

## Revenue Scotland SLfT guidance on waste fines.

### Consultation Response Form

Please complete this form and email to the address below no later than 29 July 2016.

[sft@revenue.scot](mailto:sft@revenue.scot)

If you wish to submit your response in PDF format please also provide a version in Word. This will help us with collating and analysing all responses.

Alternatively, you can request a hard copy of this form by writing to us at the address below or phoning 03000 200 310. Hard copy responses should be sent to:

SLfT Guidance Consultation  
Revenue Scotland  
PO Box 24068  
Victoria Quay  
EDINBURGH EH6 9BR

#### 1. Name/Organisation

**Organisation Name (Leave blank if responding as an individual)**

SUEZ Recycling & Recovery UK LTD

**Main business activities of organisation**

Waste Management

**Title** Mr  Ms  Mrs  Miss  Dr  other

**Surname**

Cracknell

**Forename**

Martin

#### 2. Postal Address

Campground VEC,

Springwell Road

Wrekenton, Gateshead

Tyne & Wear	
Postcode NE9 7XW	Phone 07730 816787
Email martin.cracknell@suez.com	

**3. Permissions - I am responding as...**

<b>Individual</b>	/	<b>Group/Organisation</b>
<input type="checkbox"/>	<i>Please tick</i>	<input checked="" type="checkbox"/>

**(a)** Do you agree to your response being made available to the public (on the Revenue Scotland website)?

Yes  No

**(b)** Where confidentiality is not requested, we will make your responses available to the public on the following basis

***Please tick ONE of the following boxes***

Yes, make my response, name and address all available

Yes, make my response available, but not my name and address

Yes, make my response and name available, but not my address

**(c)** The name and address of your organisation **will be** made available to the public (on the Revenue Scotland website).

Are you content for your **response** to be made available?

Yes  No

**(d)** Are you content for Revenue Scotland to contact you again in relation to this or any similar consultation exercises?

Yes  No

4. Revenue Scotland tries to operate to Adam Smith's principle of certainty for the tax payer about their tax liability. How easy will it be to be sure of the tax due on each load of waste fines disposed of to landfill under the new guidance?

SUEZ always encourages improvements in guidance relating to taxation. The draft guidance provided in Appendix 1 is a significant improvement against existing guidance which is open to interpretation and results in confusion / varying standards within the industry.

That being said there are still concerns over the guidance which we have highlighted below.

- **1.1 Entirely Qualifying Waste Fines - 'The waste stream must return a Lol test result less than 10%...'**. Elsewhere within the document the expectation varies between 10% or less and less than 10% (point 6 Loss on Ignition (Lol) Test for Fines – paragraph two '10% or under' whereas paragraph three states 'below the 10% Lol threshold@). There are other examples throughout the guidance. This point needs to be confirmed as Qualifying Fines with a Lol 10% or less.
- **Description of the waste on the waste transfer note must adequately identify that the waste consists of wholly qualifying fines.** We believe it would be beneficial for examples or preferably a single description to be provided to ensure:
  - It fits within the description box of the Waste Transfer Note
  - It is an industry recognised and understood wasted description which has a more descriptive definition within this guidance
  - It enables checks to be easily carried out by regulatory authoritiesA description of 'qualifying fines – lower rate' is identified in 5.2 Waste Transfer Notes, could this be used as the description for the whole industry?
- **1.2 Qualifying fines with a small amount of non-qualifying material.** SUEZ welcomes the acknowledgement of Revenue Scotland that fines can be derived from loads of mixed waste but only once it has been satisfactorily treated through an appropriate process which meets the expectation of the Lol testing regime. Within this section Revenue Scotland has offered two examples of treatment processes that could produce qualifying fines, this is welcomed, although we would like to see further emphasis upon what is not suitable in the way of treatment of waste to produce a fine. One of the primary drivers for the testing of fines was to stop unscrupulous operator's just shredding waste and sending it to landfill as inert material and qualifying for the lower rate of tax. Revenue Scotland has to be careful with this point as some shredding operations are totally legitimate in the process of enhanced segregation through size

reduction at a pre-conditioning stage (this facilitates efficiency of the process and plant) prior to further segregation.

