HM Revenue & Customs

HM Treasury

Consultation on Reform of Landfill Tax in England and Northern Ireland

Summary of responses

November 2025

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1. Introduction

1.1 Landfill Tax was introduced on 1 October 1996 with the objective of creating an economic incentive to divert waste away from landfill so it can be reused and recycled. Though there will continue to be a role for landfill for years to come, it rightly remains at the bottom of the waste hierarchy. Reducing disposal of waste to landfill is also key to reducing emissions from waste management, protecting our natural environment and resources, and reducing the impact of landfill on local communities.

1.2 These goals form part of the government's ambition to transition towards a circular economy, in which we will reduce waste; make more productive and efficient use of our resources; and keep products in use for longer. In doing so, we will drive UK competitiveness; increase our economic resilience; grow the economy; and achieve our sustainability goals. The government will set out its vision for this transition in its forthcoming plan for delivering a circular economy in England.

1.3 The responses to the 2021 Landfill Tax call for evidence under the previous government highlighted that the current approach of applying Landfill Tax rates based on material type is outdated and does not fully align with the principles of a circular economy for all resources. As a result, the government launched a consultation in April this year on a set of proposals aimed at driving more materials out of landfill and designing out incentives for Landfill Tax fraud. These were:

- transitioning to a single rate of Landfill Tax by 2030
- removing the qualifying fines regime from April 2027
- removing the exemption for filling quarries from 2027
- removing the exemption for stabilisers used in dredged material from April 2027
- removing the water discounting scheme from April 2027
- increasing the tax rate applied to disposals at unauthorised waste sites.

1.4 The consultation closed on 21 July 2025 and received 383 written responses from businesses, organisations, and individuals across a wide range of sectors. The largest group of respondents were trade associations, followed by quarries, sectors disposing of material at landfills, such as skip hire operators, housebuilders, chemicals, steel making businesses and foundries, construction companies and landfill site operators.

1.5 During and following the consultation period, the government held a number of engagement meetings, including sector-focused roundtables with interested groups. This document summarises the responses to the consultation and sets out the government's decisions to reform the tax.

1.6 The table below illustrates the indicative language used to describe the proportion of respondents that answered a question or gave a specific view. For example, if 81-100% of respondents answered a question, the phrase “most respondents” would be used.

Percentage of those who responded	**Indicative language used**
81-100%	Most respondents
61-80%	A majority of respondents
53-60%	Just over half of respondents
48-52%	Around half of respondents
41-47%	Just under half of respondents
21-40%	A minority of respondents
1-20%	A small proportion of respondents

2. Government decisions and response to the consultation

2.1 The government is grateful to everyone who took the time to respond to this consultation and who met with government officials during the consultation period. The government welcomes engagement from interested groups as it works to ensure landfill tax continues to support its circular economy and wider economic objectives, including the Government's Plan for Change target to build 1.5 million homes in this parliament. The government will continue to engage with stakeholders on the structural reforms to the tax that it intends to take forward.

2.2 The government has analysed the evidence and views provided and has made the following decisions on the proposals set out in the consultation.

Transitioning to a single rate of Landfill Tax by 2030

2.3 This proposal sought to simplify the tax and ensure it reflected the government's ambition to transition to a circular economy, by increasing the economic incentive to sort, recycle and re-use all types of material. A single rate would also remove the incentive to misdescribe waste.

2.4 The government acknowledges responses which highlighted: that the proposed timeframe was too short; the potential impact on a range of sectors including housebuilding, infrastructure and energy intensive industries, such as steelmaking and chemicals, which are critical to supply chains of the government's industrial strategy; and the need for associated regulatory reform to prevent deadweight costs.

2.5 Having considered the responses carefully, the government has decided that now is not the right time to converge to a single rate of tax and is not proceeding with the consultation proposal to transition to a single rate of tax by 2030.

2.6 However, the government does believe that the current lower rate is too low and does not provide a sufficient price signal to support investment in alternative waste management options. Tonnages of lower rated material have not fallen as significantly as standard rated material over the same period. The government notes that the Welsh Government increased the lower rate of its Landfill Disposal Tax above inflation this year to support the primary purpose of the tax - reducing and diverting waste away from landfill. And a conclusion from a review of the lower rate of the Scottish Landfill Tax suggested raising the lower rate to incentivise application of the waste hierarchy.

2.7 The government has decided to prevent the gap between the two rates getting any wider over the coming years in a way that, taken together with other decisions, will continue to support the government's targets on housebuilding and infrastructure delivery. Therefore the government will increase the lower rate in line with the cash increase of the standard rate. The rates for 2026-27 will be legislated in Finance Bill 25-26.

2.8 The government will monitor the impact of the lower rate alongside the development of alternative waste management solutions, and changes to the regulatory landscape aimed at promoting the efficient use of resources.

Removing the Qualifying Fines Regime from April 2027

2.9 Material misdescribed as qualifying fines is a significant driver of the current high tax gap for Landfill Tax. This proposal sought to remove the Qualifying Fines Regime on the basis that it has not achieved its objective of providing certainty to the sector; ensuring that the lower rate of tax was being applied equitably; or encouraging the maximum diversion of waste from landfill.

2.10 The government has carefully considered the responses to this proposal. While the government considers that the Qualifying Fines regime is not currently achieving its objective, it has decided not to proceed with removing it from 2027. Instead HMRC will look to work with the landfill sector to reform the Qualifying Fines regime given the impact on the sector. Any primary legislation will be introduced in a future Finance Bill.

