

Guidance Note - Making Payments To Another Environmental Body (EBs)

1. Introduction

- 1.1 As part of our work with HMRC in reviewing the application of the Landfill Tax Regulations 1996 (Regulations), as to who can act compliantly as a Contributing Third Party (CTP), HMRC identified an issue relating to the funding of projects, where one Environmental Body (EBs) has agreed to fund the project of another EBs. Following a review of the practices of some EBs and after taking legal advice, HMRC have clarified their policy position on this matter. We are therefore issuing revised guidance to reflect this clarified position.
- 1.2 The aim of this guidance note is to set out the circumstances where an EBs **must** complete a Form 7 - *Transfer of money to another EBs* and submit it to ENTRUST in accordance with paragraph 33A(1)(f) of the Regulations (see Appendix A).
- 1.3 For clarity, we have used the term Distributive Environmental Body (DEBs) to describe an EBs, that provides funds for projects, which are carried out by other organisations, including other EBs.

2. Guidance

- 2.1 EBs should follow the guidance set out in the following paragraphs when Landfill Communities Fund (LCF) funds are transferred from one EBs to another.
- 2.2 Any contribution, or part of a contribution passed from one EBs to another, whatever the circumstances, constitutes the transfer of a qualifying contribution. The Regulations therefore require:
 - The transferring EBs, or DEBs must complete a Form 7 within seven days of the transfer; and
 - Any EBs receiving LCF funds from a DEBs are responsible for ensuring that the contribution received is spent on approved objects. In order to do so they will need to have projects approved by ENTRUST.
- 2.3 The Regulations also set out the following requirements when there is a transfer of contributions between EBs:
 - An EBs is taken to have spent a qualifying contribution in the course, or furtherance of its approved objects where it transfers the contribution to another enrolled EBs;
 - Where a qualifying contribution is transferred, the EBs receiving the funding shall be treated as receiving the contribution from the original Landfill Operator (LOs); and
 - Where one EBs is transferring money to another, this must be reported to ENTRUST within seven calendar days of the transfer.



2.4 This guidance does not preclude EBs, or DEBs registering projects on behalf of an organisation, which is not an enrolled EBs.

3. Implementation

3.1 We are aware that some DEBs and EBs may not have been treating all movements of funds between them as transfers in the past. They must however do so in the future.

4. Further information

4.1 If you have any questions regarding this guidance note, or have concerns about your current processes which you would like to discuss, please contact **Hannah Williams** on **01926 488 324** or at **hannahwilliams@entrust.org.uk**.

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Regulation 33A(1)(f)

An approved body shall notify the regulatory body within seven days of any transfer by that approved body of qualifying contributions or of income derived therefrom of–

- (i) the date of the transfer;
- (ii) the enrolment number of the approved body by which the transfer was made;
- (iii) the amount transferred;
- (iv) the name and registration number of the person who made the qualifying contribution;
- (v) the name and address of any contributing third party in relation to the contribution; and
- (vi) the approved objects to which the transferred funds are to be applied.

