

RECORDING AND REPORTING INCOME DERIVED

1. Introduction

- 1.1. During 2011/2012, we worked with Environmental Bodies (EBs) and HMRC on a number of issues relating to the accounting for income derived from Landfill Communities Fund (LCF) monies. HMRC provided us with its policy position.
- 1.2. Our guidance on this issue is set out below:

2. Overview of the Regulations

- 2.1. All EBs must record and report any Income Derived, which they receive (in accordance with Regulations 33A(1)(d)(iii) and (v) and Regulation 33A(1)(h) of the Landfill Tax Regulations 1996 (Regulations)).

3. Income Derived Received by EBs

- 3.1. When an EBs registers a project that generates income and that income is directly received by the EBs then these monies are to be classified as the EBs' Income Derived. Consequently, the EBs has an obligation to record and report to ENTRUST all of the Income Derived that it receives.
- 3.2. All Income Derived from the application of LCF monies can only be spent on the approved Objects as set out in the Regulations.

4. Income Derived Received by an Independent Organisation

- 4.1. Where Income Derived is not directly received by the EBs, but by another independent organisation and the EBs is not entitled to receive that income then there is no requirement for the EBs who registered the project to record and report any Income Derived.
- 4.2. However, those EBs who find themselves in this position must be satisfied that any income generated from LCF monies is only spent on the approved Objects as set out in the Regulations. EBs who register projects on behalf of other organisations, must therefore ensure that they have the necessary controls in operation to fully comply with this requirement.

5. Further Information

- 5.1. If you have any questions in relation to our guidance, please contact **Hannah Williams, Regulations Manager** on **01926 488 324** or at **hannahwilliams@entrust.org.uk**