Removing the exemption for filling quarries from 2027

2.11 This proposal sought to align tax treatment with environmental regulations to provide greater clarity and encourage operators to apply for the appropriate recovery permit with the associated environmental monitoring and regulatory requirements. The government considers the backfilling of quarries to be an example of beneficial use compared to disposal at landfill and therefore does not want to restrict this activity.

2.12 Having considered the consultation responses, the government acknowledges that the exemption currently provides a key route for the disposal of construction and demolition material, including from housebuilding and major infrastructure projects. The government has decided not to remove the exemption for filling quarries with a disposal permit. Defra, the Environment Agency, HMRC and HMT will work with industry to modernise the system for regulating quarries to support beneficial activities they undertake.

Removing the exemption for stabilisers used in dredged material from April 2027

2.13 This proposal sought to allow dredged material to continue to be exempt from Landfill Tax, while closing the current loophole and providing a price incentive to divert recyclable stabiliser materials, such as APCr, from landfill. Consultation responses were received both for and against the proposal.

2.14 The government notes the mixed responses to this proposal. Having carefully weighed up the arguments, the government has decided that allowing stabilisers to remain included within the dredging exemption is inconsistent with its circular economy ambitions. The government will therefore proceed with removing the exemption for stabilisers used in dredged material from April 2027 and will introduce the necessary legislation in due course. This will not prevent the use of stabilisers, but it will encourage businesses to limit the amount of stabiliser used to the amount necessary, and incentivise alternative de-watering techniques which support the waste hierarchy principles.

Removing the water discounting scheme from April 2027

2.15 This proposal sought to remove the water discounting scheme to address concerns that the scheme is being abused, with some waste disposers claiming a discount for water which has not been added, resulting in the under-declaration of Landfill Tax. Removing the scheme would simplify the tax and could incentivise investments in advanced recycling technologies to reduce the amount of water content in material being landfilled.

2.16 Having considered the consultation responses, the government recognises that the proposal could disproportionately impact certain sectors. The government has therefore decided not to proceed with the removal of the water discounting scheme. Instead, HMRC will engage with the industry to consider how the scheme can be tightened up.

Increasing the rate applied to disposals at unauthorised waste sites

2.17 This proposal sought to mitigate the risk that the package of reforms might displace non-compliance and increase illegal dumping of waste at landfill. As the government has decided not to pursue some of the proposals set out in the consultation, there is less of a need for mitigation at present.

2.18 The government recognises the impact of unauthorised wastes sites on communities and HMT and HMRC will continue to work closely with the Environment Agency and Defra on measures to tackle waste crime, including digital waste tracking and waste carrier, broker, and dealer reforms.

3. Summary of Responses

Transition to a single rate of Landfill Tax

3.1 The consultation outlined the potential for many materials subject to the lower rate of Landfill Tax to be recycled and reused, and noted the impact of the differential with the standard rate on Landfill Tax evasion and wider waste crime. The government proposed:

Proposal 1: The government proposes to transition to a single rate of Landfill Tax by 2030. To deliver this, an escalator will be applied to the lower rate until it meets the standard rate in 2030.

3.2 A majority of respondents considered that the proposal to introduce a single rate by 2030 was too fast and would not allow sufficient time for businesses to invest in alternative waste management technologies to the required scale. Some respondents said removing the lower rate would encourage recycling and reuse if implemented to a longer timeline. Some respondents highlighted that contracts with waste management providers could not easily be changed and mentioned that they worked to 5 or 10-year plans, with markets for some materials supporting reuse needing to be developed before a transition to a single rate to avoid deadweight costs.

3.3 Housebuilders, the wider construction sector, and skip hire businesses highlighted that the proposals would lead to an increase in their costs in the short term with knock on impacts on housing viability and the cost of delivering major infrastructure projects. Some respondents, including landfill site owners, said that the lower rate encouraged waste producers to separate waste, recycle and find alternative uses for it, while others, such as recycling businesses recognised that due to the low cost of disposal of this material there was no incentive to recycle this material.

3.4 Many responses noted that the proposed reforms could encourage more visible forms of waste crime such as illegal dumping by making this more financially attractive than disposal to landfill. Other energy intensive sectors, including steelmaking and the chemicals industry said that they already minimised the volume of waste material they sent to landfill and could not make further reductions without the development of new technological solutions.

3.5 The responses to the detailed questions on these proposals are set out below (note that questions 1-3 of the consultation related to respondents' details and confidentiality).

Q.4 What impact do you think a single rate of Landfill Tax would have on environmental outcomes, including ensuring more materials are reused, recycled, and repurposed?

3.6 A majority of respondents opposed the proposal to move to a single rate of Landfill Tax. They were concerned it would lead to negative environmental and economic consequences. They warned that higher disposal costs for inert materials would increase illegal dumping and fly-tipping, undermine quarry restoration and planning obligations. They highlighted that construction, infrastructure, and housebuilding projects would face significant cost increases, potentially stalling developments and raising prices for consumers. Some argued that many inert materials, such as soils and clays, have no viable alternatives for reuse or recycling, and that the current recycling infrastructure is insufficient to handle these waste types.

3.7 Some suggested that a single rate on the waste created in producing secondary aggregates would force the price up and make them uncompetitive due to the stringent regulatory requirements on waste material from washed soils. They encouraged the government to review the end of waste frameworks for this material which would enable significant investment in recycling of subsoils and production of secondary aggregates.

3.8 A small proportion of respondents supported the introduction of a single rate of Landfill Tax, emphasising its potential to deliver significant environmental benefits, including reducing misdescription, promoting recycling and reuse, and advancing circular economy and biodiversity objectives. They highlighted that a single rate could incentivise innovation, stimulate investment in recycling infrastructure, and establish a level playing field by simplifying compliance and reducing opportunities for fraud. They also viewed it as a mechanism to drive materials up the waste hierarchy, making previously unviable treatment options more attractive and encouraging the development of alternative waste management solutions.

