RDF Industry Group
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RDF Industry Group Consultation Response: Reform of Landfill Tax in England and Northern Ireland

About the RDF Industry Group

This response is submitted on behalf of the RDF Industry Group, a pan-European body representing the full value chain involved in the production, trading, transportation, recovery and use of Refuse-Derived Fuel (RDF). The Group's 40 members include UK and international waste operators, Energy from Waste (EfW) facility owners, hauliers, ports, logistics providers, technology suppliers, consultants and compliance schemes.

Our members manage and process millions of tonnes of RFD each year across the UK and EU, ensuring that material not suitable for recycling is recovered as fuel for heat and electricity generation. In the UK, our members operate RDF production facilities and are directly affected by changes to the Landfill Tax regime.

We are broadly supportive of a proposed transition to a single Landfill Tax rate to close the misclassification loophole and reduce market distortion. If well designed, the reform could level the playing field for residual waste processing and provide confidence for investment in fines-removal and washing infrastructure, driving better recovery outcomes.

However, we caution against the proposed timescales, particularly for the end to the Qualifying Fines Regime in 2027. A sudden 30-fold increase in costs for fines disposal presents a serious risk of unintended consequences for the RDF industry residual waste supply chain. By not giving processors sufficient time to permit, finance and commission alternative treatment or recovery outlets, this step-change risks becoming a tax by default for lawful operators with inflationary effects throughout the waste management and construction supply chains. On the other hand, rogue operators will be pushed toward illegal dumping or unregulated sites. To achieve meaningful behavioural change, the transition must be phased carefully, with realistic transitional support and harmonised end-of-waste standards.

1. In what capacity are you responding to this consultation?

iv. Trade organisation or governing body

Proposal 1: A single-rate ambition Transitioning to a single rate of Landfill Tax by 2030. To deliver this, an escalator will be applied to the lower rate until it meets the standard rate in 2030.

4. What impact do you think a single rate of Landfill Tax would have on environmental outcomes, including ensuring more materials are reused, recycled and repurposed?

The current misclassification loophole, where waste is incorrectly declared as being inert to benefit from the lower Landfill Tax rate, undermines RDF quality and creates unfair market conditions.

While the RDF Industry Group broadly supports the principle of reducing landfill reliance and incentivising diversion through fiscal measures, the transition to a single rate of Landfill Tax presents significant operational, environmental and economic risks that must be addressed if the policy is to achieve its intended outcomes.

Trommel fines often contain both inert and active (non-inert) materials. To qualify for the lower rate, operators must test fines to prove they meet inert criteria, typically via a Loss on Ignition (LOI) threshold. In some cases, screening is sufficient, but where contamination is higher, operators must use wet processing (fines washing) to separate the inert material or aggregates. As such, the current regime creates some level of financial incentive to invest in fines washing or separation for recovery.

However, high capital costs, a lack of clarity regarding end-of-waste, and weak end markets for washed outputs often render the commercial case for fines washing unviable, particularly for smaller operators. The proposed reforms to Landfill Tax should boost investment incentives, but to do so, they must provide sufficient time and be accompanied by reforms elsewhere, such as clearer end-of-waste criteria, streamlined permitting processes, and targeted support for secondary aggregate markets.

Proposals aimed at increasing recycling or processing (e.g., fines washing or C&D segregation) require significant investment into new infrastructure, which takes far longer to invest in than the suggested timeframe for removal. This timeframe is also currently constrained by significant permitting backlogs. Without adequate regulatory capacity and transitional planning, the reform risks creating cost shocks for compliant operators without delivering the intended shift up the waste hierarchy.

We are also concerned that the reforms appear to have been developed without a comprehensive impact assessment, particularly in relation to the operational and financial implications for the residual waste supply chain. Rising costs for inert fines disposal and uncertainty around fines classification may disrupt RDF processing economics and complicate existing commercial arrangements. These reforms also overlap with major system changes, such as Simpler Recycling, waste entering the ETS, and digital waste tracking; yet, there is no modelling of the combined regulatory impact. Without clearer sequencing and better alignment across reforms, it is possible that well-intended measures will have little improvement on environmental outcomes while risking social harm through inflationary impacts (e.g. local government services and construction).

