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Kenneth Gibson, MSP
Convener
Finance and Public Administration Committee
Scottish Parliament
Edinburgh
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26 April 2024

Dear Kenneth,

Scottish Landfill Tax Rates and Bands Order 2024 – Additional Information

At the Finance and Public Administration Committee session on the Scottish Landfill Tax Rates and Bands Order 2024 on 5 March 2024, I agreed to provide the Committee with additional information regarding whether any analysis had been undertaken on the interaction between the higher rate of Scottish Landfill Tax and the propensity for fly tipping in particular areas. This was in the context of the Scottish Government's policy of maintaining consistency with tax rates elsewhere in the UK, to address the potential risk of waste tourism.

As you will be aware, Scottish Landfill Tax is intended to support Scotland's circular economy, encouraging the prevention, reuse and recycling of waste rather than its landfill and thereby helping keep valuable resources circulating in the Scottish economy. Although the tax is only one factor, the amount of waste going to landfill in Scotland continues to fall. The total volume of waste landfilled in 2022 (the most recent year for which SEPA statistics are available) was 2.4 million tonnes, 1.8 million tonnes (43%) lower than in 2015.

Based on separately published Revenue Scotland statistics, for the first three quarters of the financial year, this downward trend has continued in 2023-24. I expect that this will continue in the run up to the introduction on 31 December 2025 of the legislative ban on the practise of landfilling Biodegradable Municipal Waste, in particular as Scottish Local Authorities make alternative arrangements in preparation.

With specific regard to fly-tipping and illegal disposals of waste, the Scottish Government does not hold national data on the level of this and no explicit modelling or analysis has been undertaken of the potential impact of different tax rates. However, as part of the work under the Year One Action Plan of the National Litter and Fly-tipping Strategy, SEPA has commissioned work to identify and map available baseline data in order to give a more robust picture of fly-tipping across Scotland and they are also working to develop a national

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live picture of fly-tipping. If this work progresses, it may create opportunities to understand the wider impacts of fly-tipping, including in terms of the interaction with tax policy.

The Scottish Government believes there is no excuse for unauthorised disposals, which are dangerous and unnecessary. Valuable resources which could be recycled are wasted, and taxpayer-funded organisations and landowners bear the cost of the clear-up.

In terms of tax policy, Revenue Scotland, which operates independently of Scottish Ministers, therefore has the powers to assess Scottish Landfill Tax against those who dispose of waste outside of authorised landfill sites.

In addition, the National Litter and Fly-tipping Strategy has set out a number of measures in the Circular Economy Bill intended to reduce illegal disposals of waste. These include a new penalty regime to address littering from vehicles, powers to seize vehicles involved in specified waste crime, and strengthened household duty of care responsibilities in relation to household waste.

The Scottish Government is also working with other UK governments and regulators to implement a UK-wide mandatory digital waste tracking service. This service will replace the current, fragmented and largely paper-based reporting systems and make it much easier and less time consuming for legitimate waste companies to comply with reporting requirements, whilst making it much harder for rogue operators to compete in the industry and commit waste crime.

Looking ahead, the Scottish Government will carefully consider its position on future rate setting for Scottish Landfill Tax, taking account of the UK Government's recent announcement of a significant increase in UK Landfill Tax rates for 2025-26, the proposed Circular Economy and Waste Route Map, the introduction on 31 December 2025 of the legislative ban on landfilling of biodegradable municipal waste and the interaction with the future Scottish Aggregates Tax.

I hope this additional information is helpful to the Committee.

Yours sincerely,

TOM ARTHUR

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