

Landfill Tax Increases

May 2008



Landfill Tax

Landfill tax is paid on top of normal landfill fees by businesses and local authorities that want to dispose of waste using a landfill site. VAT is charged on the full waste disposal fee, inclusive of the landfill tax.

Landfill tax on disposals made after 1 April 2008 are taxed as follows:-

£32 per tonne on standard rate disposals and;
£2.50 per tonne on lower rate disposals.

This is an increase from £24 per tonne on standard rate disposals and £2 per tonne on lower rate disposals.

The recent budget

From April 2008, the tax on waste going to landfill is to rise by £8 per tonne each year for the next three years. By the 2010-2011 financial year, a level of £48 per tonne will be reached – a 100% increase over three years.

The rise represents the biggest jump in landfill tax from year to year since it was introduced in 1996 as the UK's very first environmental tax.

Her Majesty's Revenue & Customs states that the aim of the tax is to 'encourage the disposal of less waste; to recover more value from waste through recycling and composting, and to stimulate moves to more environmentally friendly waste management methods'.

It is likely that the trend is set to continue beyond 2011, and although the UK is currently on track to meet its waste diversion targets under the Landfill Directives, the UK targets for 2013 and 2020 remain challenging.

Landfill Directives

Traditionally the UK has been heavily reliant on landfill. Of a total of 28.2 million tonnes of municipal waste produced in 2000-2001, 79% (about 23 million tonnes) was landfilled. Just 12% was recycled or composted and 8% was incinerated with energy recovery. The Landfill Directive which was adopted by the European Union in 1999 is beginning to drastically change the way in which the UK handles waste. The Landfill Directive was implemented in Northern Ireland by the Landfill Regulations (Northern Ireland) 2003.

The Landfill Directive focuses on reducing the impact of municipal waste. The UK has been allowed an extra four years to meet European targets. The Directive has imposed the following goals based on the weight of biodegradable municipal waste (BMW) landfilled in 1995:

- Reduce BMW landfilled to 75% of 1995 level by 2010
- Reduce BMW landfilled to 50% of 1995 level by 2013
- Reduce BMW landfilled to 35% of 1995 level by 2020

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The Government hopes that recycling focussed legislation such as the Packaging Waste Directive will help to achieve these goals as well as the annual increase in landfill tax of £8 per tonne per year from 2008. Then, the Government hopes, composting, recycling and incineration will together eventually reduce and provide alternatives to landfill.

Impact on Businesses and Individuals

The rising cost of waste disposal will affect both businesses and individuals. It will affect individuals in that they are likely to see an increase in domestic rates to cover the increased cost of landfill disposal and an increased emphasis by local councils on recycling initiatives. Businesses will see increased costs in their waste disposal activities and an increased emphasis on the recycling of commercial waste.

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