



Revenue Scotland guidance on how to determine the rate of Scottish Landfill Tax chargeable on contaminated soils.

Consultation Response Form

Please complete this form and email to the address below no later than 15 July 2015.

info@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 0300 0200 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)

The Chartered Institute of Taxation

Main business activities of organisation

The Chartered Institute of Taxation (CIOT) is the leading professional body in the United Kingdom concerned solely with taxation. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries. The CIOT's comments and recommendations on tax issues are made in line with our charitable objectives: we are politically neutral in our work. The CIOT's 16,500 members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

Title Mr Ms Mrs Miss Dr other

Surname

Fearnside

Forename

Angela

2. Postal Address

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London

Postcode SW1P 1RT

Phone 020 7340 0550

Email indirecttax@ciot.org.uk

3. Permissions - I am responding as...

Individual

/ Group/Organisation

Please tick

(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

(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

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

(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 seeks to operate to Adam Smith’s principle of certainty for the taxpayer about their tax liability. Compared to the current guidance, how easy will it be to be sure of the tax due on each load of soil disposed of to landfill under:

(a) Option 1 (Current guidance plus WM2)

This question falls outside our remit. Please see general comments below.

(b) Option 2 (Current guidance plus WM2 plus Inert WAC)

This question falls outside our remit. Please see general comments below.

- 5.** Compared to the current guidance, how would the volume and type of material being disposed of to landfill change under:

(a) Option 1 (Current guidance + WM2)

This question falls outside our remit. Please see general comments below.

(b) Option 2 (Current guidance + WM2 + Inert WAC)

This question falls outside our remit. Please see general comments below.

- 6.** How would each option impact on you administratively and in terms of your day to day operations? Do you see any advantages or disadvantages from either of the options? If so, please explain these.

(a) Option 1 (Current guidance plus WM2)

This question falls outside our remit. Please see general comments below.

(b) Option 2 (Current guidance + WM2 + Inert WAC)

This question falls outside our remit. Please see general comments below.

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

Yes No

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

The CIOT's primary interest in this consultation is to ensure that Scottish Landfill Tax fulfils its role as a fiscal measure designed to encourage good behaviour and penalise poor behaviours. It should seek to implement specific principles set down by the Scottish Government but, at the same time, be balanced with the need for certainty, proportionality and reasonableness on behalf of taxpayers.

In principle, environmental taxes are intended to discourage the behaviour that damages the environment and/or ensure that the cost of dealing with that damage is reflected in the costs of the waste producer.

We note that the suggested tests have come from industry stakeholders seeking to address uncertainty and lack of uniformity in evidential requirements for contaminated soils. We welcome any steps taken in Scotland to avoid the historical issues and uncertainties that remain in place for the rest of the UK waste sector in application of lower rating and in treatment of mixed/contaminated loads.

As we have suggested in previous responses to SLfT consultations, some of the confusion for UK taxpayers has arisen from disparities between the requirements of environmental law compared to landfill tax law, for example inert material for site permit terms and qualifying material for lower rating. The introduction of objective tests for SLfT lower rating linked to waste classification environmental definitions, and potentially waste acceptance criteria, would therefore appear to be a step in the right direction towards aligning tax and regulatory requirements.

We note that the introduction of a two-tier test is likely to lead to a relatively small proportion of waste soil qualifying for the lower rate of tax without further treatment. We therefore suggest that the potential for introduction of additional rates of SLfT, as provided for in primary legislation, receive further consideration. Our view as expressed in previous consultations is that tax rates should reflect the degree of damage caused by particular types of waste, its impact on the potential future reuse of landfill land, and the ability to recycle it. Categories of soils passing a WM2/3 test but failing a WAC test may be suitable for classification within an intermediate tax band rather than falling by default to be fully standard rated.