We have identified three additional risks associated with using a single rate of Landfill Tax and abolishing the QFR:

RDF Quality

In the future, inert fines could be retained within RDF bales to avoid the cost and complexity of compliant disposal. This could degrade the overall quality of the fuel, increasing ash content, reducing calorific value, and contributing to operational issues at energy-from-waste (EfW) facilities, such as slagging, residue build-up, and more frequent maintenance. It could also distort the market by allowing non-compliant producers to undercut those who invest in proper separation and treatment infrastructure.

Illegal waste

While this change may reduce one type of illegal activity (misclassification), it is very likely to have the unintended impact of enabling another (illegal dumping). Rogue operators, accustomed to low waste management costs, may opt to fly-tip or illegally dump waste rather than pay for legitimate waste management. Increased funding for regulation and enforcement should be ringfenced from the tax revenues to ensure a level playing field.

Cross-border movement of waste

If England and Northern Ireland proceed with phasing out the lower rate of Landfill Tax while Scotland retains it, there is a material risk that cost differentials will incentivise the cross-border movement of waste, undermining the environmental intent of the reforms and creating enforcement and tracking challenges.

5. Alongside these proposals, what steps could government take to improve the circularity of materials which are currently subject to the lower rate of Landfill Tax?

To improve the circularity of lower-rate materials, fiscal reform must be paired with targeted measures that unlock viable reuse routes for fines, soils, and inert residues; otherwise, materials will remain in residual streams or be illegally dumped.

One of the most critical steps is the publication of clear, consistent end-of-waste criteria and quality standards for recovered inert materials – especially washed fines, recycled sands and secondary aggregates. Many RDF producers and C&D waste processors already possess the technical capability to divert fines into recycling routes, but hesitate to invest in new infrastructure due to uncertainty about whether the recovered material will be legally and commercially accepted as a product rather than waste. Clarifying these definitions would significantly reduce investment risk.

We also strongly encourage the UK government to align with the emerging EU-wide end-of-waste (EoW) criteria for recycled aggregates and fines, currently under development through the revised Waste Framework Directive. Harmonised EoW standards across the EU will improve confidence in the quality, safety and utility of recovered materials, enabling consistent quality assurance and facilitating trade in recovered materials with key EU partners. Such alignment is crucial if higher disposal costs are to yield genuine circular outcomes, rather than unintended disposal or contamination of RDF.

Government could also support circularity by offering time-limited fiscal incentives for fines processing infrastructure to propel industry adjustment. For example, an enhanced capital allowance or targeted grant scheme to reduce the payback period for wash plants and increase adoption across the mid-sized RDF sector. Given the narrow window before the tax reforms take effect, support needs to be front-loaded to ensure infrastructure is in place in time.

Alongside this, we recommend that the government consider end-market stimulation policies. This may include mandating the use of recycled aggregates in public infrastructure procurement (e.g. highway works, non-structural fill), publishing technical specifications for suitable uses, and facilitating access to certification schemes. Many outputs are suitable for reuse but fail to secure buyers due to quality or liability concerns, which could be addressed through standardisation and buyer confidence-building.

6. What impact would a single rate of Landfill Tax have on your organisation? How would your business adapt in response to this change?

The introduction of a single standard Landfill Tax rate would significantly increase the cost of disposing of inert and low-calorific materials, profoundly impacting both RDF production economics and strategic operations. From an RDF sector perspective, this reform presents a significant and potentially sudden cost shock, particularly for operators who currently separate fines and divert them to lower-rate landfill. For a typical UK RDF facility of 100,000 tonnes per annum (tpa), producing 20,000 tonnes of fines annually, the tax cost (when passed through) would rise from approximately £80,000 to over £2.5 million (a 30-fold increase). This will have implications for gate fees, contract pricing, and the long-term viability of UK RDF production, especially for operators without access to affordable recovery-permit outlets or aggregate reprocessing facilities.

