

**EXPLANATORY MEMORANDUM TO**  
**THE LANDFILL TAX (AMENDMENT) REGULATIONS 2010**

**2010 No. 924**

1. This explanatory memorandum has been prepared by the Commissioners for Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Purpose of the instrument**

The Regulations change the maximum credit that landfill site operators may claim against their annual landfill tax liability when making contributions in respect of the Landfill Communities Fund ("LCF").

3. **Matters of special interest to the Select Committee on Statutory Instruments**

3.1 It has been necessary to breach the "21 day rule". This is because the amendments made by the Regulations are a Budget measure. It was not possible to lay the instrument until after the changes were announced on Budget day.

3.2 The amendment made by regulation 2 changes the maximum percentage of credit that landfill site operators may claim against their landfill tax liability during the contribution year from 6.0% to 5.5%. Paragraph 7.2 explains how this change increases the maximum value of the fund in line with inflation in 2010-11 to give the credit claimable a potential value of £74.25 million. The contribution year is a standard period for all landfill site operators which runs from 1 April to 31 March each year. It is necessary for the amendment made by regulation 2 to come into force on 1 April to coincide with the start of the contribution year.

4. **Legislative Context**

4.1 Landfill Tax ("LFT") was established by section 39 of the Finance Act 1996 ("FA 1996") and is chargeable on the disposal of waste made by way of landfill at a landfill site. Section 51 FA 1996 provides a regulation making power whereby persons liable to pay LFT are entitled to credit against their LFT liability. Credit is established in accordance with prescribed rules. Section 53(1) provides for regulations to be made for securing an entitlement to credit if those persons pay sums to an environmental body and other prescribed conditions are fulfilled.

4.2 The Landfill Tax Regulations 1996 (SI 1996/1527), the principal Regulations, were made under various powers in FA 1996 including sections 51 and 53.

4.3 Paragraph 3.2 describes the amendment that is made to the principal Regulations.

## **5. Territorial Extent and Application**

This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

- *What is being done and why*

7.1 The LCF redresses some of the environmental costs of landfill by improving the environment in the vicinity of landfill sites. Projects benefiting from LCF funding include those that are involved with the reclaiming of land, improvements to local community facilities, repairs to places of worship and habitat creation in support of biodiversity.

7.2 The Government recognises the important contribution made by the LCF. The amendment made by regulation 2 increases the maximum value of the fund in line with inflation in 2010-11 to give a potential value of £74.25 million credit claimable. The fund is growing in value, although the capping percentage figure is decreasing from 6.0% to 5.5 %, because of the increase in landfill revenue expected as a result of the increase in the standard rate of landfill tax from 1 April 2010.

- *Consolidation*

7.3 This instrument amends the principal regulations. As the capping percentage figure is reviewed every year, there are no plans for consolidation.

## **8. Consultation outcome**

8.1 The value of the LCF is reviewed each year so no consultation is required.

## **9. Guidance**

9.1 The change will be announced in a Budget note, via a mail shot to all landfill site operators, and through updating the relevant landfill tax public notice.

## **10. Impact**

10.1 An Impact Assessment has not been prepared for this instrument as it has a negligible impact on business, charities or voluntary bodies

10.2 There is no impact on the public sector.

## **11. Regulating small business**

11.1 The legislation applies to small landfill site operators for which the impacts will be negligible.

**12. Monitoring & review**

12.1 The effect of this regulatory change will be monitored and reviewed as part of HM Revenue and Customs' normal assurance activities.

**13. Contact**

Leonne Jackson at HM Revenue & Customs Tel: 0161 827 0323 can answer any queries regarding the instrument.