

# TIP 49 - Waste Disposal & Landfill Sites

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## Warning

These notes are not intended to provide an exhaustive or definitive picture. Any tactical tips must be treated with a 'health warning' as the BIU cannot test or validate theories or ideas submitted to it, but merely supplies information to be used with **common sense and discretion**.

This area of guidance had been withheld because disclosure would prejudice the assessment or collection of taxes/duties or assist tax/duty avoidance or evasion.

### Links to the Internet

There are a number of **references to Internet** addresses scattered throughout this note. These are not linked and need to be accessed separately from this TIP.

### Reference to commercial organisations and products

This TIP may contain references to commercial organisations, together with reference to specific products or services. Please note these are included for example purposes only and are not endorsements of the organisations, products and services.

This TIP may also contain information or statements from external Websites. Links to non-HMRC Internet sites do not imply any official endorsement of or responsibility for the validity of the information, data or products presented. The sole purpose of links to other sites is to indicate further information available on related topics.

## Introduction

Waste management is the management of the collection, recovery and disposal of wastes, including options for waste reduction. Waste disposal is just one tier of the waste management hierarchy.

This TIP covers the disposal of waste including information on waste disposal sites, more commonly known as tips, as well as general background information on landfill sites and Landfill Tax.

This area of guidance had been withheld because disclosure would prejudice the assessment or collection of taxes/duties or assist tax/duty avoidance or evasion.

# Definitions of Waste Types

Below are some basic definitions and descriptions for the different categories of waste, per section 75 of the Environmental Protection Act 1990.

## Basic Definition of Waste

### "Waste" includes

- any substance which constitutes a scrap material or an effluent or other unwanted surplus substance arising from the application of any process; and
- any substance or article which requires to be disposed of as being broken, worn out, contaminated or otherwise spoiled;

But does not include a substance which is an explosive within the meaning of the Explosives Act 1875.

Anything which is discarded or otherwise dealt with as if it were waste shall be presumed to be waste unless the contrary is proved.

## Categories of Waste

### Directive Waste

Directive waste is any substance or object which the producer or the person in possession of it discards or intends or is required to discard. This forms the basic definition of waste in the UK. Other categories of waste are subsets within Directive Waste.

### Controlled Waste

Controlled waste means household, industrial and commercial waste or any such waste, where:

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Industrial Waste originates from:

- factories
- premises related to any public transport services
- any premises used for supply to the public of gas, water or electricity or the provision of sewerage services
- any premises used for the provision to the public of postal or telecommunications services.

Commercial waste means waste from premises used wholly or mainly for the purposes of a trade or business or the purposes of sport, recreation or entertainment excluding:

- household waste
- industrial waste
- waste from any mine or quarry and waste from premises used for agriculture

Household waste includes waste from:

- domestic property or residential home
  - a caravan
  - premises forming part of a university or school or other educational establishment
  - premises forming part of a hospital or nursing home.
-

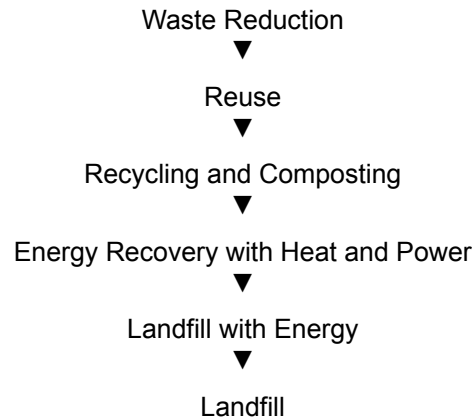
### **Hazardous/Special Waste**

This subcategory of controlled waste includes waste that has hazardous properties, and is defined in the Special Waste Regulations 1996. Such properties may be flammable, irritant, toxic, harmful, carcinogenic or corrosive. The Hazardous Waste List lists those wastes classed as hazardous. In England, Northern Ireland or Wales, such waste is known as Hazardous Waste: in Scotland it is known as Special Waste.

For wastes with certain hazardous properties, such as toxic or irritant, there is a threshold quantity/concentration below which the waste is not considered as special waste.

## Waste Management and Disposal

Different waste management options can be ranked in a waste hierarchy, a framework within which the most desirable waste management options are set out with the most desirable at the top and the least sustainable at the bottom.



Some 400 million tonnes of waste are produced in the UK each year, less than 10% of which is municipal waste. The remainder is made up of commercial and industrial waste, principally construction and demolition wastes, mining and agricultural wastes, sewage sludge and dredged spoils. Most waste traditionally ends up in landfill sites but the proportion of waste ending up in landfill sites is falling, and an increasing proportion of industrial, commercial and household waste is being recycled or composted. The Landfill Directive and Landfill Tax have played a major part in this.

## **Waste Disposal Facilities**

Waste disposal facilities are sites at which waste is finally disposed of. The most common types are landfills but others include recycling plants, incinerators (either with or without energy recovery) and composting. About a tenth of the UK's waste is incinerated. Incineration reduces the need for landfill. Energy from waste facilities use heat energy that is generated to power and heat buildings.

There are also Civil Amenity Sites provided by local authorities to take household waste such as bulky items (beds, cookers and garden waste), recyclables and ordinary dustbin waste. Most large sites that take household and industrial waste, commonly called tips, were traditionally owned and maintained by Local Authorities and used to dispose of refuse collected by their own refuse collectors. Local Authorities are now required by law to put household waste collection and disposal services out for competitive tender. Most sites are therefore now in a private sector that has seen a great deal of consolidation in recent years. A local authority may retain the freehold or long lease of the "privatised" land so that it can be used as public amenity land when operations cease.

