EXPLANATORY MEMORANDUM TO

THE LANDFILL TAX (AMENDMENT) REGULATIONS 2006

2006 No. 865

1. This explanatory memorandum has been prepared by Her Majesty's Commissioners of Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Description

These Regulations come into force on 1st April 2006 and amend regulation 31 of the Landfill Tax Regulations 1996 ("the principal Regulations"). The amendment increases the maximum credit that landfill site operators may claim against their landfill tax liability when contributing through the Landfill Tax Credit Scheme (LTCS).

3. Matters of special interest to the Select Committee on Statutory Instruments

It has been necessary to breach the "21 day rule". This is because the amendment made by these regulations was a Budget measure and it was not possible to lay the instrument until the change was announced by the Chancellor on 22 March. Also, it was necessary for the amendment to come into force on 1 April in order for it to coincide with the start of the contribution year relating to the LTCS.

4. Legislative Background

4.1. Landfill Tax and the LTCS were introduced on 1 October 1996 by the Finance Act 1996. The tax is charged on a taxable disposal. A disposal is a taxable disposal if it is a disposal of material as waste, is made by way of landfill and is made at a landfill site. The amount of tax charged is calculated according to the weight of the material disposed of and whether it is active or inactive waste.

4.2. The LTCS allows landfill site operators to claim a credit of landfill tax against contributions made to approved environmental bodies. The amount of credit is 90 per cent of any contribution, subject to a maximum percentage of their annual landfill tax liability, set out in regulation 31(3).

4.3. This amendment to regulation 31(3) increases the maximum value of the LTCS.

5. Extent

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required

7. Policy background

7.1. The LTCS redresses some of the environmental costs of landfill by improving the environment in the vicinity of landfill sites. Projects benefiting from LTCS funding include the reclaiming of land, improvements to local community facilities, repairs to places of worship and habitat creation projects in support of biodiversity.

7.2. The Government recognises the important contribution made by the LTCS. This amendment increases the value of the scheme from £49.7million in 2005-06 to £60 million in 2006-07.

8. Impact

A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

9. Contact

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