



The Scottish Parliament
Pàrlamaid na h-Alba

Published 11 March 2025
SP Paper 751
3rd Report, 2025 (Session 6)

Finance and Public Administration Committee

Subordinate Legislation: The Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2025 [draft]



Published in Scotland by the Scottish Parliamentary Corporate Body.

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Contents

Introduction	1
Consideration by the Delegated Powers and Law Reform Committee	2
Consideration by the Finance and Public Administration Committee	3
Conclusion	4
Bibliography	5

Finance and Public Administration Committee

To consider and report on the following (and any additional matter added under Rule 6.1.5A)—

- (a) any report or other document containing proposals for, or budgets of, public revenue or expenditure or proposals for the making of a Scottish rate resolution, taking into account any report or recommendations concerning such documents made by any other committee with power to consider such documents or any part of them;
- (b) any report made by a committee setting out proposals concerning public revenue or expenditure;
- (c) Budget Bills; and
- (d) any other matter relating to or affecting the revenue or expenditure of the Scottish Administration or other monies payable into or expenditure payable out of the Scottish Consolidated Fund.
- (e) matters relating to the National Performance Framework within the responsibilities of the Deputy First Minister, public service reform within the responsibility of the Cabinet Secretary for Finance and Local Government, and public administration.



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Introduction

1. Scottish Landfill Tax (SLfT) is a tax on the disposal of waste to landfill, paid by site operators and charged by weight. It is charged based on two rates: a standard rate and a lower rate for ‘less polluting’ materials. The Scottish Government announces these rates as part of the annual Scottish Budget.
2. The rates are subsequently set with the approval of the Parliament by way of a statutory instrument. Section 41(3)b of the Landfill Tax (Scotland) Act 2014 ¹ states that such an Order “ceases to have effect at the expiry of the period of 28 days beginning with the date on which it was made unless, before the expiry of that period, the order has been approved by resolution of the Parliament”.
3. The Scottish Budget 2025-26 ² published on 4 December 2024 included the proposed SLfT rates for 2025-26. The Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2025 [draft] ³, which was laid before Parliament on 19 February 2025, set out the following increases to the standard and lower rates for disposals from 1 April 2025—
 - a standard rate of £126.15 per tonne (currently £103.70), and
 - a lower rate of £4.05 per tonne (currently £3.30) for less polluting materials.
4. These rates are consistent with UK landfill tax rates, which the Scottish Budget 2025-26 states, “addresses the risk that lower rates could result in the movement of waste to Scotland from the rest of the UK”.
5. The Budget document also includes forecasts that SLfT is expected to raise £40 million (m) in 2025-26, a reduction from £54m in 2024-25. It explains that “Scottish Fiscal Commission forecasts show that SLfT revenues will decline significantly once the legislative ban on the landfilling of all biodegradable municipal waste comes into force on 31 December 2025”. The Scottish Government therefore intends to conduct a public consultation in 2025 “to support decisions on the future of the fund”. ²
6. The Policy Note accompanying the instrument confirms that there is no statutory requirement to consult on this Order and states that “the Cabinet Secretary for Finance and Local Government confirms that no Business and Regulatory Impact Assessment is necessary as the instrument has no financial effects on the Scottish Government, local government or on business”. ⁴

Consideration by the Delegated Powers and Law Reform Committee

7. The Delegated Powers and Law Reform (DPLR) Committee considered the instrument at its meeting on 25 February 2025⁵ and reported on it in its 13th report, 2025⁶, which was published on the same date. The DPLR Committee made no recommendations in relation to the instrument.

Consideration by the Finance and Public Administration Committee

8. At its meeting on 11 March 2025, the Committee took evidence from the Minister for Public Finance, Ivan McKee MSP in relation to the Order. During evidence, the Committee asked a number of questions of the Minister, the responses of which can be found in the Official Report.
9. The Minister was asked to explain why since devolution of landfill tax the primary factor driving decisions on setting rates in Scotland appears to be the need to match equivalent tax rates in England "to avoid waste tourism", particularly given the taxes are a key lever in helping to meet Scotland's targets in relation to climate change. The Minister told the Committee that there are three main issues to consider with regards to setting landfill tax rates: (1) how much revenue it would raise, (2) the extent to which differential rates might lead to 'waste tourism', and (3) how the rates drive behavioural change. He went on to say that the Scottish Government would consider any impacts from the increased lower rates set in Walesⁱ compared to England, along with other evidence on the impacts and possible revenues arising from any such change in Scotland, to inform its decision-making on the 2026-27 SLFT tax rates.
10. Following questions , the Minister moved the following motion in his name:

S6M-16546 : That the Finance and Public Administration Committee recommends that the Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2025 (SSI 2025/41) be approved.

ⁱ The lower rate increased, following a public consultation, from £3.30 to £6.30 per tonne (the rate in England and Scotland will be £4.05 in 2025-26).

Conclusion

11. Motion S6M-16546 was agreed to without division. The Finance and Public Administration Committee therefore recommends that the Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2025 (SSI 2025/41) be approved.

- [1] Scottish Government. (2014). Scottish Landfill Tax 2014. Retrieved from <https://www.legislation.gov.uk/asp/2014/2/contents>
- [2] Scottish Government. (2024). Scottish Budget 2025-26. Retrieved from <https://www.gov.scot/binaries/content/documents/govscot/publications/corporate-report/2024/12/scottish-budget-2025-2026/documents/scottish-budget-2025-26/scottish-budget-2025-26/govscot%3Adocument/scottish-budget-2025-26.pdf>
- [3] Scottish Government. (2025). The Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2025. Retrieved from <https://www.legislation.gov.uk/ssi/2025/41/contents/made>
- [4] Scottish Government. (2025). Policy Note for the Scottish Landfill Tax (Standard Rate and Lower Rate) Order 202. Retrieved from <https://www.legislation.gov.uk/ssi/2025/41/policy-note/contents>
- [5] Scottish Parliament. (2025, February 25). Official Report, Delegated Powers and Law Reform Committee. Retrieved from <https://www.parliament.scot/api/sitecore/CustomMedia/OfficialReport?meetingId=16275>
- [6] Scottish Parliament. (2025). 13th Report, 2025, Subordinate Legislation considered by the Delegated Powers and Law Reform Committee on 25 February 2025. Retrieved from <https://bprcdn.parliament.scot/published/DPLR/2025/2/25/b3de7054-3e76-40b9-87b8-c34a739fd42a/DPLRS062025R13.pdf>

