

Landfill Disposals Tax



Llywodraeth Cymru
Welsh Government

Background

From April 2018, landfill disposals tax will replace landfill tax in Wales.

Like landfill tax, landfill disposals tax will be a tax on the disposal of material as waste to landfill and will be charged by weight. It will be payable by landfill site operators, who pass on these costs to waste operators through their gate fee.

This new tax will be broadly consistent with the existing landfill tax – there will be similar processes and an approach

to tax rates, which will provide stability and reassurance to businesses and minimise the risk of waste tourism.

This legislation is designed to be up to date, simple and clear to apply, reflecting established practices and relevant to Wales.

It is aiming for clarity and is addressing aspects of the existing tax which may be confusing or cause uncertainties. There are opportunities for making changes to better reflect Welsh circumstances and needs.



When is this happening?

The Landfill Disposals Tax (Wales) Bill was introduced into the National Assembly on 28 November 2016. It is anticipated that it will receive Royal Assent in summer 2017.

What are the key differences?

Unauthorised Disposals

The UK legislation only enables landfill tax to be charged on disposals of waste at authorised landfill sites.

In Wales, landfill disposals tax will also be charged on unauthorised disposals of waste. This will strengthen the financial deterrent to undertaking illegal waste activity and tackle a potential source of tax evasion.

In 2015, Scotland introduced taxation of unauthorised disposals with its Scottish Landfill Tax, whilst the Republic of Ireland has been charging Landfill Levy on unauthorised disposals for the past 10 years.

The Bill will establish a third tax rate – the ‘unauthorised disposals rate’ – this is expected to be higher than the standard tax rate. Reliefs and credits will not be applied. Specific investigatory powers will complement those currently in the Tax Collection and Management (Wales) Act 2016 to ensure the Welsh Revenue Authority is able to identify those who are responsible for paying the tax and calculate the tax due.

Tax Rates

Landfill tax has two rates; a lower rate for qualifying materials (currently set at £2.65/tonne) and a standard rate (currently set at £84.40/tonne) for all other materials. These are expected to be maintained in real terms (by the rate of inflation as measured by the Retail Price Index) until at least 2019-20. The Scottish Government has set the same tax rates as HMRC.

The landfill disposals tax rates will be set in autumn 2017, in readiness for the implementation of landfill disposals tax in April 2018. It is recognised that consistency with the UK, particularly England, will be important.

The tax will be collected and managed by the Welsh Revenue Authority working with Natural Resources Wales on the compliance and enforcement of the tax.

Reliefs and Exemptions

The Bill proposes allowing relief from tax for certain taxable disposals, broadly consistent with the rest of the UK, except that we are proposing a different approach in terms of terminology and process

We wish to provide for them as **reliefs** (consistent with land transaction tax) and tighten up the processes around how they are claimed to guard against abuse.

The Welsh Revenue Authority will provide clear guidance on what will be required from the taxpayer to claim a relief.

Reliefs will include:

- Material removed from bed of river, sea or other water (dredgings)
- Material resulting from mining and quarrying
- Re-filling former quarries
- Using material in approved site restoration work

The Bill also sets out details of exempt disposals. Where these apply it means that there is no taxable disposal and therefore no need for the landfill site operator to account for the disposal of material.

Exemptions:

- Multiple disposals of material at the same landfill site
- Pet cemeteries

How much revenue will this tax create?

Since landfill tax was introduced it has contributed to a significant reduction in the amount of waste sent to landfill. There are currently 25 landfill sites in Wales and 20 operators. The number of landfill sites in Wales is expected to fall to fewer than 10 by 2020.

The Office of Budget Responsibility has forecasted that Landfill Tax revenues in Wales will fall from £34m in 2015–16 to £27m in 2018–19.

Landfill Disposals Tax Communities Scheme

A Landfill Disposals Tax Communities Scheme will be established to replace the existing Landfill Communities Fund.

Under the scheme we will be allocating some of the landfill disposals tax revenue to fund community projects that benefit biodiversity, waste minimisation and wider environmental enhancements. This approach aims to simplify the administration of the scheme and maximise the amount of funding reaching community projects. The scheme is being developed with stakeholders including landfill site operators and the third sector.

If you would like to comment about devolved Welsh taxes please get in touch:

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