

Customs and Indirect Tax
Environmental Taxes
3C/14 100 Parliament Street
London
SW1A 2BQ

To landfill site operators registered for Landfill Tax

Phone 03000 585946

Email Catherine.Mawer
@hmrc.gsi.gov.uk

7 December 2017

www.hmrc.gov.uk

Devolution of Landfill Tax to Wales from April 2018

Devolution of Landfill Tax to Wales from April 2018 – briefing

The Wales Act 2014 provides for Landfill Tax to be devolved to Wales. This will take effect on 1 April 2018. From that date, landfill site operators will not be liable to pay Landfill Tax for material disposed of at Welsh sites. Instead, ahead of 1 April 2018, they should register with the Welsh Revenue Authority (WRA) so they are ready to start accounting for the new landfill disposals tax (LDT) when Landfill Tax is devolved. Information on how to register for LDT will be available early in 2018 on the WRA's website www.gov.wales/wra. In conjunction with this WRA will be in touch with you from January 2018 to discuss your particular requirements for registration including any applications you need to make.

Draft legislation

HMRC published draft legislation, 'The Devolution of Landfill Tax (Consequential, Transitional and Saving Provisions) (Wales) Order 2018' on the switch off of Landfill Tax and the closure of the Landfill Communities Fund (LCF) in Wales on GOV.UK <https://www.gov.uk/government/consultations/the-devolution-of-landfill-tax-wales-order-2018> on 7 December for a consultation period of 4 weeks. The draft legislation introduces changes to the Landfill Tax Regulations.

If you would like to comment on the draft legislation please email environmentaltransporttaxes.contact@hmrc.gsi.gov.uk by 4 January 2018. This briefing provides additional information to landfill operators about what will happen when Landfill Tax is switched off, arrangements for the transitional period for the LCF and what will happen at the end of that period.

Additional information on the closure of the LCF in Wales has also been published by ENTRUST on their website www.entrust.org.uk, where this briefing will also be published.

Impact on Landfill Tax

Landfill operators with sites in Wales will no longer be liable to pay Landfill Tax for waste disposed at their Welsh sites.

From 1 April 2018, landfill operators will only be entitled to claim a tax credit against their Landfill Tax liability for qualifying contributions to the LCF if they are spent on projects in England or Northern Ireland.

Operators of landfill sites in Wales only

If you operate landfill sites only in Wales, HMRC will deregister you from Landfill Tax with effect from 31 March 2018. You will be required to submit a final return on which to account for Landfill Tax up until 31 March 2018. You must account for tax on all disposals of waste to landfill up to and including the 31 March 2018, even if you issue the invoice after that date. You may claim a tax credit for contributions to an environmental body (EB) under the LCF relating to the period up until 31 March 2018. In accordance with usual procedures, qualifying contributions must be made before the final return is submitted.

We will contact you nearer the time to make sure you know the dates to insert on your final return. You must submit the return and pay any tax due within one month in accordance with the usual procedures, so by 30 April 2018.

If you have approval from HMRC to operate any special schemes, such as an approval to designate an information area, these only apply to Landfill Tax and cannot be used after 31 March 2018.

Operators of landfill sites in Wales and England and/or Northern Ireland

If you operate landfill sites in Wales, as well as in England and/or Northern Ireland, you must notify HMRC of your Welsh landfill sites so that these may be removed from your Landfill Tax registration from 31 March 2018.

You must account for Landfill Tax on all disposals of waste to landfill in both Wales as well as England and/or Northern Ireland up to and including the 31 March 2018, even if you issue the invoice after that date. From 1 April 2018, you must account and pay for Landfill Tax on your sites in England and/or Northern Ireland in accordance with the procedures in force at that time. You will only be able to claim credit for qualifying contributions to an EB under the LCF if they are spent on an approved project in England 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, they will no longer apply to your Welsh sites. HMRC will contact you about amending the approvals.

Impact on the LCF, including transitional arrangements

From 1 April 2018, credit against Landfill Tax for contributions to EBs may only be claimed where it relates to projects in England and Northern Ireland.

There will be a two year transitional period, from 1 April 2018 until 31 March 2020, during which unspent funds held by EBs on 31 March 2018 can continue to be spent on projects located in Wales, as well as in England and Northern Ireland. During this period EBs will also be able to transfer funds to other EBs intending to fund projects in England and Northern Ireland, who will be able to continue to spend these funds after the end of the transitional period.

At the end of the transitional period, EBs who fund only projects in Wales will no longer be able to spend funds compliantly. The changes to the Landfill Tax Regulations will allow the tax credit claimed by landfill operators relating to the remaining funds to be clawed back by HMRC. Landfill operators must keep records and accounts to ensure that their contributions to EBs are spent compliantly. HMRC will require these records to verify contributions to be clawed back.

Landfill Disposals Tax Communities Scheme

From 1 April 2018, the Landfill Disposals Tax Communities Scheme (LDT CS) will replace the Landfill Communities Fund in Wales. Rather than operate as a voluntary tax credit scheme, the LDT CS will be delivered as a grant scheme and administered by a single distributive body. Appointment of the distributive body is expected in December 2017. The scheme will support local communities affected by the disposal of waste to landfill and will fund projects that support biodiversity, environmental enhancements and waste minimisation. Further information on the scheme can be found at the links below.

<http://gov.wales/funding/fiscal-reform/welsh-taxes/landfill-disposals-tax/communities-scheme/?lang=en>

We will contact all registered operators again early in 2018 with further details concerning the switch off of Landfill Tax in Wales. In addition, operators of Welsh landfill sites can expect further direct communication from the WRA and Natural Resources Wales, who will be working with the WRA to administer the Landfill Disposals Tax.

Cathy Mawer
Policy Advisor