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

SUBMISSION FROM RENFREWSHIRE COUNCIL

INTRODUCTION

1. The Landfill Tax (Scotland) Bill is one of three related bills being brought forward as a consequence of measures enacted in the Scotland Act 2012. Under the terms of the 2012 Act, the Scottish Parliament will have responsibility for taxes on land transactions and disposals to landfill. The Landfill Tax (Scotland) Bill deals with disposals to landfill in Scotland and makes provision for a tax on those disposals to be called the Scottish Landfill Tax. The intention is that the provisions introducing Scottish Landfill Tax will come into force in April 2015.

2. The Landfill Tax (Scotland) Bill was introduced in the Scottish Parliament on 17 April 2013. The regulations governing the detailed implementation of a Scottish Landfill Tax system will be drafted and consulted upon later this year. A separate Bill will be brought forward to establish a new tax administration body, Revenue Scotland, to oversee the Scottish Landfill Tax and other devolved taxes.

3. It is expected that the Finance Committee will be designated as the lead committee for scrutinising the Landfill Tax (Scotland) Bill. The first stage for the committee is to report on the Bill’s general principles.

EVIDENCE REQUIRED

4. The committee is seeking written views (evidence) on the general principles of the Bill and in particular response to twelve specific areas listed below.

5. Renfrewshire Council welcomes the opportunity to respond to these issues and comments are drafted below.

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;

6. Agreed.

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

7. This would be welcomed and would prevent issues with National Landfill Companies operating in Scotland and this would limit any cross border trading issues.

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

8. This is agreed. There however remains some uncertainty and ambiguity over materials used for engineering purposes. The proposal to introduce new differential
rates for stabilised materials or for combustion residue from incineration should be supported, as this would further encourage and support the development of landfill diversion and treatment infrastructure.

**The intention to set tax rates in subordinate legislation and in “such a way that rates will follow closely UK rates”;**

9. This would be welcomed as it would prevent cross border trading and would prevent market distortion. It is however essential that subordinate legislation is enacted promptly with new proposed rates communicated well in advance and projected for at least 5 years to allow for Local authorities to project financial outlay and affordability and to measure the impact of proposed future waste treatment infrastructure.

**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;**

10. This requires further clarification as it could have a significant impact on treatment options for residual waste. Scottish Local Authorities are currently procuring long term treatment plants and cognisance should be taken of long term financial planning and affordability. e.g. a lower tax rate could influence methods of treatment such as mechanical biological treatment to reduce biodegradability. The proposal to introduce new differential rates for combustion residue from incineration should be supported as this would further encourage and support the development of landfill diversion and treatment infrastructure.

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

11. This would be welcomed along with a more concerted effort in relation to prosecuting offenders to ensure that the punishment is more expensive than the savings made from continuing to commit environmental crime.

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

12. Further clarity is required over specific materials particularly in relation to exemptions due to engineering purposes. This is to avoid future challenges to “engineering” materials used at landfill sites.

**The Scottish Landfill Communities Fund;**

13. The Landfill Communities fund should ensure there is a balance demonstrated between communities directly affected by proximity to landfill sites and encouraging behavioural change in the general population of Scotland. It should also allow the effects of fly tipping to be tackled in problem areas.

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

14. Close engagement will be required with Revenue Scotland and Local Government should be represented on the Board of Revenue Scotland. This will allow for Local Authority engagement and give support to the new organisation.

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

15. Accepted, provided that sufficient funding and expertise are transferred to the organisation, in order to support the new burden.
The formula for calculating the adjustment to the block grant;
16. The structure of the Scotland Act 2012 block grant deal should further consider the continuing success in Scotland of the Zero Waste agenda which points to a clear funding gap for the Scottish Government post 2015 which needs to be addressed and also as a minimum a clear commitment given by the Scottish Government that any potential shortfall in anticipated yield will not be passed on to local government.

The financial implications of the Bill as estimated in the Financial Memorandum.
17. Local Government would wish to see grants increasing to accommodate increasing burden on local authorities brought about by landfill tax charges. As landfill tax will be diminishing due to the ban on biodegradable material going to landfill Local Authority would be seeking assurances that this tax will not be replaced by further taxation on new technologies commissioned to treat waste.