There has always been a significant private sector with the larger sites often being used for household waste and being virtually indistinguishable from the former municipal tips apart from perhaps being associated with a working quarry or open cast mine.

This TIP is intended mainly for those dealing with smaller private concerns but also highlights the special tax provisions that apply to the large sites.

Waste transfer stations also play an important role in the waste management chain. These are where individual loads can be bulked up for onward transfer in a more economic and environmentally sound way. Again they can be contracted to a Local Authority (a Civic Amenity Site) but also serve commercial customers.

The trade body is the Environmental Services Association and there is additional background information on their website [www.esauk.org](http://www.esauk.org).

## **Legal Requirements**

Before using the site, the operator must obtain a licence from the appropriate environmental regulator – see The Environmental Protection Act (EPA) 1990. Having obtained a licence the operator will also require planning permission before opening operations. However the Pollution, Prevention and Control regulations are gradually replacing the EPA. This transitional process will be completed by 2007.

# Landfill Sites

## Definition

The Environment Agency defines a landfill site as:

“a waste disposal site for the deposit of the waste onto or into land (i.e. underground), including:

- internal waste disposal sites (i.e. landfill where a producer of waste is carrying out its own waste disposal at the place of production), and
- a permanent site (i.e. more than one year) which is used for the temporary storage of waste

but excluding:

- facilities where waste is unloaded in order to permit its preparation for further transport for recovery, treatment or disposal elsewhere, and
- storage of waste prior to recovery or treatment for a period less than 3 years as a general rule, or
- storage of waste prior to disposal for a period less than 1 year.”

## Types of Landfill Sites

Landfill normally involves burial of waste beneath the land surface, either in naturally occurring depressions, or voids created by, for example, mineral extraction. Nowadays landfill does not merely fill a hole in the ground but may often include, or comprise entirely "landraise" - the creation of a hill where this suits the local topography. In either case the landfill site operator will require planning permission and a waste disposal licence or other permission before disposal can begin and the environmental regulator must be satisfied that there is no danger to watercourses.

Old quarries, gravel pits and pits on farmlands make suitable landfill sites but any hollow or depression, especially where infill is needed before the land can be made good and used for purposes such as building or agriculture, may be suitable if of a large enough size. On agricultural land, preparation of the site includes stripping and storing the topsoil. Only inert waste such as building rubble, quarry waste and soil will be used. The owner of the land may invite tenders to reclaim the site. The land will either be leased, with a right of tipping or, more commonly, the owner will just grant the right of tipping. It is rare for the operator to actually own the land.

If landowners simply allow dumping on their property this may not amount to a trade and, in certain circumstances, may be a capital receipt rather than Schedule A income. See PIM1052.

## Waste

All waste, other than totally inert waste such as builder's rubble, will decompose after it has been deposited. The decomposition will produce a complex mixture of noxious liquids (referred to as leachate) and noxious and explosive gases. Both leachate and gases can create potential pollution problems and sites will be designed to eliminate pollution risks as far as possible.

Modern sites will often be lined with an impervious material, such as clay or plastic, and the waste will be deposited in cells engineered for the purpose. Each cell will be relatively small and, after filling, will be sealed, with the disposal of waste being transferred to a fresh cell on



the site. Further cells may be engineered horizontally and vertically until eventually the completed site consists of a honeycomb arrangement of cells. After all the cells have been filled the site will be sealed with a final impermeable layer before adding layers of subsoil and topsoil as part of the restoration for whatever subsequent use is planned. The latter process may be undertaken in stages as the uppermost cells are filled.

Certain hazardous wastes used to be dealt with by a technique known as co-disposal which allowed for the treatment of industrial and commercial, liquid and solid wastes by interaction with biodegradable wastes in controlled landfill sites. The process was also sometimes called 'joint disposal'. Because mixing wastes has the potential for different types of waste to react with each other and cause long-term damage to human health and the environment, co-disposal has been banned since 16 July 2004 under the Landfill Directive.

Given the potentially polluting nature of the decomposition products, landfill site operators will normally be required to monitor the site and its immediate vicinity to ensure that no problems arise. In some cases there may also be requirements to treat leachate and gases. The decomposition of waste can take many decades and the monitoring and treatment, which begins when waste is first deposited, is likely to be carried out over the whole of the decomposition period, including the period after the site has ceased to be used for waste disposal.

## **Operators**

At March 1997 there were 1,135 operators running 1,881 sites. Over the years the regulations have had the effect of reducing the numbers of sites available for landfill and of channelling hazardous waste disposal into bigger sites owned by local authorities and the larger companies specialising in commercial waste collection and disposal. Subsequently by March 2005 there were 522 operators running 1,222 landfill sites. In England and Wales these are operated by private companies, including some companies owned by local authorities. In Scotland and Northern Ireland, some sites are owned and operated directly by local authorities.

## Site Users

Users vary widely by size and type: Local Authorities; major refuse disposal hauliers, demolition contractors; skip hauliers; building companies; and the casual jobbing builder/plumber. They are not usually open to the public although there may be an adjacent Civic Amenity Site.

Site operators will often allow a small scrap dealer (or "totter") to remove any useful refuse that they can find on the site. They may also be seen at Waste Transfer Stations. The arrangement might be formal or informal and depends on the policy of the Local Authority or operator. In some cases the totter will set up a caravan on site. This can be a useful additional source of income to the operator and may involve substantial amounts.

