

To landfill site operators registered for landfill tax

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Our ref**Your ref****LANDFILL TAX BRIEFING - MARCH 2013**

This briefing provides updates on:

- Landfill tax:
 - landfill tax rates;
- the Landfill Communities Fund (LCF):
 - maximum percentage credit;
 - unspent funds; and
 - payments made to ENTRUST by environmental bodies.

1. Landfill tax**1.1 Standard rate**

The standard rate is currently £64 per tonne as a result of a change in Finance Act 2011. On 1 April 2013 it will increase to £72 per tonne as a result of a change in Finance Act 2012.

Legislation will be introduced in Finance Bill 2013 to increase the standard rate of landfill tax by £8 per tonne to £80 per tonne for relevant disposals of waste made, or treated as made, on or after 1 April 2014. The increase was confirmed at Budget in June 2010 when the Government indicated that the rate would increase by £8 per tonne on 1 April each year up to and including 2014.

The Government also announced at that time a floor under the standard rate of landfill tax so that the rate will not fall below £80 per tonne from 2014-15 to 2019-20.

1.2 Lower rate

The lower rate of tax, which applies to wastes that have minimal environmental impact when deposited in landfill and that are listed in the Landfill Tax (Qualifying Material) Order 2011, is currently £2.50 per

tonne, having increased from £2 per tonne on 1 April 2008. Yesterday's Budget announced a further freeze in 2014-15.

2. The Landfill Communities Fund (LCF)

2.1 Maximum percentage credit

The Government announced in yesterday's Budget that the percentage credit that landfill site operators may claim against their annual landfill tax liability for contributions made to bodies with objects concerned with the environment and enrolled under the LCF, will change to 6.8 per cent from 1 April 2013. This aims to maintain the maximum value of the fund in 2013-14 at a potential value of £78.1 million of credit claimable.

2.2 Unspent funds

At Budget 2011 and 2012 the Government issued a challenge to environmental bodies (EBs) to reduce their levels of unspent LCF funds by 25 per cent overall from the 2009-10 baseline by 31 March 2013, with a corresponding increase in project expenditure, in recognition of the fact that such accumulated funds were not an efficient use of money. Budget 2012 announced that progress would continue to be reviewed annually.

In Budget 2013 the Government announced the Challenge will be retained but the timeframe by which EBs are expected to reduce their unspent funds will be extended to 31 March 2014, in recognition of the time it has taken for the actions taken by EBs to deliver reductions to their unspent funds.

2.3 Payments made to ENTRUST by environmental bodies

Under the LCF, EBs must pay a percentage of each qualifying contribution they receive to the fund's regulator, ENTRUST, towards its running costs. From 1 April 2013, the amount payable will remain at 2 per cent of each qualifying contribution. It is estimated this will provide ENTRUST with £1,433,000 funding in 2013-14.

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

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