

Indirect Tax Directorate

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www.hmrc.gov.uk

Our ref

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LANDFILL TAX BRIEFING - March 2017

This briefing provides updates on:

- Landfill Tax:
 - Rates
 - Taxable disposals
 - Illegal waste sites
 - Loss on Ignition (LOI): frequency of testing
- Devolution of Landfill Tax to Wales from 2018
- The Landfill Communities Fund (LCF)
 - Maximum percentage credit for 2017 – 2018
 - Environmental Body Levy
- Reporting tax evasion

1. Landfill Tax: rates

Legislation introduced in Finance Act 2016 will increase the rates of Landfill Tax in line with inflation (based on Retail Prices Index (RPI)), rounded to the nearest 5 pence, for disposals of material made, or treated as made, to landfill on or after 1 April 2017 and again on 1 April 2018. Details of the two rates of tax can be found below.

In line with previous announcements, the rates of Landfill Tax will not fall below £80 per tonne until at least April 2020, and the lower and standard rates will continue to increase in line with RPI, rounded to the nearest 5 pence.

The current and future announced rates are as follows:

Material sent to landfill	Rate from 1 April 2016 (current rate)	Rate from 1 April 2017	Rate from 1 April 2018
Standard rated (per tonne)	£84.40	£86.10	£88.95
Lower rated (per tonne)	£2.65	£2.70	£2.80

Future rates of Landfill Tax will be announced at Autumn Budget 2017.

2. Landfill Tax: improving clarity and certainty for taxpayers

As announced at Autumn Statement, and following consultation, legislation will be introduced in Finance Bill 2017, and in secondary legislation, to amend the definition of a taxable disposal for Landfill Tax. The changes clarify the tax treatment of material disposed of at landfill sites and give greater certainty to landfill site operators.

Following the consultation, the draft legislation has been restructured to simplify and ease comprehension. The changes will come into effect after Royal Assent of Finance Bill 2017, and will apply to landfill disposals in England, Wales and Northern Ireland.

It is intended that Landfill Tax will be devolved to Wales from April 2018. These changes will apply to landfill operators in Wales until the tax is devolved, when it will be for the Welsh government to determine the structure of the Welsh Landfill Disposals Tax.

3. Illegal waste sites

As announced at Budget 2017, the government will consult on whether to extend the scope of Landfill Tax to material disposed of at illegal waste sites in England and Northern Ireland. The aim of this measure is to tackle the evasion of Landfill Tax resulting from these disposals, and deter environmentally damaging behaviour.

The consultation will be published on gov.uk and will run from 20 March 2017 until 5 May 2017.

Following consultation, if the government proceeds with the measure, the earliest any changes will be introduced is after the Autumn Budget in the second Finance Bill of 2017 (alongside secondary legislation if necessary).

As Landfill Tax was devolved to Scotland on 1 April 2015 and will be devolved to Wales from 1 April 2018, the proposals in the consultation will only affect sites in England and Northern Ireland.

4. Loss on Ignition (LOI): frequency of testing

In response to industry concerns over the frequency of LOI testing, as set out at [Section 6.6](#) of the *Excise Notice LFT1: a general guide to Landfill Tax*, we have reviewed the risk indicators. In consultation with the LOI government-industry working group we have agreed to remove the medium risk category.

This will simplify the risk classifications and help reduce burdens on industry. A copy of the revised guidance which will come into effect on [1 April 2017](#) is at Annex A.

5. Devolution of Landfill Tax to Wales

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 on developments at a later date.

6. The Landfill Communities Fund (LCF)

6.1 Maximum percentage credit in 2017- 18

As announced at Budget 2017, the potential value of the LCF for 2017-18 will remain 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 4.2 per cent to 5.3 per cent from 1 April 2017.

6.2 Environmental Body Levy

The ENTRUST levy for 2017-18 is set at 2.67%. This was published by ENTRUST on their website on Budget Day.

7. How to report tax evasion

Tackling tax evasion is a top priority for HMRC. You can report someone to HMRC online or by telephone if you think they are evading tax - you do not have to give your name. To report tax evasion, please contact the HMRC evasion hotline by telephoning 0800 788 887 or online at:

<https://www.gov.uk/report-an-unregistered-trader-or-business>

8. Digital Communication

To sign up for emails and get information that is tailored to you and your business needs, please go to GOV.UK, search 'HMRC Videos, webinars, e-learning, and emails' click on 'Register to get business help and education emails' and complete the registration form.

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

Helen Horton

Policy Advisor

Annex A

Risk	Indicators	Frequency of testing
<p style="text-align: center;">LOW</p>	Pre-acceptance checks confirm that the waste processor is consistently producing qualifying fines; and	You must test 1 load from that waste processor per waste process for each 1,000 tonnes of fines received by you, or every 6 months, whichever point is reached first.
	Inspection prior to disposal indicates that the fines are qualifying materials with no more than an incidental amount of non-qualifying material; and	
	No more than 1 in the last 20 LOI test results is above the threshold.	
<p style="text-align: center;">HIGH</p>	Pre-acceptance checks indicate that the waste processor is unable to consistently produce qualifying fines or is producing qualifying fines with some variability; or	You must test every load from that waste processor until there has been 20 consecutive compliant tests. Once you have 20 compliant tests, the low risk classification will apply unless the pre acceptance checks or visual inspection indicates the customer is still high risk.
	Inspection prior to disposal indicates the presence of more than an incidental amount of non-qualifying materials; or	
	2 or more of the last 20 LOI results is above the threshold.	

For low risk customers, operators must test 1 load every 1,000 tonnes. If one load fails, the low risk status won't be affected. The standard rate of tax will be chargeable on the failed load only and the frequency of testing will continue at 1 test every 1,000 tonnes.

If more than one load fails in the last 20 tests then the customer will move into the high risk category. For high risk customers the operator will need to test every load. Failed loads will be chargeable at the standard rate of tax. The operator will need to test every load until there have been 20 consecutive compliant tests. Once there have been 20 consecutive compliant tests, the customer will move back to low risk status and 1 load every 1,000 tonnes will be tested.