With increasing separation of material, part of a site may be given over to composting of green waste. This can be a large and surprisingly sophisticated operation. The compost is sold commercially, occasionally at Civic Amenity Sites. Major users include local authorities, landscaping contractors and the site operator itself for use in restoration.

## Landfill Charges

Depending on the nature and size of the site, the landfill site operator will use bulldozers, compactors and other specialised equipment to deal with the waste received. There will be a need to check loads in, both to secure payment and to ensure that it doesn't contain unsuitable waste.

Each operator sets their own scale of charges which vary according to the frequency that their clients use the site, the tonnage and nature of the waste deposited, and the convenience of the site to the majority of its users. Landfill operators must, per the Landfill Directive, charge fees for disposal high enough to cover the costs of setting up and operating the landfill during its landfill and for 30 years after it is closed. The costs of closure and arranging for aftercare must also be included. Not to charge enough to cover these items is an offence.

Larger clients may have contracts permitting the tipping of a specified tonnage or volume of waste. Useful waste such as hard-core or soil may be accepted at nominal prices. Individual quotations are usually given for especially hazardous waste. Per The Agricultural Budgeting & Costing Book, November 2005 edition, for a 9 cu metre tipper load the payment can be £10 per lorry upwards for inert waste.

On a large popular site it is not unusual for the rate of tipping to be around one lorry every 2-3 minutes. A lorry may carry on average 18-20 cubic metres of waste.

For Landfill Tax purposes, HMRC uses a volume to weight conversion factor, where the cubic capacity of a vehicle is known, to calculate the amount of tax due per tonne. The factor used depends on the type of waste. The factors for various types of waste can be found at section 5.5 of HMRC Notice LFT1. Using these factors you should be able to calculate the amount of tonnage from any given volume. For example:

Lorry carrying 18 cubic metres of general industrial waste

Conversion factor 0.6

Weight = 10.8 tonnes

For regular customers, charges are typically invoiced monthly; weighbridges are increasingly computerised to generate invoices as well as data to meet licence conditions. Irregular customers may purchase vouchers in advance, to be surrendered at the weighbridge. Casual customers may pay cash at the weighbridge and operators have their own systems for controlling this.

## System of Charging

Charging methods vary according to the type of user and the frequency of use. Large organisations will often be account customers or have a fixed contract permitting a specified number of tippings or volume of waste. Some contracts permit limitless tipping. Smaller users will generally pay each time they use the facilities, often in cash. There are no average rates because each operator will fix rates according to the:

- location of the site
- relationship with the user
- type of waste to be deposited.

Another method of charging is "on deposit". A user will make a lump sum deposit and tip until this is exhausted. Alternatively the user may make a lump sum payment for a particular quantity of waste, or for a specified period of unlimited tipping.

## Free Tipping

Most operators permit a certain amount of free tipping. This is usually limited to materials that will be used by the operator or which have a commercial value. For example:

- When establishing a new site, hardcore is acceptable because the operator will use it to lay "roads" to the site.
- Topsoil may be deposited to one side for use in making good the site once infilling is complete.
- Some inert industrial waste, such as the heavy "ash" from power stations, is useful in covering the working area overnight to prevent spillage.
- Certain heavy loads may also be accepted because these will compress lighter forms of refuse already deposited.

If the operator is aware of a possible future demand for, e.g. hardcore, this may be put to one side for re-sale. However, it is common for operators to make a nominal charge for "free" tipping to discourage demand.

# The Environmental Protection Act 1990

## General

The Environmental Protection Act (EPA) 1990 came into force on 1 May 1994 and replaced the Control of Pollution Act (COPA) 1974 (see TIP29 Waste Recycling & Reclamation). Sites may or may not have previously been licensed under COPA 1974.

## Waste Management Licensing

A waste management licence is a legal document issued under EPA 1990. There are two types of waste management licence:

- a site licence authorising the deposit, recovery or disposal of controlled waste in or on land
- a mobile plant licence authorising the recovery or disposal of controlled waste using certain types of mobile plant.

A licence has conditions to make sure that the authorised activities do not cause pollution of the environment, harm to human health or serious detriment to local amenities.

Anyone who deposits, recovers or disposes of controlled waste must have a waste management licence although there are some exceptions. EPA 1990 now makes it a criminal offence for anyone to carry out such operations in breach of the relevant waste management licence.

The Waste Management Licensing Regulations 1994 sets out the requirements which must be met to obtain a licence or exemption status. Both licensed and exemption status sites are inspected annually and have to pay an initial registration fee and annual renewal fee.

Conditions may be attached to a licence before it is granted and will be detailed in the Working Plan. These may describe preparatory works needed before the site or facility opens, as well as operational procedures, the types and quantities of waste which may be deposited or dealt with, the monitoring requirements, and post closure monitoring and restoration.

## Responsible Authorities

Prior to 1 April 1996 the authorities given the responsibility for carrying out the functions set out in EPA 1990 were the Waste Regulation Authorities (WRA) - see Appendix 1.

From 1 April 1996 licences are issued by the appropriate environmental regulators i.e.:

- Environment Agency (for England and Wales)
- Scottish Environment Protection Agency (SEPA)
- Environment and Heritage Service (Northern Ireland)

These assess whether an applicant is a fit and proper person to hold a licence.

Operators requiring a licence must follow the guidelines for compliance. The licence conditions may include security fencing, covered storage requirements, road and storage surfaces, drainage, notice boards and planning permission. Satisfying these conditions may initially require the operator to incur heavy costs.

