax credit for contributions to an approved environmental body relating to the period up until 31 March. In accordance with usual procedures, qualifying contributions must be made before the final return is submitted.

If you have approval from HMRC to operate any special schemes, such as an approval to designate an information area (now known as non-disposal areas in Scottish legislation), these only apply to UK Landfill Tax and cannot be used after 31 March 2015. A water discount under SLfT is under consideration by ministers. If you wish to continue to use a special scheme then authorisation should be sought from Revenue Scotland when registering for SLfT, or thereafter.

Operators of landfill sites both in Scotland and elsewhere in the UK

If you operate landfill sites in Scotland and elsewhere in the UK, you must notify HMRC of your Scottish landfill sites so that these may be removed from your UK registration after 31 March 2015.

You must account for UK landfill tax on all disposals of waste to landfill in both Scotland and the rest of the UK up to and including the 31 March, even if you issue the invoice after that date. From 1 April 2015, you must account and pay for UK landfill tax on your sites in the rest of the UK in accordance with current procedures. You will only be able to claim credit for qualifying contributions if they are spent on an approved project in England, Wales or Northern Ireland.

If you have approval from HMRC to operate any special schemes, such as water discounting, or approval to designate an information area (now known as non-disposal areas in Scottish legislation), these will no longer apply to your Scottish sites after 31 March 2015. You will have to apply to Revenue Scotland for approval of any special schemes permitted under SLfT when registering for SLfT, or thereafter.

2. The Scottish Landfill Communities Fund (SLCF)

The Landfill Tax (Scotland) Act 2014 introduces a Scottish version of the Landfill Communities Fund (SLCF) which will also operate from 1 April 2015. This credit scheme will allow landfill operators to contribute a capped proportion of their tax liability to be used for environmental and community projects.

The scheme will ensure communities in Scotland are still compensated for living close to landfill sites after the introduction of SLfT.

SEPA will regulate the new scheme in Scotland for projects funded by SLfT after 31 March 2015, and will have a duty to provide reports to Revenue Scotland.

From 1 April 2015, credit against UK landfill tax for contributions to authorised environmental bodies may only be claimed where it relates to projects in England, Wales and Northern Ireland.

There will be a 2-year transitional period, from 1 April 2015 until 31 March 2017, during which unspent funds held by Environmental Bodies on 31 March can be spent on projects located throughout the UK, including in Scotland.

An outline of how the transitional period will operate was given in HMRC's Landfill Tax Briefing – March 2014. Draft legislation will be published after the Autumn Statement along with further details of how the transitional period will operate.

Any questions relating to contributions or projects under the UK LCF scheme should be directed to HMRC or ENTRUST.