3.9 Some also supported the move to a single rate contingent upon a phased implementation, complementary reforms to permitting, waste classification, and the creation of viable end markets for recycled materials. They also called for investment in reuse infrastructure and waste crime enforcement to mitigate risks such as increased illegal dumping or disruption to ongoing projects.

Q.5 Alongside these proposals, what steps could the government take to improve the circularity of materials which are currently subject to the lower rate of Landfill Tax?

3.10 A wide range of suggestions were made by respondents. Only a minority of respondents suggested that the regime should be left as it is. Alternative suggestions from the respondents for reforms included:

- increasing the lower rate to 50% of the standard rate
- putting more responsibility on waste producers (comparable to the principle behind Extended Producer Responsibility policies)
- overhauling the Qualifying Materials Order
- introducing an intermediate rate for materials sent to an inert site.

3.11 Some responses suggested that waste code 19 12 12 be split up to make it easier to distinguish materials that would be standard rated from lower rated materials. A small minority also suggested that grants be made available to encourage growth in the circular economy.

Q.6 What impact would a single rate of Landfill Tax have on your organisation? How would your business adapt in response to this change?

3.12 A majority of respondents said they would be negatively impacted if the single rate were introduced alongside the proposal to remove the exemption for quarries with disposal permits to the timelines proposed in the consultation. Respondents expressed concern that, in combination, these proposals could make quarry restoration and the business model behind this financially unviable, leading to non-compliance with planning obligations and environmental blight. Respondents highlighted the risk of increased illegal dumping and fly-tipping as higher costs could incentivise non-compliance, while others feared a decline in recycling rates therefore undermining circular economy goals. They called for an efficient and well-resourced permitting process, particularly regarding recovery permit applications by quarries to the Environment Agency, as well as better alignment between planning and environmental regulations.

3.13 Housebuilders said that the transition to a single rate would increase their costs, especially if there were not supporting policies aimed at recycling and reusing soils (soil banks for example) and investment in technologies such as washed aggregate production. Foundries, chemical businesses, utilities, and metal producers also stated how they already recycle as much of their waste as possible and that a single rate would lead to unavoidable new costs for them in the absence of new technological solutions. Skip operators said that they would have to increase their charges to deal with increased costs from the tax and pass on the extra costs to their customers. Local authorities also mentioned potential negative impacts if small scale fly-tipping was made more attractive by the changes and increased clean-up costs. It was also highlighted that the move to a single rate, alongside the proposed reform to the dredgings exemption may

increase the costs of using energy from waste plants as the ash energy waste plants produce would incur higher tax charges when disposed of in landfill.

3.14 A small proportion of respondents highlighted the positive impacts that could stem from the proposed reforms, for example, the removal of the perceived widespread incentive for competitors to misdescribe waste as lower rated materials, and the incentive for investment into modern recycling practices to divert materials from landfill.

Q.7 Are there technological or practical barriers to reusing, re-purposing, and recycling any of the materials which are currently subject to the lower rate of Landfill Tax? And how could these be overcome?

3.15 Some respondents said that it would take time to raise funding to invest in new technology and to install new machinery. A small proportion felt that there was overly rigorous enforcement of environmental regulations, for example, narrow interpretations of European Waste Catalogue codes as well as difficulties in getting permits or having them varied. Respondents also noted that the Environment Agency does not recognise the Highway Series 600 standard which sets standards for materials used in road construction. This limited the potential use of recycled aggregates in road building.

3.16 Respondents also said that end of use rules were too strict and deterred recycling, and that material designated as waste code 19 12 12 could never meet end of use requirements. A small proportion agreed with the government on the need to recognise there was no reuse possible for some materials e.g. asbestos. A small proportion also said that greater enforcement of the rules by HMRC and the Environment Agency was important and encouraged these organisations to work more closely together.

Q.8 Are there any lower rated materials for which landfill is the only waste management option?

3.17 A majority of respondents stated that certain materials such as inert fines, clay, soils, and asbestos contaminated soil have no economically viable alternative uses and can only be sent to landfill. In particular, it was suggested that asbestos disposal should be exempt from tax to ensure safe and compliant handling. Similar considerations were proposed for other hazardous and residual waste materials such as bottom ash, with calls for consistent treatment to support proper disposal and minimise the environmental risks.

Q.9 What impact do you think a single rate of Landfill Tax would have on misdescription and wider waste crime (including illegal dumping)?

3.18 A majority of respondents said that a single rate of landfill tax would lead to an increase in waste crime and illegal dumping. The sharp rise in disposal costs for inert materials would create a strong financial incentive for unscrupulous operators to seek cheaper unlawful alternatives.

3.19 A small minority of respondents, however, believed that a single rate could help reduce misdescription at permitted landfill sites by removing the financial incentive to misdescribe waste. These respondents argued that a single rate structure would make enforcement and compliance easier, as there would be less ambiguity over waste classification and fewer opportunities for tax evasion through misdescription. Even among supporters, however, there was widespread agreement that without significant improvements in enforcement, guidance and the development of alternative waste infrastructure, the risk of increased waste crime, including illegal dumping would remain a serious concern.

Q.10 If you answered question 9, what steps could government take to respond to/ manage these impacts?

3.20 Many respondents did not answer this question. The following options were suggested by a small proportion of respondents.