The charges for licences vary with the type and quantities of material handled.

## Duty of Care Requirements

The Duty of Care regulations came into force in October 1995 in accordance with section 35 of EPA 1990. The Regulations require all producers and handlers of waste to ensure that:

- all waste is stored and disposed of responsibly
- waste is only handled or dealt with by individuals or companies that are authorised to deal with it (see Waste Carriers & Brokers)
- a record is kept of all waste received or transferred through a system of signed Waste Transfer Notes (WTN).

### **The Waste Transfer note must:**

- state the quantity of waste transferred, ideally with the weight of the waste
- state how it is packed, whether loose or in a container
- state the kind of container
- provide a description of the waste.

Transfer Notes must be retained for at least two years. Special Waste consignment notes must be kept for three years. The operator must make the information available, on request, to the competent authorities who must carry out periodic inspections.

This area of guidance had been withheld because disclosure would prejudice the assessment or collection of taxes/duties or assist tax/duty avoidance or evasion.

## Registration of Carriers

The legislation also requires the registration of professional Collectors, Transporters and Brokers of waste – see Waste Carriers and Brokers.

## Hazardous/Special Waste Regulations 1996

Hazardous/special wastes are those which can be harmful to human health or the environment, or where the physical properties of the wastes create serious handling problems. In England, Northern Ireland or Wales, this waste is known as Hazardous Waste: in Scotland it is known as Special Waste. Examples include lead-acid batteries, oil, asbestos, solvents and pesticides. Some wastes are classed as hazardous outright. Other wastes require separate assessment to determine whether they are hazardous or not, depending on the amount of dangerous substances present above threshold concentrations.

Hazardous/special wastes must be 'consigned' (i.e. give into the care of another), must be transported by a registered or exempt waste carrier and can only go to a facility holding a suitable Waste Management Licence or exemption, or a Pollution Prevention and Control permit, authorised to accept that type of waste. All the responsibility for the records of this - the consignment notes - rests with the producer of the special waste. Movements of hazardous/special waste must be pre-notified to the appropriate environmental regulator at least 3 working days, and not more than one month, beforehand.

From 16 July 2005 in England and Wales, sites that produce hazardous waste must register their premises with the Environment Agency each year, unless they produce less than 200kg of hazardous waste in any 12-month period. This removes the need to pre-notify the Environment Agency of waste movements. In Northern Ireland and Scotland, sites do not need to register with the appropriate environmental regulator but should continue to pre-notify the regulator of hazardous waste movements using consignment notes.

The following provides an overview of the consignment note system. More detailed information about special wastes and consignment notes can be found in the 'Waste' section of the Environment Agency's website [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk).

Most special waste travels considerable distances from collection to disposal. The larger landfill sites licensed for such waste are nowadays valuable properties, especially if they are convenient to the conurbations.

### Consignment Notes

The environmental regulators track the movement of hazardous wastes from their point of origin to their point of disposal through a consignment note system. A consignment note must accompany every movement of special waste, i.e. if a transfer station is used then the process must be followed twice. The consignment note is a 5 part self-carbonising form. These are usually colour-coded:

<u>Copy</u>	<u>Colour</u>
Prenotification Copy	White
Deposit Copy	Yellow
Consignee's Copy	Pink
Carrier's Copy	Gold
<u>Consignor's Copy</u>	<u>Green</u>

The producer (the consignor) fills in the white (prenotification) copy, describing the waste carefully, giving its classification code and hazard code and sends this copy to the environmental regulator's office covering the site where the waste is to go.

When the waste is collected, the carrier (the lorry driver) fills in their part and the consignor signs the sheets.

The lorry driver gives the sheets to the operator of the incinerator or landfill site, etc. who fills in more details. The lorry driver keeps the orange copy, the operator (consignee) keeps the



pink copy and then sends the yellow one off to the Agency office where it is matched with the white.

### **Consignment Note Code Numbers**

Consignment notes have a code number which must be purchased from the appropriate environment regulator:

- Codes starting EA are ordinary
- Codes starting EB are for batteries from motor vehicles
- Codes starting EC are for carrier's rounds or for hazardous waste coming off a ship in harbour to reception facilities, or for returning out-of-spec materials to the original supplier
- Codes starting SA, SB or SC are issued in Scotland.

### **Retention of Consignment Notes**

The carrier and consignor must retain copies of the consignment note (and any associated lists or schedule) on a register for a period of not less than 3 years. Consignees must keep them until their permit is revoked or surrendered. In addition, copies must be passed to the environmental regulator. Data from each of these consignment notes is entered onto the regulator's **S**pecial **W**aste **T**racking system (SWaT).

## **Waste Carriers and Brokers**

Waste carriers transport controlled waste by road, rail, air, sea or inland waterways. Waste brokers make arrangements on behalf of others to dispose of waste.

Waste carriers and brokers have to be registered by the appropriate environmental regulator. Carriers and brokers must also fill in a waste transfer note each time they move waste from one site to another. They must keep a copy of all the transfer notes for 2 years.

### **Waste Carriers**

Registering to carry waste covers transportation of controlled waste by road, rail, air, sea or inland waterways. Controlled wastes are household, commercial and industrial sources of waste - see Definitions of Waste Types. Registration is valid for three years. It is an offence to carry waste without being a registered carrier, and carriers may be stopped and asked to produce their authority for transporting waste.

Waste producers carrying their own waste, except for building or demolition waste, are exempt from registration.

