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LANDFILL TAX BRIEFING - December 2021

This briefing provides updates on:

- Landfill Tax:
 - Rates
- The Landfill Communities Fund (LCF):
 - Maximum percentage credit for 2022–23
 - Environmental body levy
- Announcement of Landfill Tax review

1. Landfill Tax

1.1 Rates

As previously announced at Spring Budget 2021, legislation has now been introduced in Finance Bill 2021-22 to increase the standard and lower rates of Landfill Tax in line with inflation, rounded to the nearest 5 pence, for disposals of materials made, or treated as made, to landfill on or after 1 April 2022.

Autumn Budget 2021 announced that the government will legislate in Finance Bill 2022-23 to increase the standard and lower rates of Landfill Tax in line with inflation (based on Retail Prices Index (RPI)), rounded to the nearest 5 pence, for disposals of materials made, or treated as made, to landfill on or after 1 April 2023.

The current and future announced rates are as follows:

Material sent to landfill	Rate from 1 April 2021	Rate from 1 April 2022	Rate from 1 April 2023
Standard rated (per tonne)	£96.70	£98.60	£102.10
Lower rated (per tonne)	£3.10	£3.15	£3.25

2. The Landfill Communities Fund (LCF)

2.1 Maximum percentage credit in 2022-23

As announced at Autumn Budget 2021, the potential value of the LCF for FY 2022-23 will be set at £30.8 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% from 1 April 2021.

2.2 Environmental body levy

The ENTRUST levy for FY 2022-23 is set at 3.56%. This was published by ENTRUST on their website on Budget Day.

2.3 Contributing Third Parties (CTPs)

In some cases, landfill site operators require EBs to find a separate funding third party, termed a Contributing Third Party to provide the 10% shortfall, or a portion of it.

It is expected that all landfill site operators will absorb some, or all of the 10%.

3. Landfill Tax Review

Following on from the government's announcement in Spring 2021 that there would be a review of Landfill Tax in England and Northern Ireland, the government has launched a call for evidence on aspects of Landfill Tax in England and Northern Ireland as part of this review.

The link to the call for evidence can be accessed on the GOV.UK website, details below:
www.gov.uk/government/consultations/landfill-tax-review-call-for-evidence

The aim of the review is to ensure the tax continues to support the government's ambitious environmental objectives, including achieving zero avoidable waste by 2050. The review will also consider the structure of the tax and the impacts of any proposed changes to this on businesses, local authorities and individuals, and on waste crime.

The government will also consider the interactions between the Landfill Tax in England and Northern Ireland, the Scottish Landfill Tax and the Landfill Disposals Tax in Wales.

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