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Environmental Taxes
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To landfill site operators registered for Landfill Tax

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www.hmrc.gov.uk

Devolution of Landfill Tax to Wales from April 2018

The Wales Act 2014 provides for Landfill Tax to be devolved to Wales. This is expected to take effect on 1 April 2018. We will provide confirmation and further information at a later date.

Impact on UK Landfill Tax

From 1 April 2018, landfill site operators will not be liable to pay UK 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 when Landfill Tax devolves. Guidance on how to do this will be available in due course.

From 1 April 2018, for Landfill Tax purposes, HMRC will deregister businesses with landfill sites located only in Wales. Those that operate sites in Wales, as well as England and/or Northern Ireland, will have to notify HMRC to remove the Welsh sites from their registration details.

We will contact all registered operators later in 2017 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 tax, during 2017.

Impact on the Landfill Communities Fund and transitional arrangements

Legislation will be introduced in the UK Parliament so that from 1 April 2018, landfill operators will only be entitled to claim a tax credit for qualifying contributions to environmental bodies (EBs) if they are spent on an approved project in England or Northern Ireland.

The government recognises that on 31 March 2018, EBs will hold unspent funds from contributions by landfill operators located throughout England, Wales and Northern Ireland. To help reduce pressure on EBs, from 1 April 2018 until 31 March 2020, unspent funds may still be spent on

projects located in Wales. This transitional period will mirror the approach taken when Landfill Tax was devolved to Scotland in 2015. ENTRUST will also provide information on their website.

- ENTRUST will continue to approve projects located in Wales on the condition that they are scheduled for completion before 31 March 2020. ENTRUST will contact EBs that have a current project located in Wales which they have already approved and which is not scheduled to finish until after 31 March 2020.
- EBs must keep records identifying contributions deemed to be on hand at 31 March 2018. These contributions must be identified separately from any received after this date as the latter cannot be spent on projects in Wales.
- Any LCF spending after March 2020 on projects located in Wales will be deemed 'non-compliant' spend for LCF purposes.
- EBs continuing to operate with funding from alternative sources will be permitted to retain reasonable funds to meet their legal and contractual obligations in the event of future winding up.
- From 1 April 2020, EBs which normally fund only Welsh projects will no longer be able to spend remaining LCF funds (except for agreed winding up funds). EBs will **either** need to provide proof of commitment to spending their remaining unspent funds on projects in England or Northern Ireland, **or** will need to transfer remaining funds to an EB which funds projects in England and Northern Ireland. Otherwise HMRC will consider the clawback from the contributing landfill operator of any unspent funds.
- Landfill operators are currently required to keep records and accounts in order to ensure that their contributions to EBs are spent compliantly. These, together with EBs' records, will enable HMRC to identify any contributions to be clawed back.
- EBs (including Welsh EBs which fund projects in England and Northern Ireland) that have funds on hand at 31 March 2018 relating to contributions made up to and including 31 March 2018 will be able to continue to spend any remaining funds on projects in England or Northern Ireland.
- EBs funding only projects located in Wales will no longer receive LCF contributions for periods after 31 March 2018 and will no longer be able to spend any LCF money on hand after 31 March 2020.

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 has commenced with the publication of the Prior Information Notice on Sell2Wales, at the end of May. 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 and the procurement exercise can be found at the links below.

<http://gov.wales/funding/fiscal-reform/welsh-taxes/landfill-disposals-tax/communities-scheme/?lang=en>
<https://www.sell2wales.gov.wales/>

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