### **Refusal of Licences**

Registration can be refused or revoked if:

- the carrier has been convicted of a prescribed offence (an environmental crime)
- in the opinion of the Agency it is undesirable for the carrier to continue to be authorised to transport controlled waste.

### **Waste Brokers**

Waste brokers are one of the following:

- traders or dealers who buy and sell scrap metal or other recoverables
- waste management contractors or carriers who may make disposal arrangements for waste they cannot accept at their own sites
- brokers or environmental consultants who arrange for the disposal of waste on behalf of their clients.

Anybody who arranges the disposal or recovery of waste on behalf of another person and who is going to carry out the disposal or recovery themselves, is not required to register as a broker as long as:

- they are authorised to do so by either a Waste Management Licence, a PPC permit or IPC authorisation, or
- the recovery of waste is covered by an exemption.

Registrations can be refused or revoked on the same grounds as those for waste carriers. Brokers who already hold a waste management licence are not required to register as a broker, and a joint registration can be obtained as a carrier and broker.

## Pollution Prevention and Control Regulations

The Integrated Pollution Prevention and Control (IPPC) EC Directive is designed to prevent, reduce and eliminate pollution at source through the efficient use of natural resources. The Government enacted the EC Directive on IPPC through the Pollution Prevention and Control (PPC) (England and Wales) Regulations 2000 and the Pollution Prevention and Control (Scotland) Regulations 2000.

The disposal of waste by incineration, landfill or by other means will be subject to these regulations. Sites will have to apply for a permit of which there are three varieties:

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- Part A (1) Where emissions to more than one environmental medium are involved. Waste facilities will fall into this category. A(1) installations will be regulated by the Environment Agency while local authorities will regulate the less polluting A(2).
  - Part A (2)
  - Part B Where emissions to atmosphere only are involved. Part B processes in England and Wales will be regulated by the Local Authority.
- 

Since 31<sup>st</sup> October 1999 any new installations must apply for a PPC permit. Existing installations must apply for a PPC period over a phased timetable until October 2007.

DEFRA has published A Practical Guide to the new Regulations – see

[www.defra.gov.uk/ENVIRONMENT/ppc/ippcguide/pdf/ippcguide\\_ed4.pdf](http://www.defra.gov.uk/ENVIRONMENT/ppc/ippcguide/pdf/ippcguide_ed4.pdf).

## Landfill Directive

The Landfill Directive was passed by Europe in 1999 and requires the UK waste management industry to reduce the amount of waste going to landfill. This directive is reflected in the Landfill (England and Wales) Regulations 2002 which came into force on 15 June 2002. In summary, the Directive requires that:

- sites are classified into one of three categories: hazardous, non-hazardous or inert, according to the type of waste they receive
- existing operators had to submit Site Conditioning Plans by 16 July 2002 to demonstrate that they could meet the requirements of the new regulations
- operators have to demonstrate that they and their staff are technically competent to manage the site and have made adequate financial provisions to cover the maintenance and aftercare requirements of the site
- waste acceptance procedures have to be in place at the landfill
- higher engineering and operating standards to be followed
- biodegradable waste to be progressively diverted away from landfills
- waste must be pre-treated before being landfilled
- co-disposal of non-hazardous and inert waste ceases
- from 16 July 2002 certain waste types cannot be landfilled anymore e.g. clinical, liquid, certain hazardous waste, and from 16 July 2003 tyres, etc. The remainder can only be landfilled if:
  - it has first been treated
  - it complies with chemical standards set by Europe
  - it is not mixed with non-hazardous waste

The regulation of landfill sites, including responsibility for implementing the landfill regulations, is dealt with by the environmental regulators.

For existing landfills the regulatory requirements began to take effect from July 2002. In the case of applications for new landfills the Regulations take effect immediately. Sites classified as non-hazardous cannot take hazardous waste, except for certain stable non-reactive hazardous waste and only in separate cells, after July 16 2002. Sites classified as hazardous cannot take non-hazardous waste after July 2004 (i.e. co-disposal comes to an end).

Sites will also have to apply for a permit under the Pollution, Prevention and Control regulations.

Landfill operators must by law charge fees for disposal high enough to cover the costs of setting up and operating the landfill during its landfill and for 30 years after it is closed. The costs of closure and arranging for aftercare must also be included. Not to charge enough to cover these items is an offence.

# Landfill Tax

## General

From 1 October 1996 all waste, unless specifically exempt, disposed as waste or by way of landfill is liable to Landfill Tax. The tax is payable by registered landfill site operators to HMRC.

Wastes that are exempt from the tax are: dredging from inland waterways and harbours; unprocessed mine and quarry wastes; dead domestic pets going to pet cemeteries; and waste from the remediation of contaminated land, unless the remediation is carried out under a notice. Soil brought to a site specifically for use as lining or capping, and waste used for site engineering, is also exempt from Landfill Tax.

This tax aims to encourage waste producers to produce less waste, for example through recycling or composting, and to use more environmentally friendly methods of waste disposal. Under the EU Landfill Directive the UK must dramatically reduce, over the next 20 years, the amount of biodegradable municipal waste sent to landfill.

The tax applies to active and inert waste disposed of at a licensed landfill site. There are two rates of tax: a lower rate applies to inert wastes, e.g. aggregates. Full details of those materials that attract the lower rate of Landfill Tax can be found at section 18 of LFT1 – A General Guide to Landfill Tax. A standard rate applies to all other taxable waste.

The introduction of the tax has had obvious cost implications for local authorities as well as industry and commerce generally. Landfill Tax has had wide implications for many industry sectors not least of which are the Waste Recycling Industry, the Scrap Metal Industry, the Demolition Industry and the agricultural community.