- penalise waste producers not just site operators
- introduce digital waste tracking
- have higher penalties and confiscate machinery from those caught in waste crime
- closer working between the Environment Agency and HMRC
- suspended permits for materials recovery facilities (MRFs) generating misdescribed fines
- broker permit reform
- set up a task force on soil reuse
- ban those convicted of waste crime from working in the sector
- tighten the Qualifying Materials Order
- require loss on ignition tests on all qualifying fines
- diverge from the European Union Waste Framework Directive.

Q.11 Do you agree with the proposed timeframe to transition to a single rate by 2030? Would this give your organisation sufficient time to prepare?

3.21 A majority of respondents did not support a move to single rate for Landfill Tax regardless of the timeframe because of the economic and operational impacts on construction, quarrying sector and housing and infrastructure projects.

3.22 A small proportion of respondents said a longer timescale, typically over 10 years would allow businesses enough time to adapt business models, secure the right permits and invest in the necessary recycling and recovery technologies.

3.23 A small proportion of respondents suggested that the scale of misdescription was so large that changes should be made sooner than 2027 to simplify the tax, reduce opportunities for fraud, and drive investment in alternative waste treatment.

Q.12 What more could the government do to support your organisation to prepare for the change?

3.24 Quarry operators made suggestions relating to the proposal to remove the exemption for quarries with disposal permits (this is set out from paragraph [3.52] below). Skip hire operators suggested introducing a waste management accreditation scheme to ensure quality requirements were met, giving improved regulatory oversight and accountability.

The qualifying fines regime

3.25 The consultation outlined the challenges in operating the existing qualifying fines regime, noting the complexity and high rates of non-compliance. It also highlighted the rising proportion of disposed material falling under the 19 12 12 waste code, which is contrary to expectations that only 'residual waste' should fall within this category. The government proposed:

Proposal 2: As part of this transition, the government proposed to remove the qualifying fines regime, with effect from April 2027. This means all fines disposed of under mixed waste codes will be subject to the standard rate of Landfill Tax. Only materials listed in the Qualifying Materials Order will be eligible for the lower rate of Landfill Tax until the lower rate is removed in 2030.

3.26 A majority of respondents were opposed to this proposal. Fines were seen as a natural by-product of trying to recycle material. A minority of respondents said that fines were what was left after trying to recycle as much material as possible and therefore should be subject to tax at the standard rate.

3.27 Some respondents from the construction sector said changes would increase their costs. Even the minority who did favour it were unsure of benefits. They said whilst it might stop misdescription it would just move non-compliance elsewhere, and lead to fly-tipping and dumping at illegal waste sites.

3.28 Respondents said that the impact would be hard on some sectors: there would be large increases in skip charges that would have to be passed on to customers. Many skip hire businesses said that they would be forced out of the sector.

3.29 A minority said that the current rules were only being abused by a few people. They proposed more enforcement by the Environment Agency and/or HMRC. The loss on ignition test was seen by a minority of respondents as something that could be revised and improved. Others mentioned that the regime was complex and there should be shared responsibility between waste producers and site operators in accounting for the scheme.

3.30 A minority said that abolishing the fines regime would impact on landfill sites and quarries where fines were used in engineering and restoration respectively. Of those opposed to the proposal, many said that the change was being made too quickly. Businesses would have to vary permits, put new machinery in place to help recycling, and this would take a least 3 to 5 years to deliver.

3.31 A minority of respondents suggested that misdescribed waste coming from materials recovery facilities was the main issue and should be standard rated whilst only the small amount of waste code 19 12 12 material, which came from specific sources and were entirely qualifying materials should be treated as lower rated.

Q.13 Do you agree that removing the qualifying fine regime would: (i) improve environmental outcomes and, (ii) reduce misdescription during the period of transition to a single rate?

3.32 A majority of respondents disagreed with removing the qualifying fines regime, citing serious concerns for both waste and construction industries. They argued that qualifying fines are integral to affordable and sustainable operations, particularly in providing engineering fill, supporting restoration of quarries, and supplying secondary aggregates. Most respondents highlight that qualifying fines enable beneficial use of inert materials and help meet restoration and planning requirements for mineral sites. Concerns were raised that removing the regime would leave many sites unrestored. Respondents warned of wide-ranging negative consequences, including increased costs, business closures, job losses, and reduced investment in recycling. There was also widespread concern that such a change would distort the market, favouring larger companies or those willing to risk continuing to misdescribe waste while disadvantaging smaller, more responsible operators.

3.33 Reform and stronger enforcement of the existing system were preferred over abolition, with suggestions including clearer definitions, randomised testing, and stricter penalties. While some respondents thought LOI (loss on ignition) tests were sufficient in determining whether the lower or standard rate should apply, others highlighted technical flaws and called for reform or replacement rather than scrapping the regime. Alternative approaches suggested included regulating genuinely inert fines used for restoration separately from materials recovery facilities (MRFs), and limiting the regime to materials listed in the Qualifying Materials Order (QMO).

3.34 A minority of respondents support abolishing the qualifying fines regime to close loopholes and prevent fraud, suggesting that few businesses produce compliant fines. They cite widespread misdescription, where standard-rated waste, often biodegradable, is disguised as low-rate ‘inactive waste’ and disposed of at landfill. Removing the regime was seen as a way to reduce the scale of such practices. While acknowledging the potential negative impacts on landfill cover and recycling processes, these respondents consider them less significant than the benefits of reform. They suggested alternative landfill cover is already in use

and believe higher costs could drive investment in recycling if supported by robust regulation.

Q.14 Do you agree that all fines should be subject to the standard rate? What impact would this have on your organisation?

