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www.hmrc.gov.uk

Our ref

Your ref

LANDFILL TAX BRIEFING - January 2016

This briefing provides updates on:

- Loss on ignition (LOI) testing regime
 - End of the transitional period
 - Test failures
 - HMRC Compliance programme
- Lower rate guidance
- Landfill communities fund (LCF)

1. Loss on ignition testing regime

1.1 End of the transitional period

This is a further reminder that the 12 month transitional period where the threshold is 15% (allowing mechanical treatment plant operators time to change their processes to comply, if necessary), will come to an end on **31 March 2016**.

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

Director: Paul Riley



From 1 April 2016 the LOI threshold will be 10% and only qualifying fines with an LOI of 10% or less will be eligible for the lower rate of tax.

We would be grateful if you could emphasise this to your customers, particularly where their test results are between 10 and 15%.

Guidance on *Qualifying Fines* can be accessed here:

<https://www.gov.uk/government/publications/excise-notice-lft1-a-general-guide-to-landfill-tax/excise-notice-lft1-a-general-guide-to-landfill-tax>

1.2 Test failures

When a load fails the LOI test, landfill site operators are required to notify HMRC in accordance with paragraph 6.8.2 of the above guidance. The reporting requirements have been amended with immediate effect from 16 December 2015 to include the **tonnage** of the load that failed the test.

The revised *Reporting Loss on Ignition test result* form can be accessed via the link below:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/485507/Reporting_Loss_on_Ignition_test_result_above_the_threshold.pdf

1.3 HMRC Compliance Programme

From April 2016, in addition to HMRC's existing compliance interventions to check landfill site operator's compliance with the LOI testing regime, we aim to start introducing independent tests on waste, including the re-testing of waste fines samples to certify the accuracy of the original test result.

As tackling tax evasion is a high priority for HMRC, if you have any information please contact the HMRC tax evasion hotline on 0800788887 or visit Gov.UK to report your concerns.

2. Lower rate guidance

Following consultation, the lower rate guidance has now been updated and can be accessed here:

<https://www.gov.uk/government/publications/excise-notice-lft1-a-general-guide-to-landfill-tax>

The main revisions include:

- detailed guidance on mixed loads, including HMRC's position on the liability of hazardous waste; and
- detailed guidance on evidential requirements.

The revised guidance provides greater clarity for operatives throughout the waste industry.

3. Landfill Communities Fund (LCF)

3.1 Maximum percentage credit

Despite difficult decisions on spending, the Government has decided to retain and reform the LCF. The value of the LCF for 2016-17 will therefore be set at £39.3 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 change from 5.7 per cent to 4.2 per cent from 1 April 2016.

3.2 LCF Reform

Following the consultation on 'Reform of the Landfill Communities Fund' published in March 2015, the government announced a number of changes to the LCF which will take effect from 1 April 2016. The changes relate to the LCF in England, Wales and Northern Ireland.

A full response to the consultation on reform of the fund is available here -

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479337/Summary_of_consultation_responses-as15-final.pdf

Draft legislation, (amendments to the Landfill Tax Regulations), was published on 9 December 2015 - <https://www.gov.uk/government/publications/draft-legislation-the-landfill-tax-amendment-regulations-2016> - for comment by 3 February 2016.

The government has received representations following the announcement of this reform and is taking views into consideration. The government's priority is to ensure that the LCF operates effectively and encourages money to be spent in the communities that need it.

ENTRUST is the regulator of the LCF. They will amend their guidance to reflect these changes.

3.3 Environmental Body Levy

The EB levy for 2016-17 has not yet been set. This will be announced at Budget 2016.

I hope you find this update useful. If you have any questions please contact me via the details above.

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