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. For businesses there is clarity in landfill tax, as it relates to the amount of waste that they dispose. They therefore have an incentive to manage their wastes, to reduce the amount they dispose of and recycle where collection systems are available and that it is cost effective.

2. For householders there is less clarity. The burden of Landfill Tax is met by the Local Authority. Although Councils have developed recycling infrastructure and actively promoted recycling, the increasing costs of landfill tax are a burden on the public purse.

- Certainty
- Convenience
- Efficiency
- Proportionate to the ability to pay

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

3. The Landfill Tax came into effect from 1996 and is understood by the waste industry. Changes to it could introduce levels of uncertainty. In particular for the large private companies who operate in the UK, there may be additional bureaucracy if they have to operate under two different tax regimes.

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

4. Consideration should be given to restoring the exemption from tax of aggregates brought into landfill sites to be used for engineering purposes. This material is brought in as a product from the aggregate industry and is used to create haul roads within landfill sites to allow vehicles to safely operate moving and depositing waste within the landfill and as daily cover to ensure compliance with the sites Pollution Prevention Control Permit.

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

5. To ensure consistency in approach it is sensible to set rates that will closely follow UK rates. This will ensure that decisions on waste management are made in accordance with waste management principles and are not driven to low cost solutions.

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

6. Materials used for engineering purposes within the site should be exempt.
7. Those materials that are easier to recycle and have pre-existing markets (or significant demand could be created) could be more heavily taxed thus creating pressure to recycle or reuse these materials. There should be no cause for these materials to go to landfill unless for engineering purposes. The carbon footprint and environmental impact of disposal materials should be assessed and reflected in the rates.

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

8. Illegal dumping is a complex issue. The cause is not always clear and the location and frequency of dumped materials is inconsistent, thus making it difficult to deal with offenders.

9. Additional resourcing to “police” areas of concern could be of assistance, in conjunction with more local disposal facilities and publicity of available facilities. The use of the tax for resourcing of enforcement staff both within Local Authorities and SEPA to investigate and tackle the issue of illegal dumping is critical in tackling this issue; this would also support the overall aims of this bill to ensure the proper handling of waste streams.

10. It would be likely to be of assistance to offer a limited exemption for problematic material such as asbestos, to encourage their proper disposal and reduce the risk of illegal dumping.

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

11. Consideration should be given to restoring the exemption from tax of aggregates brought into landfill sites to be used for engineering purposes. This material is brought in as a product from the aggregate industry and is used to create haul roads within landfill sites to allow vehicles to safely operate moving and depositing waste within the landfill and as daily cover to ensure compliance with the sites Pollution Prevention Control Permit.

12. Materials used for engineering purposes within the site should be exempt.

13. Those materials that are easier to recycle and have pre-existing markets (or significant demand could be created) could be more heavily taxed thus creating pressure to recycle or reuse these materials. There should be no cause for these materials to go to landfill unless for engineering purposes. The carbon footprint and environmental impact of disposal materials should be assessed and reflected in the rates.

**the Scottish Landfill Communities Fund;**

14. As an operator of landfills Glasgow City Council has taken advantage of the opportunity to distribute Landfill Tax Credits to Environmental Bodies since 1996. The distribution process has been co-ordinated through an Officer Landfill Tax Subgroup, putting forward recommendations to Committee for consideration and approval.

15. Through this process Glasgow City Council has distributed £11,002,545 to 35 different Environmental Bodies for 155 separate projects.
16. The present distribution model has benefited Glasgow; as a landfill operator Glasgow has been able to support of local projects. In moving forward it would be helpful where local authorities use private landfill operators that any landfill communities fund is used to support activities in the authorities area from where the waste arises.

17. The current distribution model sets a 10 mile radius applies to Object E projects Historic Buildings. In considering the 10 mile radius it is important to look at the source of the waste, particularly if it is from Local authority Collections. As the number of landfill sites reduce, the distance to sites will increase reducing the potential eligibility for funds to go to local authority areas where the wastes arise. As a response an arrangement for local authorities who deliver wastes to private landfill to be eligible to benefit from the distribution of Landfill Communities Funds in their boundaries should be considered.

18. Also, in looking at the impact of landfill operations, consideration should be given to the direct compensation for households who live near landfill sites. This could follow the model when new roads are built.

19. To ensure compliance with the distribution process an independent regulator should be considered. The continued role of ENTRUST, this would ensure continuity of the regulator role. Alternatively, this role could be undertaken by SEPA.

20. To date the Landfill Communities Fund has supported local projects. As part of this review there is an opportunity to consider whether more strategic environmental objectives could and should be supported from this fund. In doing so there needs to be reassurance that this would reduce the fund that has been available to date to support local environmental projects. Rather than using a proportion of the existing fund, consideration should be given of taking a further proportion from landfill tax raised to help fund more strategic environmental objectives. This would maintain the support of local projects from the existing fund and create support for more strategic funds. The strategic funds could be managed by the regulator (ENTRUST or SEPA), following guidance prepared by the Scottish Government.

21. There are also a number of organisations that currently provide support and assistance in terms of carbon mitigation, energy minimisation and a wide range of associated sustainability issues. These organisations could play a role in supporting local projects, signposting the fund and in turn supporting more strategic environmental objectives.

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

22. Given that landfill tax will be devolved from 2015, it makes sense for Revenue Scotland to be the administrator of the tax. It may, however, be appropriate for some roles and responsibilities to be further devolved to SEPA. This is a matter for the Scottish Parliament rather than local government, but clearly there will be significant challenges for a completely new organisation operating in a technically challenging environment. The timescales for the change are also relatively tight.

_the role of SEPA in the administration of the tax;

23. SEPA already have extensive powers to audit landfill sites.
the formula for calculating the adjustment to the block grant;
24. The block grant from Westminster will be reduced to reflect the shift in landfill tax (and SDLT). The Scottish Parliament will no doubt be keen to ensure that the reduction is proportionate to the anticipated revenues from these two devolved taxes from 2015. Local authorities would obviously not favour any reduction in the local government settlement due to any shortfall in the overall Scottish Budget following the change, so the Scottish Parliament should perhaps identify mechanisms to identify and manage any significant variances. Finally, it is to be assumed that any calculation of the adjustment to the block grant would take into account trends, projections and collection data (including bad debts and legacy debt).

the financial implications of the Bill as estimated in the Financial Memorandum.
25. The devolution of these taxes, including landfill tax, brings not only additional powers to the Scottish Parliament, but also additional risks. That is, any fluctuations in landfill tax revenue would directly impact the Scottish Budget. Again, local authorities would not wish to see their settlement impacted by collection of taxes that are outwith their control. A final, related, issue is the Scottish Government’s zero waste strategy: if Scotland moves to a situation of zero waste in line with the targets set, then presumably this represents a significant pressure for the Scottish Budget as landfill tax revenues drop off.