

Revenue Scotland

SLfT Forum

23 May 2018



Agenda

Welcome and Update on Revenue Scotland

- Head of Tax Chris Myerscough

Improvements to Revenue Scotland Service Delivery

- Programme Communications and Stakeholder Engagement Lauren Szylarski

Scottish Landfill Communities Fund

- SLCF Unit Manager Lindsay Wells

SLfT Hot Topics

- Head of Tax Chris Myerscough

Fines, Testing and Reporting - Workshop

- Head of Tax Chris Myerscough and Unit Manager Kirsty Johnston

Non- Disposal Area Accounting – Workshop

- Unit Manager Kirsty Johnston

Q & A

Welcome

Chris Myerscough

Head of Tax

2017-18 highlights include

- Over £1.5bn in tax revenue transferred to the Scottish Consolidated Fund since April 2015;
- Improved business delivery through recruitment, staff development and People Strategy;
- Increased activity to raise awareness and knowledge of our role and remit;
- Achieving ‘Official Statistics’ publishing standards;
- Established British Isles Tax Authorities Forum;
- Liaison among devolved administrations to support WRA implementation of devolved taxes to Wales.

Corporate Plan 2018-21

- Starting point:
 - experience of the first three years
 - stakeholders perspectives
- Key milestones from 2015-18 include:
 - Go-live and successful launch of SETS
 - Delivery of change (e.g. ADS)
 - Approx £1.5bn revenues collected
 - Publisher of Official Statistics

Corporate Plan 2018-21

- Learning from:
 - staff and stakeholder feedback
 - Tax Tribunals
 - other organisations
 - Lessons learned
- Solid foundation on which to build

Corporate Plan 2018-21

- Wide engagement to inform the 2018-21 plan (LSoS; CIOT; ICAS; CIPFA; RoS; SEPA; HMRC; WRA)
- Four key themes emerged:
 - ▲ Excelling in Delivery
 - Investing in Our People
 - ◆ Reaching Out
 - ▶ Looking ahead

Corporate Plan 2018-21



Excelling in Delivery

“Establishing ourselves as experts in what we do: collecting and managing the devolved taxes through an accessible, convenient and taxpayer-focussed service”

Corporate Plan 2018-21



Investing in our People

“Develop and support a highly skilled and engaged workforce, upholding the standards of professionalism and integrity”

Corporate Plan 2018-21



Reaching Out

“Build on our reputation as an accessible, collaborative and transparent public body, keen to learn from others and share our experiences and expertise”

Corporate Plan 2018-21



Looking Ahead

“Plan and deliver change and improvements to our systems and processes flexibly, on time and on budget”

Measuring and monitoring performance

- 2017-18 Annual Report and Accounts currently in production with existing KPIs
- Revised set of Corporate Plan KPIs and management information from 2018-19 to support performance reporting, monitoring and evaluation;
- More information available in summary leaflets and at www.revenue.scot

Improving Revenue Scotland Service Delivery

Lauren Szylarski

Programme Communications & Stakeholder
Engagement Lead

What are we doing?

