Proposed Welsh landfill disposals tax

Indirect Tax

01 July 2015

CIOT responds to the Welsh government consultation

Following the passing of the Wales Act 2014, the Welsh government consultation document published on 24 February seeking views on a devolved Welsh landfill disposals tax (LDT) from April 2018.

The CIOT agrees with the Welsh government that there may be areas where it will be preferable to maintain consistency with the UK and Scotland landfill tax frameworks already in force. However, there are also opportunities to address areas of confusion, modernise administration and make Welsh LDT operate more efficiently than the similar taxes in the rest of the UK. The key issue is to minimise the administrative burden for operators with activities throughout the UK and not seek to introduce changes where they are not warranted. Nevertheless, it must be recognised that change will occur because there will be three landfill tax systems operating across the UK.

The CIOT takes the view that, if Welsh LDT is to fulfil its role as a fiscal measure to encourage good behaviour and penalise poor behaviour, it needs to be levied on what is discarded into landfill, not simply what enters the site. Specific exemptions for site usage may be preferable to the current system. It is not only what goes into the ground that should influence the rate of tax but the extent of the damage caused by the waste. This supports an argument for more differential rates.

Responses to the consultation will inform the Welsh government’s policymaking. The next step will be for it to publish draft legislation upon which stakeholders will have opportunity to comment. The CIOT, LITRG and ATT will continue to be involved in the Welsh government’s consultation process through informal discussions and the Welsh Government Tax Forum, a stakeholder group comprising professional bodies and other organisations.

The full CIOT response, which was endorsed by the ATT, can be viewed here.

Members who wish to comment on any aspect of the proposed Welsh LDT, should email their views to technical@ciot.org.uk.