This area of guidance had been withheld because disclosure would prejudice the assessment or collection of taxes/duties or assist tax/duty avoidance or evasion.

## Rates

The rates that apply are:

Period	£ per tonne
1/10/96 to 31/3/99	£7
1/4/99 to 31/3/00	£10
1/4/00 to 31/3/01	£11
1/4/01 to 31/3/02	£12
1/4/02 to 31/3/03	£13
1/4/03 to 31/3/04	£14
1/4/04 to 31/3/05	£15
From 1/4/05	£18
From 1/4/06	£21

A lower rate of £2 a tonne is levied on 'inactive' waste such as soil, masonry and concrete.

In the Budget 2005 the Government announced that the standard rate of Landfill Tax would increase again by £3 per tonne in 2006/07, and in the years thereafter, on the way to a medium to long term rate of £35 per tonne.

## HMRC Leaflets

HMRC publishes two leaflets:

LFT1 – A General Guide to Landfill Tax

LFT2 – Reclamation of Contaminated Land

LFT1 contains useful information about registering, accounting for Landfill Tax and what records need to be maintained and includes an example of the Landfill tax return.

## Landfill Tax Register

HMRC annually publishes a list of registered landfill site operators as at 31<sup>st</sup> March of the relevant year. This register shows the names, business addresses and landfill tax registration numbers of those registered for landfill tax. Apart from the registration numbers, such details are already in the public domain as a result of environmental law. This is issued by the Landfill Tax Unit of Expertise (UofE).

A copy of the latest register can be viewed on the HMRC website.

## Landfill Tax Credit Scheme

Landfill site operators obviously pass these costs onto their customers and costs of tipping have risen considerably. Operators have two options to reduce their obligations under the tax. Firstly they can designate parts of their sites tax free areas where waste can be sorted for recycling and recycled there without incurring tax.

They can also make a voluntary contribution to an Environmental Body (EB) for an approved purpose such as creation of public playgrounds, maintaining or restoring historic buildings or the conservation of biodiversity. The Landfill Tax Credit Scheme (LTCS) was introduced with landfill tax in October 1996 and enables landfill site operators to donate up to 6.8% (6.5% prior to 1/4/04) of their landfill tax liability to an EB in return for a 90% tax credit. This scheme is administered by Entrust (see below).

A very wide range of organisations may register as EBs and receive LTCS money. In addition, many organisations benefit from LTCS funding without enrolling as EBs, choosing instead to work with a Distributive Environment Body (DEB). A DEB is an EB that helps others to access the LTCS. Many DEBs are connected to a particular landfill operator. Others negotiate with a variety of landfill operators for landfill tax credits. Both EBs and DEBs must:

- be non-profit distributing, i.e. any surplus must be used to further the organisation's objects and not be used to pay dividends or other rewards; and
- not be controlled, either directly or indirectly, by a local authority or a landfill operator registered for landfill tax.

The LTCS website, [www.ltcs.org.uk](http://www.ltcs.org.uk), offers a basic introduction to the LTCS, explains who is eligible for funding and how it works. You'll also find LTCS statistics and news.

## Entrust

Entrust is the regulator of the LTCS. Its website, [www.entrust.org.uk](http://www.entrust.org.uk), will be of most use to those who already have some knowledge of the LTCS or are particularly interested in its regulation.

Head Office: 6th Floor, Acre House, 2 Town Square, Sale, Cheshire, M33 7WZ

Telephone: 0161 972 0044

Entrust publishes a leaflet about the scheme at [www.entrust.org.uk/documents/pdf/Scheme.pdf](http://www.entrust.org.uk/documents/pdf/Scheme.pdf)

## **Technical Matters**

BIM67525 and BIM6753 explain how payments of Landfill Tax and contributions to environmental trusts respectively are to be treated in accounts.

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## **Environmental Protection Act 1990**

Waste disposal sites must be licensed under the Environmental Protection Act 1990. The appropriate environmental regulator maintains a public register of such licences containing an array of information such as:

- the name of the establishment or undertaking
- the address of its principal place of business
- the address of any place from which it carries on its business.

As part of the licence application an operator will need to prepare a working plan. This is the document describing how it intends to prepare, develop, operate and restore (where relevant) the site or plant. Details of the working plan are also included on the public register. However, if the licence holder thinks any of the information should not be made public because it is commercially confidential, it can apply to have that information withheld.

## **Integrated Pollution Prevention and Control Regulations**

Since 31<sup>st</sup> October 1999 any new waste disposal sites must apply for a PPC permit. Existing installations must apply for a PPC period over a phased timetable until October 2007. A copy of the permit application will be placed on a public register, held in the local office of the environmental regulator or Local Authority as appropriate. This register is free to the public to view.

## **Special Waste Consignment Notes**

The registers and site records maintained by the consignor, carrier and consignee are not public documents and there is no public right of inspection. However once a consignee's permit (see Hazardous/Special Waste Regulations) has been revoked or surrendered, the appropriate environmental regulator is required to place the register and site records furnished by the consignee on its public register.

## **Registration of Carriers and Brokers**

The registration scheme is implemented by the Controlled Waste (Registration of Carriers and Seizure of Vehicles) Regulations 1991. The appropriate environmental regulator must maintain registers of carriers and brokers and make them available to the public for inspection. See Waste Carriers and Brokers.