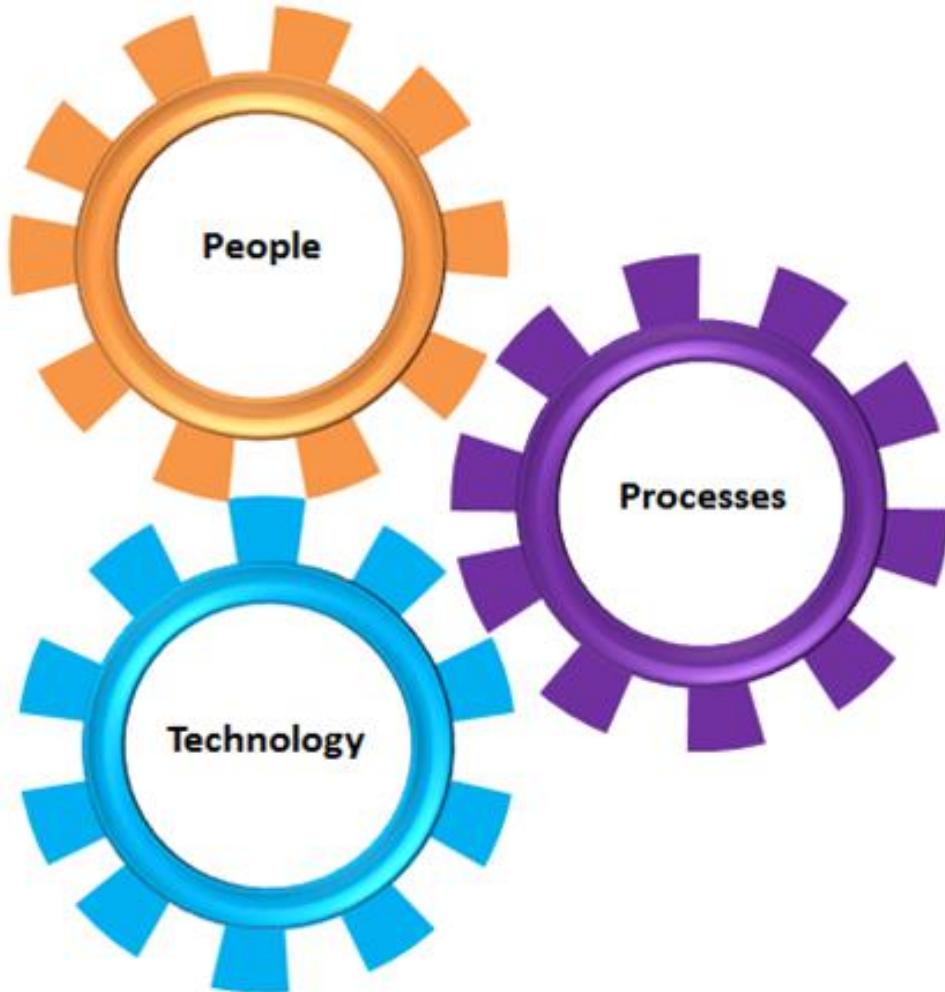
A programme of work that will redesign and optimise our service delivery by:

- Realigning business practices, processes and guidance, and
- Replacing the Scottish Electronic Tax System (SETS)

How did we get here?

- Contract with current technology supplier comes to an end in 2019
- Organisation has matured and clearer of what we need and want
- A good opportunity to realign our processes and ways of working

What's it all about?



Key Outcomes



Better communication
Enhanced service
Supported transition
Increased efficiency
User friendly

Timescales



- Design phase in progress
- Supplier to be appointed and start build phase in Summer
- Testing and training before go-live
- Go-Live is scheduled for April 2019

What does it mean for you?

- A new system that works for you
- A better service
- You're part of the process
- Lots of opportunity to be involved

Get in touch...

If you or your colleagues have further ideas, feedback, comments or questions:

 servicedesign@revenue.scot

 Lauren 0131 244 3553

 Online

Hot Topics

Chris Myerscough

Head of Tax

Process, Returns & Documentation



Helping you to get it right

SLfT rates for 2018/19

Disposals of material as waste to landfill in Scotland on or after 1 April 2018:

