

**FINANCE COMMITTEE CALL FOR EVIDENCE ON THE LANDFILL TAX  
(SCOTLAND) BILL**

**SUBMISSION FROM NORTH AYRSHIRE COUNCIL**

***whether the Bill is consistent with the four principles underlying the Scottish Government's approach to taxation – certainty, convenience, efficiency and proportionate to the ability to pay;***

1. There remains uncertainty over the rate of Landfill Tax which will be charged which has an impact on financial planning for the Council. Although it states that rates will closely align to UK rates we still don't know for sure what this rate will be beyond £80 in 14/15. A significant Increase in the tax rate may have an impact on decisions being made in relation to alternative waste treatment options currently being explored.

2. Advance warning of any proposed increases would be welcome

3. Also as progress is made towards the zero waste agenda then Landfill tax income will fall and the block grant from UK Government will have been reduced, creating a possible funding gap. How does Scottish Government intend to fund this gap? Assurance is required that this burden will not be passed on to Local Authorities.

***the decision not to introduce significant changes to the form or structure of the existing UK Landfill Tax;***

4. We support the decision not to introduce significant changes to the form or structure of the existing UK Landfill Tax as if significant differences existed we would be concerned over possible cross border waste transfer if landfill tax rates and structures are not aligned to the HMRC's rates in the rest of the UK.

***the use of the same list of qualifying materials as specified in the Landfill Tax (Qualifying Material) Order 2011;***

5. The existing list would seem to currently be fit for purpose although regular reviews would be practicable. Materials used for specific engineering purposes, such as for the protection of the drainage layer should be exempt from landfill tax.

***the intention to set tax rates in subordinate legislation and in "such a way that rates will follow closely UK rates";***

6. There is still no confirmation of what the rates will be beyond 2014/15 which doesn't help in giving certainty for financial planning.

***the power in the Bill to establish more than two tax rates and to vary the list of material qualifying for different tax rates in subordinate legislation;***

7. Additional tax rates and changes to the list of qualifying materials may have a financial impact but this is difficult to assess without knowing what materials and what the new rates are. Advance warning would be welcome to allow any impact to be assessed.

***the provisions which will allow the tax authority to pursue taxes evaded through the illegal dumping of waste;***

8. Where illegal activities such as illegal dumping, fly tipping or illegal transfer is found, the Scottish Government should ensure full cost recovery policies are implemented. Recovery should include all taxes due as well as any environmental protection penalties where applicable.

***the list of activities and materials which are exempt from landfill tax;***

9. Special wastes could be considered for a differential rate to ensure that cost is not a deterrent to ensuring compliance with disposal or treatment requirements. There should be a lower rate of landfill tax for materials used in the operation of the landfill for example internal roads or temporary cover material. Materials used for specific engineering purposes, such as for the protection of the drainage layer should not be taxable.

***the Scottish Landfill Communities Fund;***

10. The increase of the Tax credit limit by 10% would have a minimal financial impact for the Council (Approximately £1600).

***the role of Revenue Scotland in the administration of the tax;***

11. The current system of self-assessment reporting should be maintained and reported separately to Revenue Scotland. Landfill operators already have robust systems in place to assess and report on landfill tax payments due.

***the role of SEPA in the administration of the tax;***

12. SEPA are an experienced environmental regulator, rather than a tax assessor. There is a potential skills gap which will require to be reviewed further.

***the formula for calculating the adjustment to the block grant;***

13. The formula used for calculating the adjustment to the block grant could have a huge impact on the shortfall that would face Scottish Government as Landfill Tax revenues decrease. Assurance is required that there should not be any financial burden on Local Government as a result of the tax now forming part of the Scottish Block funding.

***the financial implications of the Bill as estimated in the Financial Memorandum.***

14. An estimated 62% reduction in Landfill Receipts for Scottish Government by 2025. How will the shortfall between the reduced funds and the reduction in block grant be met? As per previous points the burden should not be passed on to Local Government.

15. Cost to NAC depends on the rates set for the tax which have yet to be determined. Certainty around the rates of tax would be welcomed to allow the council to incorporate this into its financial planning.