The final bullet point states ‘...material that could reasonably have been removed.’ Could further interpretation be provided for this statement as there will undoubtedly be varied views from both industry and the regulators as to what this statement means.

**2. Flowchart for determining the rate of SlfT chargeable per load of waste fines & Appendix 2 – New Flow Chart.** SUEZ welcomes the new flow chart as it is clearer than the previous version. From previous meetings with representatives of Revenue Scotland and SEPA it was agreed the flowchart starts at the point of the Landfill; this should be shown on the flow chart. There had been confusion as to where the flow chart was meant to commence. Also as highlighted earlier the definition of 10% needs to be rectified.

**3. What evidence must I keep for qualifying fines?** We note you have identified appropriate documents for evidence is this the definitive expectation to support our decision upon what tax to apply? We have attended meetings with Revenue Scotland and SEPA where additional expectations of evidence have been highlighted to us. A clear position on this would be appreciated.

**4. WM3 Classification.** No comments.

**5. Pre-Acceptance Checks.** Please can the term ‘satisfactory evidence’ be quantified in some manner as this is open to interpretation?

**6. Loss On Ignition (Lol) Test for Fines** – No comments.

**7. Prescribed Test** – No Comments.

**8. Lol Test Methodology** – Please see comments in part 5 of this response.

**9. What if a Tested Sample Is Above the Lol Threshold?** – No comments.

**10. Loss on Ignition Test Result Form & Appendix 4** – What is required from geographic origin? This needs to be confirmed.

**11. Can a sample be retested that is above the Lol threshold?** – No comments.

**12. Frequency of Testing – 12.3 Frequency of Testing Table** – We believe it would be beneficial to provide worked examples of how failed samples go through the matrix and also how companies can come back down the matrix after a failure has

been recorded. This is very important when we have conversations with customers.

**13. Power to Direct a Test** – There is ambiguity in the comment ‘In cases of doubt, for example when there is insufficient material provided to carry out a test’. If there is insufficient material provided to carry out a test then it seems inappropriate, if the sample had previously passed, that standard rate tax would apply. SUEZ fully supports the requirement to ensure protection against fraud but this needs to be thought out or explained in further detail with co-operation from the industry.

5. Part 8 of the guidance on Lol test methodology includes instruction to use a sample size of 5g. This sample size has been chosen because a larger one could risk incomplete combustion and therefore affect the Lol result.

Do you agree that specifying a sample size of 5g will lead to fair and consistent Lol test results?

SUEZ cannot understand the rationale behind why Revenue Scotland is proposing the reduction in sample size from 20g down to 5g for testing. A 20g sample would provide a more representative result of the load and is already used as an indicator elsewhere within the United Kingdom.

SUEZ welcomes Revenue Scotland’s acknowledgement of weight loss during the initial drying phase of the process should not be included in the Lol calculation.

6. The frequency of testing table at part 12 of the guidance explains how certain indicators should be used to determine how frequently Lol tests should be carried out on waste fine streams.

Do you agree that the table supports a fair and consistent approach to the classification of waste?

SUEZ is comfortable with the proposed matrix. As detailed earlier in this response worked examples would be beneficial for all parties.

7. Do you have any other comments you would like to make about this guidance?

Yes  No

If you ticked 'yes', please provide your comments or suggestions:

Appendix 3: Example of Pre-Acceptance Questionnaire

Clarification needs to be provided as to what Geographical Origin relates to. From the meeting SUEZ attended with representatives of SEPA and Revenue Scotland it was agreed the geographical origin is the processing facility producing the qualifying fines. This needs to be documented in the guidance.