Standard rate of SLfT = £88.95 per tonne

Lower rate of SLfT = £2.80 per tonne

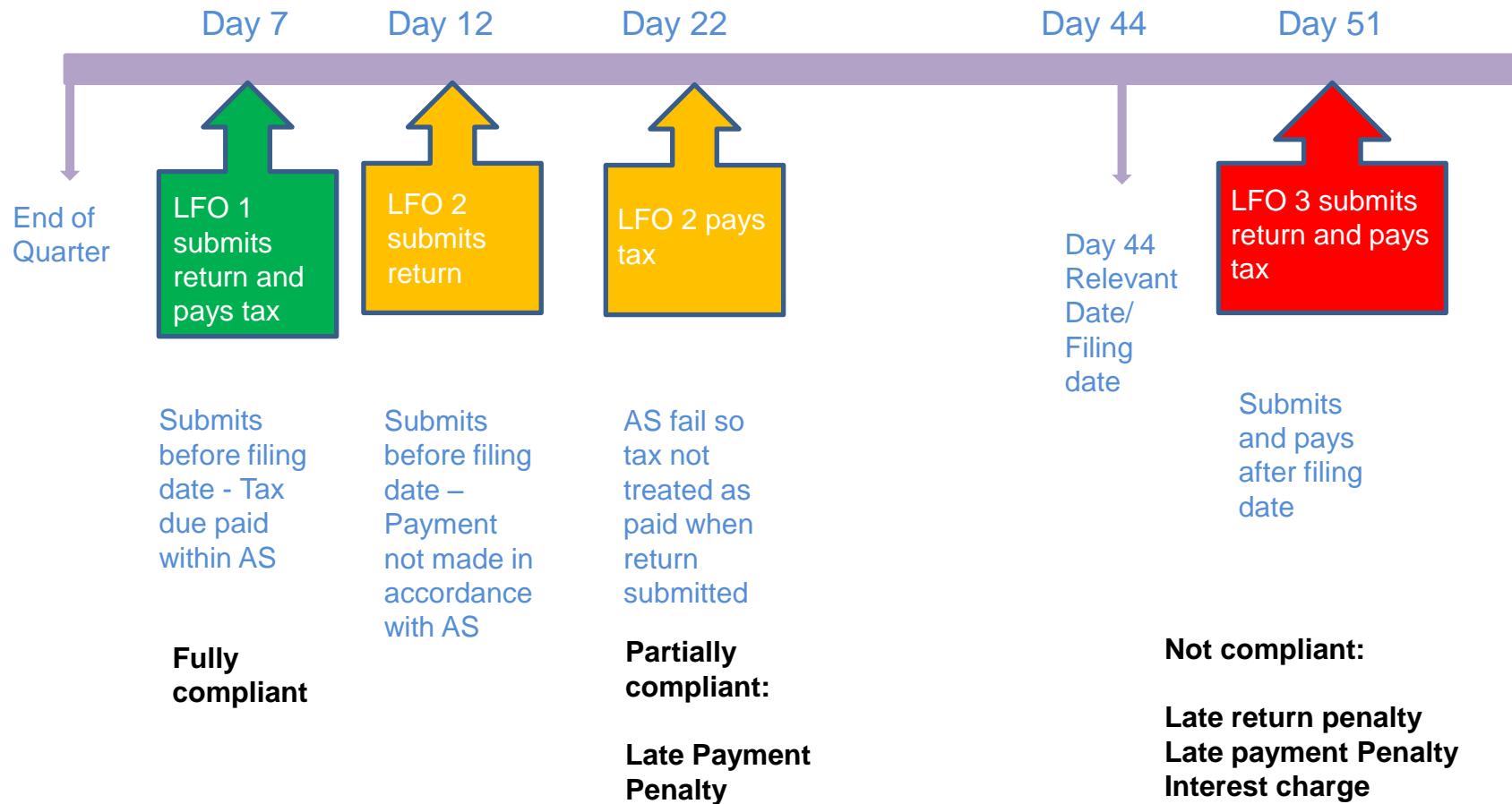
Tax Return Errors

- Inconsistency between the waste tonnages and tax declared on the tax return.
- Different total tonnages reported on tax return when compared with the supplementary spreadsheet

Process and record keeping

- Failure to apply for authorisation of restoration and/or to follow the authorisation
- Use of an NDA without approval of designation
- Insufficient or no record of material entering and/or leaving the NDA.
- Insufficient documentation to support tax classifications.

Tax Submission & Penalties



Straid Farms Ltd - FTSTC 2

- Appeal against penalty for late payment of tax
- Taxpayer filed on time but paid late
- Tax return and payment both made before the statutory filing date
- Appeal upheld in part - Penalty amount varied for special circumstances

“...this individual penalty is not proportionate judged against the policy objective of the legislation which is clearly set out in the Policy Memorandum. It is not reasonable.”

