



Devolution of Landfill Tax to Scotland and the 2 year transitional period for the Landfill Communities Fund

Who is likely to be affected?

Registered landfill operators.

Environmental bodies (EBs), including distributive environmental bodies, authorised under the Landfill Communities Fund (LCF) scheme.

General description of the measure

Legislation will be made to amend the Landfill Tax Regulations 1996 for the switch off of Landfill Tax and the closure of the LCF scheme in Scotland.

Policy objective

These changes are being made following the decision to devolve Landfill Tax to Scotland from 1 April 2015.

Background to the measure

Landfill tax and the LCF will be devolved to Scotland from 1 April 2015. EBs may hold unspent funds from contributions by landfill operators located throughout the UK. Ministers decided that there should be a 2 year transition period, from 1 April 2015 until 31 March 2017, during which these unspent funds can be spent on projects located throughout the UK, including in Scotland.

Detailed proposal

Operative date

This legislation will take effect from 1 April 2015.

Current law

The Landfill Tax Regulations 1996 (SI 1996/1527), regulations 30-36, prescribe the rules for the operation of the Landfill Communities Fund.

Proposed revisions

The Devolution of Landfill Tax (Consequential, Transitional and Savings Provisions) Order 2015 amends the Landfill Tax Regulations 1996.

The amendments will:

- restrict landfill operators' entitlement to credit from 1 April 2015 to qualifying contributions made to an EB for projects that take place in England, Wales or Northern Ireland
- enable funds held by EBs at 31 March 2015 to continue to be spent on projects in Scotland during the transitional period

- provide the vires to claw back any unspent funds held by EBs operating only in Scotland at the end of the transitional period
- amend the investment conditions so that any funds invested following the date of the Order will be considered 'unspent' at the end of the transitional period
- allow funds remaining at the end of the transitional period to continue to be used to pay EBs' running costs, but only in proportion to costs attributable to the carrying out of approved objects in England, Wales or Northern Ireland
- require UK Landfill Tax to be paid on all disposals up until 1 April 2015 even if it would normally be accounted for at a later date

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	-	nil	nil	nil	nil	nil
	This measure is not expected to have an Exchequer impact					
Economic impact	The measure is not expected to have any significant economic impact					
Impact on individuals, households and families	This concerns enabling legislation and there is no impact on individuals, household or families.					
Equalities impacts	It is not anticipated that there will be any impact on groups sharing protected characteristics					
Impact on business including civil society organisations	This proposal maintains the current situation, and as such there is no cost to businesses of familiarising themselves with the new legislation. There may be a change in compliance costs from the new Scottish LCF, but these are not relevant to this proposal.					
Operational impact (£m) (HM Revenue and Customs (HMRC) or other)	There is no impact on HMRC.					
Other impacts	Other impacts have been considered and none have been identified					

Monitoring and evaluation

This will be monitored through the existing compliance programme for Landfill Tax and as part of the existing arrangements for monitoring the LCF.

Further advice

If you have any questions about this change, please contact the Revenue and Customs helpline on Telephone: 03000 200 3700.

Declaration

Priti Patel MP, the Exchequer Secretary to the Treasury, has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.