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LANDFILL TAX Briefing – November 2017

This briefing provides updates on:

- Landfill Tax:
 - Rates
 - Disposals not made at landfill sites
- The Landfill Communities Fund (LCF)
 - Maximum percentage credit for 2018-19
 - Environmental body levy
- Devolution of Landfill Tax to Wales
- On-line service
- How to report tax evasion

1. Landfill Tax

1.1 Rates

The government has confirmed that legislation will be introduced in Finance Bill 2018 to 2019 to increase the standard and lower rates of Landfill Tax for 2019–20 in line with inflation (based on

Retail Prices Index), rounded to the nearest 5 pence, for disposals of materials made, or treated as made, to landfill on or after 1 April 2019.

The current and future rates are:

<i>Material sent to landfill</i>	<i>Rates from 1 April 2017</i>	<i>Rates from 1 April 2018</i>	<i>Rates from 1 April 2019</i>
Standard rated	£86.10/tonne	£88.95/tonne	£91.35/tonne
Lower rated	£2.70/tonne	£2.80/tonne	£2.90/tonne

1.2 Disposals not made at landfill sites

From **1 April 2018** the scope of Landfill Tax will be extended to sites operating without the appropriate environmental disposal permit. Operators of illegal waste sites will now be liable for Landfill Tax.

The new legislation contained in the Finance Bill 2017 to 2018 (and subsequent secondary legislation) will provide for:

- Sites operating without the necessary environmental disposal permit or licence will be liable for Landfill Tax at the standard rate on all material.
- All material at illegal sites on 1 April 2018 and any material disposed at such sites after this date will be caught by the tax.
- Anyone who knowingly facilitates the disposal may be jointly and severally liable to any assessment.
- HMRC will be able to charge an additional penalty of up to 100% of the tax due, and will also have the right to criminally prosecute in the most serious cases.
- The changes only apply to sites in England and Northern Ireland because Landfill Tax was devolved to the Scottish Parliament in April 2015 and is due to be devolved to the Welsh Assembly from 1 April 2018.

Safeguards will ensure that landowners and people in the waste supply chain who, despite carrying out all reasonable due diligence, were unknowingly involved in the illegal dumping will **not be liable for any tax or penalties**. This means that, as long as the current Department for Environment, Food and Rural Affairs (Defra) Duty of Care requirements are complied with, innocent parties will not be liable.

We will be developing clear guidance in line with Duty of Care requirements ahead of implementation.

For more information on Duty of Care and how you can protect yourself against rogue traders in the waste sector now, please visit:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/506917/waste-duty-care-code-practice-2016.pdf

The previously announced changes to clarify the tax treatment of material disposed of at authorised landfill sites will also take effect from 1 April 2018 as a result of legislation in Finance Bill 2018-19 (and secondary legislation). This will provide greater certainty to landfill site operators of their liability and will also simplify the tax and reduce burdens on business.

2. The Landfill Communities Fund (LCF)

2.1 Maximum percentage credit in 2018-19

As announced at Autumn Budget 2017, the potential value of the LCF for 2018-19 will be set at £33.9 million. The percentage credit that landfill site operators may claim against their annual Landfill Tax liability for LCF contributions made to environmental bodies (EBs) will be maintained at 5.3 per cent from 1 April 2018.

2.2 Environmental body levy

The ENTRUST levy for 2018-19 is set at 3.27%. This was published by ENTRUST on their website on Budget Day.

3. Devolution of Landfill Tax to Wales

The Wales Act 2014 provides for Landfill Tax to be devolved to the Welsh Assembly. This will take effect on 1 April 2018. A briefing was sent to all landfill operators on 15 June 2017. There will also be a two year transition for the Landfill Communities Fund in Wales, as was the case in Scotland when Landfill Tax was devolved to the Scottish Parliament.

We expect to publish draft legislation on the 'switch-off' of Landfill Tax and the closure of the LCF in Wales early in December on gov.uk and we will issue a further briefing at that time.

4. Online Service

You will, by now, have received a new 15 digit registration number which you can use to submit your returns online or when enquiring about this tax. In order to avoid a potential penalty, please remember to also use this number when you make a payment to us. This will ensure your payment is processed as quickly and efficiently as possible.

5. How to report tax evasion

Tackling tax evasion is a top priority for HMRC. You can report someone to HMRC online or by telephone if you think they are evading tax - you do not have to give your name. To report tax evasion, please contact the HMRC evasion hotline by telephoning 0800 788 887 or online at: <https://www.gov.uk/report-an-unregistered-trader-or-business>

If you have any queries regarding the above, please contact me.

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