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

SUBMISSION FROM FALKIRK 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. No additional comment at this time beyond the original Government consultation response (submitted prior to 15 January 2013)

The decision not to introduce significant changes to the form or structure of the existing UK Landfill Tax
2. No additional comment at this time beyond the original Government consultation response (submitted prior to 15 January 2013)

The use of the same list of qualifying materials as specified in the Landfill Tax (Qualifying Material) Order 2011
3. No additional comment at this time beyond the original Government consultation response (submitted prior to 15 January 2013)

The intention to set tax rates in subordinate legislation and in “such a way that rates will follow closely UK rates”; 4. We agree with this decision as to do otherwise would generate instability in the market and encourage cross border transportation of waste

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. No additional comment at this time beyond the original Government consultation response (submitted prior to 15 January 2013)

The provisions which will allow the tax authority to pursue taxes evaded through the illegal dumping of waste
6. No additional comment at this time beyond the original Government consultation response (submitted prior to 15 January 2013)

The list of activities and materials which are exempt from landfill tax
7. No additional comment at this time beyond the original Government consultation response (submitted prior to 15 January 2013)

The Scottish Landfill Communities Fund
8. We agree with the continuation of the Landfill Communities Fund and welcome the increase in the cap to 6.16%

The role of Revenue Scotland in the administration of the tax
9. We agree with the role of Revenue Scotland as detailed in the bill
The role of SEPA in the administration of the tax
10. We agree with the delegation of the administration and collection of the tax to SEPA as it makes sense to combine this with the organisation’s existing enforcement role.

The formula for calculating the adjustment to the block grant
11. It is difficult to comment on this as in paragraph 6 of the Financial Memorandum it states that the formula for calculating the reduction is still the subject of discussion between Ministers of the Scottish and UK Governments and will be agreed in the first half of 2013. Notwithstanding the formula still has to be agreed some important factors need to be taken into account including the fact that overall revenue from the tax is due to decrease, thus the Scottish Government is taking over responsibility for a tax in decline. Indeed paragraph 33 estimates that receipts will drop from a high of £107m in 2015/16 to £40.5m in 2025. The formula for future years should therefore reflect this.

The financial implications of the Bill as estimated in the Financial Memorandum
12. The figures in Table 1 show that, as a percentage, the Scottish share of UK Landfill Tax has been declining on a year by year basis since 2007/08 and is 8.9% for 2010/11. The forecast receipts in Table 2 however are based on the assumption that Scottish Receipts form 9.1% of total UK receipts which seems to buck this trend. How robust is this 9.1% figure as if it is an estimate it will overstate the forecast receipts in table 2.