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## Records

The Duty of Care and Special Waste regulations place stringent record keeping practices upon waste disposal and landfill sites:

- The Environmental Protection (Duty of Care) Regulations 1991 states that records of waste received or transferred must be kept for at least 2 years.
- Special Waste consignment notes must be kept for 3 years.

When a driver arrives at the site, it is usual for the operator to complete a docket in duplicate. For account customers the driver retains the original and the duplicate is sent to the office for an invoice to be raised. With cash customers, the driver retains the original as a receipt, and the duplicate is sent to the office for accounting purposes. Separate series of dockets, normally sequentially numbered, may be used for account and cash customers. With cash customers the company/lorry etc will rarely be identified clearly on the docket. Sometimes no more than part of a vehicle registration number, or vehicle description is entered. On the other hand, a major operator may have sophisticated systems that read the registration of the vehicle and transmit this, along with the weight on arrival and exit, to head office, partly to discourage employee fraud.

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## Profit Margins & Operating Costs

Operators normally show a very high profit margin. Apart from the basic payment to the landowner, overheads and running costs are low. There are few capital equipment costs e.g. bulldozers, tractors etc and these are very often hired. The sites themselves require little supervision and therefore labour costs are low.

A large site dealing with municipal waste will incur substantial costs on:

- obtaining planning permission and licences
- site preparation - creating access and constructing the impermeable base and side walls of the site
- cell engineering - a large site is worked in stages known as cells, the work is often put out as separate contracts
- site restoration – covering the site with an impermeable layer, usually in stages, then covering with soil and landscaped for alternative use e.g. public amenity use or agriculture, usually grazing
- aftercare - the continuation of monitoring and treatment for decades after the site has been filled
- monitoring and treatment - to deal with the gases and liquids. This may even involve building primary sewerage treatment (to reduce charges by the local water company) or using the gas to generate electricity sold through the grid.

The following page gives guidance on whether the above expenditure should be treated as revenue or capital expenditure.

## Technical - Capital or Revenue Expenditure

The decision in *Rolfe v Wimpey Waste Management Limited* (62TC399) established that all expenditure on preparing a site for waste disposal was capital and thus precluded a Case I deduction for such expenditure. Two new provisions were then introduced specifically to permit the following deductions for costs not otherwise allowable:

- Payments actually made for site restoration - Section 91A ICTA 1988
- An amount of site preparation costs calculated by a formula based on the expenditure incurred to date and the total capacity of the site - Section 91B ICTA 1988.

The legislation has most impact on large sites but should be considered in all cases.

There are comprehensive instructions at BIM67405 onwards dealing with certain costs that may be allowable as revenue notwithstanding the *Wimpey* judgement.

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## Glossary

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Abstraction	The removal of water from any source, either permanently or temporarily, usually by licence. Requires an Abstraction Licence from the appropriate environmental regulator.
Aggregates	Minerals used in construction
Arisings	Waste/scrap produced
Baling Press	Machine which compresses and bales scrap metal.
Biodegradable	Capable of being decomposed by bacteria or other biological means.
Biodegradation	The process by which materials are transformed (degraded or decomposed) by the actions of living organisms, e.g. bacteria, fungi, moulds or insects. Biodegradation involves both physical and chemical breakdown.
Borehole	A shaft used to dispose of liquid wastes underground, normally to a cavity created by the extraction of salt or other mineral.
Capping	The covering of a landfill, usually with low permeability material. Permanent capping is part of the final restoration following completion of landfill/tipping. Temporary capping is an intermediate cap which may be removed on resumption of tipping.
Capital Scrap	Items scrapped because they have ceased to be of use e.g. unwanted vehicles, appliances and railings.
Circulating Scrap	Waste produced during industrial processes such as smelting.
Civic Amenity Site	Local Authority, but possibly privately-operated waste collection site where the public can deposit bulky household and garden waste. Civic amenity sites usually also contain recycling facilities for use by the public.
Clinical Waste	Healthcare waste such as blood, tissue, needles, soiled dressings, drugs etc. which is infectious or could cause harm in some other way. It may be produced from hospitals, medical, nursing, dental, veterinary, pharmaceutical or similar practices or from home treatment, e.g. diabetes.
Co-disposal Landfill	Landfill sites that are licensed to receive municipal solid waste or similar biodegradable wastes and a restricted range of industrial waste (particularly certain suitable special wastes), so that the industrial waste gradually undergoes a form of treatment. Co-disposal ceased under the Landfill Directive.
Construction or Demolition Waste	Waste arising from the construction, repair, maintenance and demolition of buildings and structures, including roads. It consists mostly of brick, concrete, hardcore, subsoil and topsoil, but it can also contain quantities of timber, metal, plastics and (occasionally) special (hazardous) waste materials.
Controlled Landfill	Where wastes are deposited in an orderly planned