3.35 A majority of respondents opposed applying the standard rate to all fines. Respondents expressed concern that a uniform standard rate would disproportionately penalise responsible operators while failing to tackle misdescription and waste crime, which they attribute to inadequate enforcement and inconsistent regulation. Respondents stated qualifying fines already adhere to strict waste codes and compliance regimes, and their reuse supports sustainable land management, mineral site restoration, and the circular economy. Respondents also highlighted key differences between inert fines from construction and demolition waste and mixed or contaminated fines from MRFs. They stress that only material listed on the QMO should qualify under waste code 19 12 12, while fines from MRFs should be treated separately and standard rated.

3.36 Respondents from the skip hire, construction and development, and quarrying sectors said the change would negatively impact them. Skip hire businesses would not be able to get customers to pay increased costs and could go out of business, and the cost of construction would also be raised and could affect the delivery of government housebuilding targets.

3.37 A minority of respondents supported applying the standard rate of landfill tax to all fines, arguing that the current regime enables misclassification and tax evasion. They note that significant amounts of standard-rated waste, including biodegradable and mixed materials, are disguised as qualifying fines, undermining environmental goals and the integrity of the tax. They believe a uniform rate would close loopholes, simplify enforcement, and create fair competition, while incentivising investment in advanced sorting and recycling technologies. However, they stressed the need for a managed transition, recommending phased implementation, transitional relief, and government support for end markets, alongside robust enforcement and regulatory clarity to avoid financial shocks especially for legitimate operators who have invested in compliance and recycling infrastructure.

Q.15 Are there any wider potential impacts associated with removing the qualifying fines regime?

3.38 Respondents identified a range of potential impacts if the qualifying fines regime were abolished. They raised concerns that the change would disrupt long-term restoration and planning for mineral sites and quarries, as restoration schemes and planning permissions often depend on the continued availability of qualifying fines. The sudden loss of this material could leave sites unrestored, create environmental liabilities, and risk breaches of planning conditions. Financially, the removal of the regime could undermine the asset value and stability of businesses reliant on restoration income streams, affecting business valuations,

investment, and the ability to secure loans. Respondents also highlighted the risk on regulatory and permitting systems, as operators would need to seek new permits or vary existing ones.

3.39 Other comments highlighted the loss of qualifying fines for daily landfill cover could leave sites exposed, increasing odour, litter, and other environmental risks.

3.40 A small proportion thought the change should be implemented sooner than 2027, saying that widespread misdescription of waste in the industry merited faster action.

Q.16 Do you agree with the proposal to give businesses one year's notice before implementing this change from 2027?

3.41 A majority of respondents said that they do not support a one-year notice period for implementing the removal of the qualifying fines regime from 2027. Most argue that one year is wholly insufficient given the scale and complexity of the changes required. Many businesses, especially in the minerals, waste, and construction sectors, explained that they operate on long-term planning cycles often tied to restoration, permitting, and contractual obligations designed around the current regime that span several years or even decades. Respondents highlight that adapting business models, securing new permits (with current delay, backlog challenges), investing in alternative technologies, and renegotiating contracts cannot be achieved within a single year. They stated that a short transition would create serious financial, operational, and compliance risks, potentially leading to business closures, job losses, and failures to meet planning or environmental obligations.

3.42 A minority of respondents agreed that one year is sufficient, typically those who believed rapid change is necessary to address abuse. Overall, the consensus was that a longer, phased implementation would be essential to avoid disruption, ensure compliance, transit to relevant permits and support investment in sustainable alternatives.

Unauthorised waste sites

3.43 The proposed reforms to the rate structure were, alongside other objectives, designed to reduce the incentive to misdescribe waste. The government recognised in the consultation that this may have the effect of displacing the risk of misdescription to the illegal dumping of waste at unauthorised waste sites or fly-tipping. The government proposed:

Proposal 3: The government proposes to increase the rate of Landfill Tax applied to disposals at unauthorised waste sites to 200% of the standard rate, from 2027. The Government also wants to simplify the penalties and interest which apply in these cases and align penalties to other tax regimes.

Q17. Do you agree with the proposal to increase the rate of Landfill Tax applied to unauthorised waste sites and simplify the penalties and interest which applies?

3.44 Most respondents agreed with the proposals, with the majority of comments focused on the proposed rate increase. Respondents mentioned that they thought current sanctions were too low to deter illicit activity and noted the impact of unauthorised waste sites on businesses who follow the rules, and on the environment. Some responses encouraged the government to introduce reforms before 2027, noting that lead-in time for policy changes are generally to benefit legitimate businesses to prepare for new policies, whereas this is not necessary to address criminal activity.

3.45 A common theme in the responses was the need for any reforms to the tax sanctions for the illegal disposal of material at unauthorised waste sites to be matched by robust, consistent, and well-resourced enforcement. More than half of the respondents highlighted that investment in additional resource, better intelligence sharing, and visible compliance and enforcement action is required to demonstrate that waste crime is being dealt with adequately.

3.46 A small proportion of respondents expressed doubts that higher tax rates alone would deter people from making illegal disposals, noting that many illegal operators evade detection or lack the means to pay fines. A minority expressed that increased sanctions could lead to unintended consequences, such as penalising landowners or local authorities who may be victims of illegal dumping. A small number advocated for even stricter penalties, including: seizing assets in order to prevent future offences; ensuring any penalties or prosecutions are visible; and ensuring that implementation of any changes is coordinated with wider government measures such as digital waste tracking.

3.47 Just over half of respondents suggested that any additional revenue raised by the proposal to increase the rate of Landfill Tax applied at unauthorised waste sites should be ringfenced for environmental cleanup, enforcement and remediation.

Alternative proposals

3.48 The consultation asked if stakeholders had any alternative proposals.

Q.18 Do you have any alternative proposals or other views relating to the basic framework and structure of the tax?

