
March 2016

THE SCOTTISH LANDFILL TAX (QUALIFYING MATERIALS) ORDER 2016

Following the Finance Committee's consideration of the above subordinate statutory instrument on 9 March I am writing to inform the Committee, as I committed to do at this time, of the likely impact that the introduction of a loss on ignition testing regime for fine waste particles will have on local authorities.

Scottish Landfill Tax is paid by landfill site operators and it is probable that the costs of testing will be passed on to waste producers. Most landfill tax costs to local authorities are generated from the disposal of residual or 'black bag' household waste. Disposals from this type of waste, and the fines from this waste stream, would always be charged at the higher rate of tax given current waste treatment technology. It is important to note that loss on ignition testing will not be the only determining factor when applying the lower rate of tax to waste fines.

In accordance with Revenue Scotland Guidance, visual inspections and Waste Acceptance Criteria checks will also be required to ensure that the material disposed of consists of qualifying material, as listed in the schedule of the Order (for example rocks, soils and certain inert mineral wastes). This material is almost wholly generated by the construction, demolition, commercial and industrial sectors and not local authorities.

I expect therefore that the impact of loss on ignition testing on all local authorities to be minimal and the corresponding costs of conducting tests, passed on from the landfill operator, will likely be less than £1,000 per annum in total across local government.

During the recent consultation respondents stated that current arrangements serve to drive down market prices due to uncertainty about how the rate is being applied across industry. Placing a testing regime on a statutory footing with Revenue Scotland providing clear and prescriptive guidance, whilst strictly enforcing the regime, will help ensure that the lower rate is applied equitably across landfill sites and help drive investment in alternative treatment options further up the waste hierarchy. I hope that eventually this will lead to local authorities being able to recover and recycle more value from fine material produced through the treatment of residual black bag waste and consequently lower their landfill tax costs.

I hope the Committee finds this letter helpful.

JOHN SWINNEY