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	manner at a licensed site.
Dippy	A depression in agricultural land where a farmer may allow tipping for a nominal amount with the aim of creating a flat field.
Energy Recovery	The recovery of useful energy in the form of heat and/or power from burning waste. Generally applied to incineration, but can also include the combustion of landfill gas and gas produced during anaerobic digestion.
ESA	The Environmental Services Association, a trade body.
Feedstock	Raw material used in an industrial process e.g. steelmaking.
Fents	Pieces of scrap metal
Ferrous Metal	Iron and steel
Fly Tipping	The illegal deposit of any waste on land i.e. waste dumped or tipped on a site with no licence to accept waste.
Fragmentiser	Machine which breaks down pieces of metal scrap into smaller more manageable pieces.
Gasification	Heating carbon-based waste in the presence of air and steam to produce fuel-rich gases.
Household Waste	Includes domestic waste from household collection rounds, waste from services such as street sweeping, bulky waste collection, litter collection, hazardous household waste collection and garden waste collection, waste from civic amenity sites and wastes separately collected for recycling or composting through bring or drop-off schemes and kerbside schemes.
Industrial Waste	Waste from any factory or industrial process (excluding mines and quarries).
Inert Waste	Waste containing no biodegradable or chemically active constituents.
Landfill	The engineered deposit of waste into or onto land in such a way that pollution or harm to the environment is minimised or prevented and, through, restoration, to provide land which may be used for another purpose.
Landfill Borehole	A hole drilled in order to obtain samples and to monitor for landfill gas migration.
Landfill Capacity	The remaining void space to be filled by landfilling in a country or region.
Landfill Gas	Gas produced by the decomposition of waste in a landfill under anaerobic (oxygen deficient) conditions. The gas is composed of 65% methane, 34% carbon dioxide and a range of other gases in the remaining 1%.
Landfill Gas Monitoring	The routine measurement of gas produced by a landfill.
Landfill Site	Licensed facilities where waste is permanently deposited for disposal.
Landfill Well	A shaft installed in wastes for the monitoring and/or extraction of landfill gas.
Landraise	The controlled deposit of waste onto previously

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	undisturbed land or the raising of levels on existing sites over and above that necessary for proper engineering controls and restoration.
Landspreading	Recovering waste by spreading onto land principally for agricultural benefit or ecological improvement. Sewage sludge and wastes from, for example, the food, brewing and paper pulp industries can be used for this purpose.
Leachate	The liquid produced by the decomposition of waste over time.
Licensed Site/ Waste Management Facility	A waste disposal or recovery facility licensed under the Environmental Protection Act.
Major Waste Disposal Site	A waste disposal site over 1 hectare in size (Department of Environment definition).
Metallurgical Analysis	Chemical analysis which determines the type and quality of metal.
MRF	Materials Recycling Facility, pronounced 'merf'.
Municipal Solid Waste	Household waste and other wastes collected by a waste collection authority or its contractors, such as municipal parks and gardens waste, beach cleansing waste and any commercial and industrial waste for which the collection authority takes responsibility.
Non-ferrous Metal	All other metals besides iron and steel.
Open-gate Landfill	A landfill run as a commercial operation that receives waste from many waste producers.
Pyrolysis	Organic waste is heated in the absence of air to produce a mixture of gaseous and liquid fuel and a solid inert residue (mainly carbon). Pyrolysis generally requires a consistent waste stream such as tyres or plastics to produce a usable fuel product.
Restricted-user Landfill	Sometimes know as 'factory-curtilage landfill', sites within ownership of the waste producer or restricted to specific users.
Settlement	The amount by which a landfill surface sinks below its original level due to compaction by its own weight and degradation of the waste. For example, a tipped waste thickness of 40m settling by 8m would have undergone 20% settlement.
Slurry	Animal waste in liquid form. Slurry is usually collected and stored in tanks or lagoons and is spread on farmland at a later date.
Special Waste	Waste which contains substances that are harmful to human health.
Totter	Small scrap dealer, often itinerant: also known as a rag and bone man.
Trade Waste	Category of waste which includes materials which will decompose slowly but are only slightly soluble in water. Materials in this category arise from industry and may include wood, plastic, paper, metal, plaster and leather.
Transfer Station	A facility where waste is transferred from collection vehicles to larger vehicles or onto rail or river for onward transport to disposal.

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Treatment	Involves the physical, chemical or biological processing of waste to reduce their volume or harmfulness.
Void Space	Unused licensed capacity at a landfill site. (Elsewhere this may refer to the unused, permitted capacity or merely the size of a void).
Waste Broker	Those who make arrangements on behalf of others to dispose of waste.
Waste Carrier	Those who transport controlled waste by road, rail, air, sea or inland waterways.
Waste Collection Authority	The authority responsible for providing a service for the collection of domestic waste and (if requested) commercial waste for which a charge may be made. The authority may also collect industrial waste but must charge for this service.
Waste Disposal Authority	The authority responsible for arranging the disposal of controlled waste collected by the waste collection authorities and for the provision of household waste/civic amenity sites.
Waste Management Licensing	The system of permits operated by the environmental regulators under the Environmental Protection Act to ensure that activities authorised to recover or dispose of waste are carried out in a way which protects the environment and human health.
Waste Stream	The movement of waste from source to destination.
Waste Transfer Station	A waste management facility to which waste is delivered for separation or bulking up before being removed for recovery or disposal.
Weighbridge	A machine for weighing vehicles by means of a metal plate set into a road.
Working Plan	Attached to a planning permission or a waste management licence – it supplements the conditions and describes how the site will operate.
WRA	Waste Regulation Authority. WRAs were created under the Environmental Protection Act 1990 and replaced the former Waste Disposal Authorities.

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## Appendix 1 - Waste Regulation Authorities - pre 1 April 1996

The authorities given the responsibility for carrying out the functions set out in EPA 1990 were the Waste Regulation Authorities.

Prior to 1<sup>st</sup> April 1996 the Waste Regulation Authorities were:

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In England

Metropolitan areas:

- The London Waste Regulation Authority
- The Greater Manchester Waste Regulation Authority
- The Merseyside Waste Regulation Authority
- or the District Council in any other metropolitan area

Non Metropolitan areas:

- The County Council

In Wales and Northern  
Ireland

- The District Council

In Scotland

- The District or Islands Council
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