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. The Bill is consistent with certainty, convenience and efficiency as it clearly lays out matters relating to the rate, collection and regulation of the tax. With respect to the ability to pay we do not see this as relevant to this particular tax

the decision not to introduce significant changes to the form or structure of the existing UK Landfill Tax;
2. We generally support this view, as the current arrangements are working well with particular reference to changing behaviour and attitudes

the use of the same list of qualifying materials as specified in the Landfill Tax (Qualifying Material) Order 2011;
3. We do not feel qualified to comment as this requires expert input from those technically qualified to address landfill issues

the intention to set tax rates in subordinate legislation and in “such a way that rates will follow closely UK rates”;
4. We think this is a prudent approach as cross border transfer of waste could be the unwelcome consequence

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;
5. This will provide flexibility for future decisions

the provisions which will allow the tax authority to pursue taxes evaded through the illegal dumping of waste;
6. These provisions are extremely important in developing robust legislation, but clarity is required regarding enforcement. In this respect, we would recommend an holistic approach to address the various types of illegal dumping. This could involve a range of strategies including police prosecution and community engagement

the list of activities and materials which are exempt from landfill tax;
7. We do not feel qualified to comment

the Scottish Landfill Communities Fund;
8. The LCF has been demonstrably successful throughout the last 17 years, exhibiting a high degree of probity with cost effective administration. It is popular through its relative ease of access and principally because it empowers communities. It is also true to say that the LCF has significantly levered major funds in many cases, which is due to its status as ‘private’ money and it has also fostered a
high degree of community engagement resulting in people defining and delivering what they want in their neighbourhoods

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

9. It is our understanding that it is the Government’s intention through Revenue Scotland to utilise SEPA in the regulation and collection of the tax. It is desirable to have a Scottish body administering a Scottish tax

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

10. The vast experience contained within the Distributive Environmental Bodies (who distribute over 90% of LCF money in Scotland) suggests that regulatory issues could be better managed through efficient reporting systems and accessible support in the very few cases where there may be issues affecting applicants. We would recommend aligning the reporting of the tax and the credit system. Landfill Operators will report tax collection and credits claimed to a Government body (Revenue Scotland/SEPA) and it would make sense in our opinion if recipients of contributions reported to the same body to allow simple reconciliation. In addition, the appointment of a suitably qualified, part time resource to receive, examine, resolve and report any project related issues would serve the need of applicants. Currently, the arrangements cost 2% of the value of the LCF and 20% of its admin costs, not including costs related to the relationship between HMRC and Entrust and our proposal would achieve the same results more cost effectively. (Please see Appendix 1)

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

11. The proposals read seem logical in the circumstances

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

12. The proposed costs relating to Revenue Scotland and SEPA are clearly presented and represent better value for money than current UK arrangements
Appendix 1:

The Scottish Landfill Communities Fund Forum (SLCFF) Proposed Distribution Model for a Scottish Communities Fund

The following proposal is made with the intention of providing a safe, secure, simple and accessible method for distributing Landfill Tax Credits in Scotland.

**Landfill Operator:**
It is proposed that Landfill Operators (LO) will contribute to a Communities Fund through Distributive Environmental Bodies (DEBs) who are registered/approved by SEPA and confirmed members of the Scottish Landfill Communities Fund Forum (SLCFF) and at the percentage of landfill tax determined by the Scottish Government (SG)

**Revenue Scotland:**
LOs will pay landfill tax to Revenue Scotland (RS) who will appoint SEPA to regulate LOs

**SEPA:**
It is proposed that SEPA would regulate DEBs as well as LOs. In this way, it is envisaged that there would be approximately 10 DEBs, which would make regulation fairly straightforward

**SLCFF:**
It is proposed that DEBs must be members of the SLCFF and through that agree to a Code of Conduct and formal audit requirements. It is further proposed that SEPA as Regulator would formally agree membership. In addition, it is envisaged that both the SG and SEPA would be appropriately represented on the board of the SLCFF, providing both strategic and policy input
Projects:
It is proposed that applicants to the fund apply directly to an appropriate DEB. In this way local communities can concentrate on devising and delivering locally desired initiatives whilst DEBs guarantee the financial probity, legal status and reporting necessary for a safe, secure, simple and accessible scheme.

Ombudsman:
The existing Landfill Communities Fund has an exemplary record of delivering high quality projects with the highest standards of probity, which is a testament to the knowledge, experience and standards of DEBs who have been responsible for over 90% of funding awarded over the last 16/17 years. Whilst this experience deserves respect, it is inevitable that from time to time applicants may have issues and to resolve those, it is proposed that a suitably qualified, part time Ombudsman is appointed to allow any issues to be aired. It is further proposed that this role would report any issues to SEPA who could then raise them as appropriate in their role as Regulator.

In conclusion we commend this Distribution Model for a Communities Fund to the Scottish Government as a simple cost effective mechanism which will maximise the benefits of the fund and ensure demonstrable probity.