

Indirect Tax Directorate

Environmental Taxes
3rd Floor West
Ralli Quays
3 Stanley Street
Salford M60 9LA

To landfill site operators registered for landfill tax

Phone 03000 514475

Email helen.horton@hmrc.gsi.gov.uk

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www.hmrc.gov.uk

Our ref

Your ref

LANDFILL TAX BRIEFING - DECEMBER 2014

This briefing provides updates on:

- Landfill tax:
 - Consultation on testing regime
- The Landfill Communities Fund (LCF):
 - Government-Industry working group
- Devolution of landfill tax to Scotland from 1 April 2015
 - Impact on UK landfill tax
 - Operators of landfill sites in Scotland only
 - Operators of landfill sites both in Scotland and elsewhere in the UK
 - Impact on the LCF, including transitional arrangements
 - Draft legislation and further information

1. Landfill tax: Consultation on testing regime

The government announced in the Autumn Statement that following consultation, it will introduce a loss on ignition testing regime on fines produced from the processing of waste at mechanical treatment plants by April 2015.

Only fines below a 10 per cent threshold will be considered eligible for the lower rate, though there will be a 12 month transitional period where the threshold will be 15 per cent.

The government's formal response to the consultation on *Landfill Tax: Liability of waste 'fines'* was published on 10 December 2014 and can be accessed here:

Information is available in large print, audio and Braille formats.
Text Relay service prefix number – 18001

Director: Ian Stewart



2. The Landfill Communities Fund (LCF)

Following the government's unspent funds challenge, a government-industry working group has been set up to develop options for reform of the LCF and get funding to community projects more efficiently. Public consultation on the options for reform will follow in due course.

3. Devolution of landfill tax to Scotland from 1 April 2015

Impact on UK landfill tax

The Scotland Act 2012 provides for landfill tax to be devolved to Scotland. 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. Instead, they will be liable to register and account for Scottish Landfill Tax (SLfT).

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.

Impact on the LCF, including transitional arrangements

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.

Draft legislation and further information

Draft legislation on the switch off of landfill tax and the closure of the LCF in Scotland was published on GOV.UK WWW.Gov.uk on 28 November for a consultation period of 8 weeks; comments are requested by 23 January 2015. Revenue and Customs Brief 45/14 which was published alongside the draft legislation provides further information.

Information on how to register for SLfT and on the Scottish LCF is available on the Revenue Scotland website www.revenue.scot/

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

Helen Horton

Policy Advisor