3.49 Just under half of respondents highlighted the need for better alignment between HMRC and the Environment Agency on waste definitions, qualifying materials guidance and permitting processes, alongside improved coordination with broader governmental policies.

3.50 Just under half considered inconsistent enforcement to be the main issue rather than the tax structure itself. Recommendations from respondents included increased funding and resources for the regulatory agencies, improved cross-sector communication and the use of digital tracking to ensure accurate waste classification.

3.51 A minority of respondents suggested the reform should be used as an opportunity to incentivise innovation in recycling and resource recovery. Some proposed using Landfill Tax revenue to fund research and development, recycling infrastructure and technology development for hard to recycle materials.

Reforming Landfill Tax exemptions and reliefs

Filling of quarries

3.52 The consultation outlined the original purpose of this exemption and how practices have changed since then due to variation on how quarries operate. It also highlighted how the exemption is being abused, undermining legitimate operators and damaging the environment. The government proposed:

Proposal 4: The government proposes to remove the Landfill Tax exemption for material disposed of on or in quarries with a disposal permit by 2027. This means all material disposed of on or in quarries under a disposal permit will be subject to Landfill Tax at the relevant rate.

Proposal 5: Material used to fill quarries with a recovery permit will remain outside the scope of Landfill Tax.

3.53 Over half of respondents answered these questions. Many of these were from quarry operators, however, many construction and demolition businesses also responded. A majority of respondents opposed the proposals and did not see why the exemption needed to be removed. They said that there was little practical difference between material used to restore a quarry with a disposal permit compared to one with a recovery permit.

3.54 Quarry operators responded this distinction between recovery and disposal permits was not appropriate for determining the scope of the tax. They stated that currently it is more challenging to obtain recovery permits when seeking planning consent, so will apply for disposal permits. Many quarry operators had concerns around their legal obligations to restore quarries and did not see their activities as being in competition with landfill site operators.

3.55 Construction and disposal businesses said that much of the inert building material they disposed of was sent to quarries. The proposal would lead to them paying higher costs to dispose of material as they would fall under the scope of the tax and would lead to increased costs of building houses and major infrastructure projects.

3.56 A minority of respondents agreed with the proposals. The most common reason given was that quarries were given a financial advantage over inert landfill sites because they were exempt from paying Landfill Tax.

Q.19 Do you agree that removing the filling of quarries exemption would level the playing field and improve environmental outcomes?

3.57 A majority of respondents disagreed. Quarry operators did not see themselves as being in competition with landfill sites and that the proposal would have detrimental impacts on work to restore sites. They said that the price of restoration would rise, and this might mean that some planned restoration work would not be completed potentially leading to health and safety risks, for example voids not being filled. It was suggested that the environmental degradation caused would lead to the loss of valuable community and ecological benefits if the site was not restored.

Q.20 Are there particular challenges faced by quarry operators undertaking backfill activities, which the government should be aware of?

3.58 A majority of quarry operators who replied mentioned the challenges they faced when backfilling. These included the lack of material which could be used. They said that the proposal would lead to increasing costs and make it harder to source materials to backfill with, raising the prospect of needing to use virgin aggregates.

3.59 Quarry operators also mentioned the regulatory burdens they faced as an issue. They felt that trying to move from a disposal to a recovery permit would be almost impossible to do. Respondents suggested that reform of the planning and permitting requirements would be necessary. They also said that the proposal to remove the exemption in 2027 would disrupt current economic assumptions and risk quarries of being closed or abandoned.

Q.21 Does the proposed implementation timeline provide sufficient time to prepare? What could the government do to help businesses prepare for the change?

3.60 A majority of respondents said that the timetable for change was unrealistic. Businesses in the minerals sector said they operated on a 10-15 year planning basis. There was a concern that the permitting process was often very slow, and it would not be possible to make the necessary changes in time. Respondents suggested that either a longer transition period should be allowed or that the permitting system should be reviewed and streamlined to allow these proposals to be delivered.

Q.22 Do you have any alternative proposals?

3.61 Suggestions included:

- only applying the changes to new quarries
- improvements to planning and permitting processes to make then quicker and cheaper
- financial support for quarries.

Dredging

3.62 The consultation set out the importance of dredging activity by retaining the exemption for dredged material, while addressing concerns about a legislative loophole that allows for materials that would otherwise be standard rated to stabilise dredgings to avoid Landfill Tax liability. This would introduce a price incentive to divert recyclable stabiliser materials, such as air pollution control residues (APCr), from landfill. The government proposed:

Proposal 6: The government proposes to restrict the dredging exemption to dredged material only from April 2027.

Q.23 Do you agree that the proposal to restrict the dredging exemption to dredged material only would incentivise re-use and recycling of stabilising materials such as APCr?

3.63 Only a minority of respondents answered this question and only a few of these were directly involved in dredging. Just over half of respondents to this question said that these changes would have unintended consequences for businesses disposing of or producing APCr and dredging operations. These respondents said that dredging operations may become unviable if tax were charged on stabiliser material or might result in virgin aggregates being used as a stabiliser.

3.64 A minority of respondents who supported this proposal agreed it would address the perceived loophole encouraging the tax-free disposal of hazardous stabiliser material through the exemption. They felt that this created an unfair competitive advantage for certain operators and the proposed change will ensure that Landfill Tax is applied fairly.

3.65 Some respondents producing APCr, said that the impact would be relatively small, for example, when waste was burned only 1-2% of it was left as APCr. That ash could be (and is) put to other uses such as made into building blocks and therefore the proposal would send a strong price signal to recycle and reuse APCr. There were others who said the proposal would encourage dewatering, use of alternative stabilisers and investment in the recycle and reuse of APCr which supports the waste hierarchy principles.

