Scotland update

Indirect Tax | Personal tax

01 March 2016

Update on LBTT supplement and SLfT forum

LBTT additional homes supplement reference group

Representatives of the CIOT attended a meeting set up by the Scottish government to provide input into the development and implementation of policy for the LBTT supplement, referred to earlier in the Finance Bill section. The meeting helped the CIOT prepare its response to the proposals.

The Scottish government has published a note of the meeting on its website.

Scottish landfill tax (SLfT) forum

Representatives of the CIOT attended a meeting organised by Revenue Scotland when the proposed statutory regime for Loss on Ignition Testing was discussed.

A brief report was provided on the consultation held last year. Most respondents favoured a statutory regime, with the aim of establishing a level playing field.

The intention is for the statutory regime to take effect from 1 October 2016 (to give the industry longer to prepare). Draft legislation was published in February 2016; it specifies the temperature and threshold (440°C and 10%) and takes the form of an amendment to the Scottish Landfill Tax (Qualifying Material) Order 2015. Revenue Scotland will produce detailed guidance. In the meantime, the current guidance must be followed.
Revenue Scotland led a discussion of the issues that the guidance needs to cover:

- Sources of waste – Revenue Scotland's view is that the source should affect the rate of tax. Some stakeholders felt it would be easier simply to consider whether the final waste is taxable at the lower or standard rate. It was argued that this would be easier to audit too.
- Descriptions – stakeholders noted that the varied quality of waste transfer notes is a problem. It was suggested that Revenue Scotland could produce a pro forma questionnaire for site operators to use at the start of the process.
- Sampling – stakeholders suggested that the methodology set out in HMRC's LFT1 would be a good starting point. It was felt that the frequency of testing should be risk-based. Testing – there was agreement that the legislation should contain the temperature and the percentage threshold, but that the rest of the detail should be within guidance.
- Cleaning up – there was a preference for setting out methods that are not approved (such as shredding and mixing).
- Compliance – Revenue Scotland emphasised that it wishes to minimise opportunities for avoidance and evasion. It was suggested that simplicity would assist with this; Revenue Scotland argued that the reverse might be true.

Revenue Scotland will post official minutes on its website: www.tinyurl.com/zjup7uk.