Waste Fines

Chris Myerscough

Head of Tax

and

Kirsty Johnston

Unit Manager

Waste Fines

- **What does the legislation require?**
- **What evidence should I keep?**
- **When and why is this evidence required by Revenue Scotland?**

Qualifying Fines



Does the waste match the definition in the Qualifying Material Order 2016

“non-qualifying material” means any material other than qualifying material;

“qualifying fines” are fines that consist entirely of qualifying material or consist entirely of material that, in accordance with a direction contained in guidance published by Revenue Scotland, must be treated as qualifying material if it would be such material but for a small quantity of non-qualifying material;

Qualifying Fines

**There is no ‘one size fits all’
approach**

Scenario 1

A new waste producer has fines they would like you to accept

- What steps should you take prior to accepting the fines?
- What documentation is required ?

Scenario 1

- Issue Pre - acceptance questionnaire
- Declaration from waste producer
- Must not be classified as hazardous

Scenario 2

What should be done when accepting the fines?

Scenario 2

- Visual Checks
- Pre-Acceptance Checks
- Loss on Ignition Tests

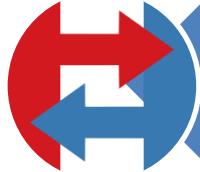
Scenario 3

What happens if a tested sample is above the LOI threshold ?

Scenario 3

- Single retest if the Loss on Ignition result is under 10.5%
- Declare the quantity of waste fines to Revenue Scotland and pay tax on it at the standard rate
- Review all pre-acceptance checks completed for that particular waste stream
- Increase the frequency of testing of subsequent loads of the waste stream
- Notify Revenue Scotland of the test result using the Loss on Ignition Test result Form

Fines Flowchart



Have all the conditions of the qualifying flowchart and QMO 2016 been met

At the point of the landfilling the waste does the load of waste fines consist of wholly of qualifying materials in the SLfT (QMO) 2016 **apart from** a small amount of non qualifying materials as set out in s.14 LT (S) A 2014

No

Has the non qualifying material been deliberately or artificially blended or mixed with qualifying material prior to disposal at a landfill site?

Yes

Has the load of waste fines been classified as hazardous under WM3

Yes

Has the waste been subject to a treatment process that involves separating the non qualifying material from the qualifying material?

No

Does the information and evidence from the pre-acceptance checks provide sufficient support that the waste fines qualify for the lower rate of SLfT?

No

Has a Loss of Ignition test been carried out in accordance with the methodology described in SLfT2006 returned a result of 10% or less?

No

Standard rate of SLfT applies to the whole load of waste fines

Fines - Records



What evidence has been provided (on request) to support the lower rate classification.

Pre-Acceptance Questionnaires

WM3 Classification

Waste Transfer Notes

Visual Inspection

Timeous LOI Testing Regime

These records must be retained for a period of five years

Relevant guidance

SLfT2001 – Determining the amount of tax

SLfT2002 - Tax Rates

SLfT2003 - Qualifying for the lower rate

SLfT2004 - Criteria for setting Qualifying material

SLfT2005 - Evidence Required for the lower rate

SLfT2006 - Qualifying Material containing a small amount of non QM

Non-Disposal Area (NDA)

Workshop

Kirsty Johnston

Unit Manager

- Supplementary spreadsheets – NDA column
- Is this a true reflection?
- Scenarios

Scenario 1

Material entering NDA

- 1000 tonnes of mixed municipal waste (20 03 01) has entered the landfill site and has immediately been taken to and stored in a non-disposal area (e.g. Material Recycling Facility).

Task: Input the entry onto the supplementary spreadsheet along with the appropriate management method.

Scenario 1 – worked example

1000 tonnes of mixed municipal waste (20 03 01) has entered the landfill site and has then immediately been taken to and stored in a non-disposal area (e.g. Material Recycling Facility). The management method used should be **TR (Treated on Site)**, as below:

EWC Code Six Digit Waste Code (eg 20 03 01)	Description of Waste Brief description (eg. Tyres, asphalt etc)	Physical Form G (Gas); L (Liquid); P (Sludge); S (Solid).	Quantity Amount of waste	Units Gallons; Kg; Litres; Tonnes.	Geographical Origin Local Authority Code	Management Method IN (Incinerated); LFATR (Landfilled after Treatment); RC (Recycled) LF (Landfilled); SO (Sent Offsite); TR (Treated On Site).	Pretreated? (landfills only) Yes/ No
20 03 01	Mixed Municipal Wastes	S	1000	Tonnes	WD	TR	No

The tonnage of material entering a non-disposal area (tax free) is recorded in the NDA column, within the Exempt Waste/Non-taxable section (Column C).