Q.24 What impact would proposals to restrict the dredging exemption have on (i) your organisation, (ii) dredging activity overall?

3.66 A majority of respondents who currently benefit from stabilisers being exempt cited increased costs as a potential impact of the proposal. Many felt disposal costs would increase which would likely pass back to waste producers, including local authorities and subsequently Council Taxpayers. Respondents felt that this increased cost might make the energy from waste and biomass plant energy recovery process less economically attractive, reducing investment incentives. A recurring theme was that the proposal would reduce certainty in the sector and create barriers to accepting dredged materials for restoration and beneficial use.

3.67 A small proportion of respondents stated that the proposal would have no, or minimal, impact on their organisation.

3.68 In terms of impact on dredging activity, just over half of respondents said the proposal would reduce the amount of dredging carried out by navigation and port authorities due to increased costs and uncertainty about where that material could be disposed. Respondents also said the proposal may create logistical and environmental difficulties, as suitable outlets for dredged material would be more limited if this was reclassified as taxable waste. Longstanding arrangements between the dredging sector and quarry or land restoration operators who have supported the beneficial placement of these materials under environmental permits may also be affected.

Q.25 Does the proposed implementation timeline provide sufficient time to prepare? What could government do to help businesses prepare for the change?

3.69 A majority of respondents stated that the proposed timeline for implementing changes to the dredging exemption was too short. The reasons given included:

- the long lead time needed to plan, permit and construct new treatment facilities
- disruption of longstanding restoration and infrastructure plans
- concerns that unclear guidance will stall or deter investment in new treatment and recycling infrastructure
- inability to deliver the new facilities that would be required for non-landfill APCr treatment in time.

3.70 Respondents recommended the government extend the implementation period to at least 5 years. They argue this would better align with operational cycles and allow for the development of the necessary infrastructure. Some suggest phased or grandfathered approaches for existing permits and restoration schemes, to avoid penalising projects already in progress.

3.71 Some respondents asked the government to provide clear, early technical guidance on classification, and to provide clarity on the tax treatment of alternative binders, qualifying uses, and end of waste criteria.

3.72 Respondents also said the government could assist by introducing targeted incentives or funding mechanisms designed to promote innovation in APCr recycling and reuse. Additionally, they recommend enhancing the efficiency of the permitting process, particularly within the Environment Agency, to facilitate the timely development of new infrastructure.

3.73 Some respondents supported the proposed timeline, stating that the scale of operational change required is limited, as only a very small proportion of dredged material needs stabilisation with APCr before landfill. Most dredged material, they noted, is already managed through other routes such as offshore disposal, land spreading or in restoration projects. A few suggested the timeline could be shortened, as operational changes are straightforward, not requiring major infrastructure investment. Supporters of the proposal also highlighted that recycling and recovering technologies for APCr are already available and operational in the UK, with sufficient capacity to accept any additional quantities diverted from landfill.

Q.26 Do you have any alternative proposals?

3.74 Among those who did provide suggestions, the following specific ideas emerged:

- *Extend the transition period*. A common suggestion was to increase the transition period to allow the industry to assess viability for current and future projects with suggestions ranging from 5 years to 35 years.
- *Retain or refine the exemption.* Some respondents advocated retaining the current exemption, at least until alternative treatment capacity is developed. Others suggested that the exemption should remain for specific uses, such as hazardous dredgings, until there is sufficient infrastructure and regulatory capacity.
- *Develop alternative treatment capacity.* Respondents highlighted the need for Government support to develop alternative treatment capacity for APCr and other stabilising materials before removing the exemption. This includes help navigating planning and permitting regimes, considering an end-of waste protocol for stabilised APCr and ensuring new facilities are operational before the exemption is removed.
- *Technical and regulatory adjustments.* Some respondents suggested setting a limit for stabilising material mixed with dredgings. Respondents acknowledged the difficulty of doing this due to variations in moisture content.

Water discounting

3.75 The consultation outlined issues with the current relief, noting that it does not create an incentive for material recovery, is open to abuse and difficult to enforce, does not encourage the efficient use of water and can create risks with managing leachate. The government proposed:

Proposal 7: The government proposes to remove the water discounting relief from 2027.

3.76 Just under half of respondents commented on this proposal. Affected businesses included quarries, water companies, skip hire businesses and aggregates firms.

Q.27 Do you agree removing water discounting agreements from the tax would improve environmental outcomes and level the playing field for legitimate operators?

3.77 Around half the respondents were against the proposal. They said that it would increase the costs of disposal, it was unfair to penalise businesses who had operated the discounts correctly, and that it would not deter non-compliance. Those opposed to this change suggested the government could improve compliance through tighter control of agreements and create better evidence-based methods for accounting for moisture.

3.78 A small proportion supported removing the exemption. They said that the current system was being heavily abused by some businesses, and it would level the playing field with competitors abusing agreements and gaining commercial advantage.

Q.28 What impact would the removal of the water discounting scheme have on your organisation?

3.79 Of the respondents who answered this question a majority said they would be impacted by this change. Those responding were largely from the quarrying, foundries, and chemicals sectors. They said the change would lead to cost increases for their businesses. This was particularly the case for processes using large amounts of water, for example, wastewater treatment, chemicals and steel. Quarry operators also said that the change would discourage the recovery of used aggregates and other materials. Some highlighted it would be difficult to alter contracts to cover increased costs so they would have to meet these themselves.

3.80 Those who said it would have no impact emphasised the potential positive impacts of the change, agreeing that increased costs would drive businesses to develop better processes. Again, some said that stopping the current abuse of the scheme by competitors would create a level playing field.

Q.29 Does the proposed implementation timeline provide sufficient time to prepare? What could Government do to help businesses prepare for the change?

3.81 Only a minority of respondents answered this question, but of those the majority said the timeline was insufficient. Respondents said it did not give businesses enough time to prepare and invest in technology..

Q.30 Do you have any alternative proposals?

3.82 Responses referenced the need to enforce the current agreements more effectively and that more time was needed to prepare for the change. Others suggested that more consultation was needed before any changes were made.

Annex A: List of stakeholders consulted

The Government is grateful to the 35 individuals and the following organisations who responded to the consultation.

7 Steel UK

A2B Skip Hire Ltd

AA Environmental Ltd

Ace Liftaway

Acer Plant & Haulage Ltd

Air & Space Evidence

arc21

Armstrong Aggregates Ltd

ASH Group Ltd

Association of Directors of Environment Economy, Planning and Transport (ADEPT)

Avon Materials Supply Ltd

Beauparc

Berkeley Group

Bexley Recycling Ltd

Block Stone Quarry, Britannia Quarries

Breedon Trading Ltd

British Aggregates Association

British Glass

British Ports Association and UK Major Ports Group

British Society of Soil Science

Buckinghamshire Council

Bullimores Sand and Gravel Ltd

Burlington Aggregates Ltd

Butlers Waste Management Ltd

Calder Masonry, Britannia Quarries

Canal & River Trust

Cast Metals Federation

Castings PLC

Castle Environmental

Cemex UK

Ceramics UK

Chambers Runfold PLC

Chemical Industries Association

Churchill Enviro Ltd

CIP Government Affairs and Communications

Civil Engineering Contractors Association (CECA)

Country Land and Business Association (CLA)

Clews Recycling Ltd

Clifford Watts Group

Cromwell Mining Consultants

Cumberland Council and Westmorland & Furness Council

Devine Homes PLC

Earth Building UK and Ireland

East Lancashire Chamber of Commerce and RedCAT

East Riding of Yorkshire

Essar Energy Transition

Encyclis Ltd

Energy UK

Enva Ltd

Environment Agency

Environmental Services Association (ESA)

Fennell Green & Bates

Fiera Infrastructure Inc

Fowler and Holden Ltd

G&B Finch Ltd

Global Ardour Recycling Ltd

Green Alliance

Gren Group

Grundon Sand and Gravel Ltd

Grundon Waste Management Ltd

Hawksworth Estates

Heatons

Hills Quarry Products Ltd

Hytec Castings Ltd

Institute of Chartered Accountants in England and Wales (ICAEW)

Institute of Quarrying, Yorkshire Branch

Joint Waste Solutions (JWS)

Kalex Ltd

Kilner & Hutchinson Ltd

Land + Water Group Ltd

Land Planning and Development Federation (LDPF)

Local Authority Recycling Advisory Committee (LARAC)

Leicestershire County Council

Lenmark Construction Ltd

Lightwater Quarries Ltd

Longcliffe Quarries Ltd

LW Skips Ltd

M Anderson Construction Ltd

Make UK

Marcegaglia Stainless Sheffield Ltd

Merseyside Recycling and Waste Authority (MRWA)

Mircon Alloy Castings Ltd

MinExp Ltd

MJ Church (Plant) Ltd

Mone Brothers Group Ltd

Moreton C Cullimore Gravels Ltd

MPB Structures Ltd

National Association of Waste Disposal Officers (NAWDO)

National Federation of Builders (NFB) and House Builders Association (HBA)

Network Rail

Newbery Recycling Ltd

North London Waste Authority

North West Waste Network

Northcot

OCO Technology Ltd

O'Brien Aggregate (Marsden) Ltd

PB Donoghue (Construction) Ltd

Portland Stone Ltd

Powerday

PricewaterhouseCoopers LLP

Property Care Association

Quattro (UK) Ltd

RDF Industry Group

Recycle NI

Resolution Tax LLP

Resource Recovery UK

Road Haulage Association Waste Management Group

Royal Institution of Chartered Surveyors (RICS)

RWE

S&W Partners LLP

Sheerness Recycling Ltd

Singleton Birch Ltd

Society for the Environment

Sortera UK Ltd

South East England Aggregates Working Party (SEEAWP)

Springfield Farm Ltd

Stockton-on-Tees Borough Council

Stonebond Group Ltd

Suez Recycling and Recovery UK Ltd

Summerleaze Ltd

Tarmac

Tees Valley Combined Authority

Terex

The Booth Group Ltd

The Brockmoor Foundary

The Federation of Master Builders (FMB)

The Home Builders Federation

The Mineral Products Association (MPA)

The Washed Aggregates Trade Association

The Wildlife Trusts

The Wood Panel Industries Federation (WPIF)

Waste Technical Advisory Bodies (WTAB)

Tilbury Green Power

Tolvik Consulting Ltd

UK Steel

UK Environmental Law Association (UKELA)

United Kingdom Without Incineration Network (UKWIN)

United Resource Operators Consortium (UROC)

Viridor

W Maher and Sons Ltd

Wessex Water Ltd

Widdington Recycling Ltd

Wienerberger Ltd

Wildlife and Countryside Link

William Cook Holdings Ltd

Williams a Williams Cyf

Zig Zag Environmental Ltd

The Government also received responses from 148 organisations who wished their responses to be confidential.

GOV.UK Landing page text

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Summary

Note: needs to be less than 160 characters including spaces.

Details

This section briefly explains why we are consulting who it is likely to be of interest to, and highlights any particular points of interest

Note: this section is around 30 to 60 words long.