Pretreated? (landfills only) Yes/ No	Geographic origin Name	Tonnes derived	Tax Due (Landfilled)					
			Standard (Tonnage)	Lower (Tonnage)	Exempt Waste/Non-taxable (Tonnage)		Water Discount (Tonnage)	Total (Tonnage)
					NDA	Restoration		
No	WEST DUNBARTONSHIRE	1000.00			1000			1000.00

Scenario 2

Material removed from NDA

- 200 tonnes of paper and cardboard has been removed from the landfill sites MRF (tax free non-disposal area) after sorting, and has been taken off site to a recycling facility.

Task: Input the entry onto the supplementary spreadsheet along with the appropriate management method.

Scenario 2 – worked example

Material being removed

The tonnage of material taken from a tax free non-disposal area is recorded in the NDA column, within the Exempt Waste/Non-taxable section (Column C), as a MINUS figure.



Geographic origin Name	Tonnes derived	Tax Due (Landfilled)			Water Discount (Tonnage)	Total (Tonnage)
		Standard (Tonnage)	Lower (Tonnage)	Exempt Waste/Non-taxable (Tonnage)		
		NDA	Restoration	Other		
WEST DUNBARTONSHIRE	200.00			-200		200.00

In this example, 200 tonnes of paper and cardboard has been removed from the landfill sites MRF (tax free non-disposal area) after processing, and taken off site, recorded by using the SO (Sent Offsite) management method.

EWC Code Six Digit Waste Code (eg 20 03 01)	Description of Waste Brief description (eg. Tyres, asphalt etc)	Physical Form G (Gas); L (Liquid); P (Sludge); S (Solid).	Quantity Amount of waste	Units Gallons; Kg; Litres; Tonnes.	Geographical Origin Local Authority Code	Management Method IN (Incinerated); LFATR (Landfilled after Treatment); RC (Recycled) LF (Landfilled); SO (Sent Offsite); TR (Treated On Site).	Pretreated? (landfills only) Yes/ No
9 1201	paper and carboard	S	200	tonnes	WD	SO	yes

Scenario 3

Treated in NDA and then disposed of

- 500 tonnes of mixed waste (19 12 12) from treatment i.e. non-qualifying fines, has been removed from the MRF (non-disposal area) following processing, and is now being sent to landfill for disposal (cover).

Task: Input the entry onto the supplementary spreadsheet along with the appropriate management method.

Scenario 3 – worked example

Treated in NDA and then disposed of

500 tonnes of mixed waste (19 12 12) i.e. non-qualifying fines, removed from the MRF (non-disposal area) following processing, and is now being sent for landfilling, recorded by using the LFATR (Landfilled after treatment) management method.

EWC Code Six Digit Waste Code (eg 20 03 01)	Description of Waste Brief description (eg. Tyres, asphalt etc)	Physical Form G (Gas); L (Liquid); P(Sludge). S (Solid).	Quantity Amount of waste	Units Gallons; Kg; Litres; Tonnes.	Geographical Origin Local Authority Code	Management Method IN (Incinerated); LFATR (Landfilled after Treatment); RC (Recycled) LF (Landfilled); SO (Sent Offsite); TR (Treated On Site).
191212	mixed waste from treatment, non qualifying fines	S	500 tonnes			LFATR

The tonnage of material removed from a non-disposal area (tax free) is recorded in the NDA column, within the Exempt Waste/Non-taxable section (Column C) as a minus figure. A corresponding entry is also required in the Standard (Tonnage) section (Column A) to show SLfT rate.

Pretreated? (landfills only) Yes/ No	Geographic origin Name	Tonnes derived	Tax Due (Landfilled)					
			Standard (Tonnage)	Lower (Tonnage)	Exempt Waste/Non-taxable (Tonnage)			Water Discount (Tonnage)
					NDA	Restoration	Other	
yes		500.00	500		-500			500.00
		TOTAL	500	0	-500	0	0	0 500

Scenario 4

Several materials treated within onsite NDA and then removed from NDA

- 1000 tonnes have entered the landfill site and have been taken directly to the NDA to be treated. These 1000 tonnes are a combination of three different waste streams, made up of:
 - 500 tonnes of mixed municipal waste (20 03 01)
 - 250 tonnes of mixed construction and demolition waste (17 09 04)
 - 250 tonnes of soil & stones from construction (17 05 04)

Scenario 4 (cont'd)

Task: Input the entry onto the supplementary spreadsheet along with the appropriate management methods.

Scenario 4 – worked example

- These three waste streams have been recorded on the supplementary spreadsheet as entering the landfill site and being taken straight to the NDA, recorded in the Exempt Waste/Non Taxable (Tonnage) section of the supplementary spreadsheet (Column C).

Pretreated? (landfills only) Yes / No	Geographic origin Name	Tonnes derived	Tax Due (Landfilled)					
			Standard (Tonnage)	Lower (Tonnage)	Exempt Waste/Non-taxable (Tonnage)			Water Discount (Tonnage)
					NDA	Restoration	Other	
10	ABERDEEN	500			500			500
10	GLASGOW	250			250			250
10	NORTH LANARKSHIRE	250			250			250
res	STIRLING	200			-200	200		200
res	EAST DUNBARTONSHIRE	100		100	-100			100
res	WEST LOTHIAN	500	500		-500			500
res	WEST LOTHIAN	200			-200			200
		TOTAL	500	100	0	200	0	0
								2000

Scenario 4 – worked example (cont'd)

In the same accounting period, materials are removed from the NDA as below:

- 200 tonnes of soil & stones from construction for restoration
- 100 tonnes of soil & stones from construction for daily cover
- 500 tonnes of mixed construction and demolition wastes landfilled after treatment
- 200 tonnes of plastic being are sent offsite

Task: Input the entries onto the supplementary spreadsheet along with the appropriate management methods. Complete all boxes necessary.

Scenario 4 – worked example (cont'd)

- 200 tonnes of soil & stones from construction sent for restoration, shown by management method **RC (Recycled)**
- 100 tonnes of soil & stones from construction used for daily cover, shown by management method **LFATR (Landfilled after treatment)**
- 500 tonnes of mixed construction and demolition wastes landfilled, shown by management method **LFATR (Landfilled after treatment)**
- 200 tonnes of plastic sent offsite, shown by management method **SO (Sent offsite)**

Scenario 4 – worked example (cont'd)

EWC Code Six Digit Waste Code (eg 20 03 01)	Description of Waste Brief description (eg. Tyres, asphalt etc)	Physical Form G (Gas); L (Liquid); P(Sludge). S (Solid).	Quantity Amount of waste	Units Gallons; Kg; Litres; Tonnes.	Geographical Origin Local Authority Code	Management Method IN (Incinerated); LFATR (Landfilled after Treatment); RC (Recycled) LF (Landfilled); SO (Sent Offsite); TR (Treated On Site).
20 03 01	Mixed Municipal Wastes	S	500		AB	TR
170904	mixed construction and demolition wastes	S	250		GL	TR
170504	soil & stones from construction	S	250		NL	TR
170504	soil & stones from construction	S	200		ST	RC
1705040	soil & stones from construction	S	100		ED	LFATR
19 12 12	mixed construction and demolition wastes	S	500		WL	LFATR
19 12 04	plastic	S	200		WL	SO

Pretreated? (landfills only) Yes / No	Geographic origin Name	Tonnes derived	Tax Due (Landfilled)						
			Standard (Tonnage)	Lower (Tonnage)	Exempt Waste/Non-taxable (Tonnage)			Water Discount (Tonnage)	Total (Tonnage)
					NDA	Restoration	Other		
10	ABERDEEN	500			500				500
10	GLASGOW	250			250				250
10	NORTH LANARKSHIRE	250			250				250
res	STIRLING	200			-200	200			200
res	EAST DUNBARTONSHIRE	100		100	-100				100
res	WEST LOTHIAN	500	500		-500				500
res	WEST LOTHIAN	200			-200				200
	TOTAL	500	100	0	200	0	0	2000	

Q & A Session



Contact Revenue Scotland



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