7. Are there technological or practical barriers to reusing, re-purposing and recycling any of the materials which are currently subject to the lower rate of Landfill Tax? And how could these be overcome?

Four key barriers continue to limit the widespread recovery and recycling of lower-rated inert materials, including fines, soils, and mixed construction residues. These include: a lack of available site space (particularly for wash plants and stockpiling), technical contaminant thresholds (e.g., sulphate, hydrocarbons), limited economic viability due to narrow end markets, and inconsistent regulatory frameworks for end-of-waste and permitting.

Firstly, on-site space and facilities can be a constraint – the EA/WRAP Aggregates Quality Protocol notes that a compliant recycling site requires separate areas for incoming waste, processing, stockpiling, and routine testing, as well as impermeable surfacing and drainage.[1] Not all legacy RDF or MRF plants have the necessary footprint or water-management capacity for a closed-loop wash plant. Technical limits also remain for specific waste streams, e.g., fines containing gypsum as residual sulphate can damage concrete, or coal-tar-bound asphalt, which is classified as hazardous. These can be difficult and costly to dispose of.

Overcoming these barriers will require measures that go beyond a simple tax signal. Streamlined, "standard-rules" permits for inert-material recovery in quarries would unlock void space more quickly and avoid long bespoke

[1] Environment Agency & WRAP (2014). *Quality Protocol: Aggregates from inert waste* (document reference LIT 8709). https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/296499/LIT_8709_c60600.pdf

applications. Time-limited enhanced capital allowances or grants could shorten the payback period on wash plants, making investment feasible for mid-sized operators.

To boost market viability, updating the Aggregates Quality Protocol to cover mixed trommel fines and washed soils (while retaining testing rigour) would give investors and end-users confidence that recycled outputs are viable products. Government should also look at the issue of the Aggregates Levy for virgin materials being very low (just £2.10/t), making it difficult for recycled materials with higher processing costs to compete.

8. Are there any lower rated materials for which landfill is the only waste management option?

As mentioned in Q7, a small number of materials that currently qualify for the lower rate of Landfill Tax genuinely have no realistic or technically feasible alternatives to landfill under current conditions. These include heavily contaminated inert soils containing excessive metals, hydrocarbons or sulphates, which cannot meet end-of-waste or quality standards for aggregate reuse and are unsuitable for recovery even after basic screening. Similarly, certain low-grade residual fines from construction and demolition (C&D) cannot be economically washed or blended to produce a compliant recycled output. If the lower rate is abolished, these materials would face a significant increase in disposal cost despite having no realistic diversion route to incentivise.

9. What impact do you think a single rate of Landfill Tax would have on misdescription and wider waste crime (including illegal dumping)?

A single rate removes the profit margin on misclassification but heightens incentives for other crimes if disposal costs rise too quickly. There is a substantial risk that the large cost jump per tonne will tip the economics for some operators, meaning waste will instead be diverted to unauthorised sites, illegally tipped, or processed under the guise of recovery at poorly regulated facilities. This is particularly true for heavy, low-grade C&D materials and fines, where legitimate outlets are limited and the cost of disposal will increase sharply. There is also concern that inert materials might be added to RDF feedstocks to avoid landfilling, which could lead to increased operational issues for EfW plants and undermine the environmental objectives of the tax reform.

This issue should be taken seriously, given the currently enormous level of waste crime, which already costs the UK £1 billion per year. Incoming policies to

increase the visibility and responsibility of waste handling, such as digital waste tracking and ETS, will not capture the activities of waste criminals.

10.If you answered question 9, what steps could government take to respond to manage these impacts?

Despite the Environment Agency (EA) possessing an already comprehensive regulatory toolkit to address waste crime, it has struggled to prevent the large, persistent wave of criminal waste activity. EA's National Waste Crime survey 2023 estimates that 18% of waste is managed illegally[2] – equating to 34 million tonnes per year and costing the economy over £1 billion annually. The EA reports that only 25 per cent of incidents are ever reported, while local authorities and legal analysts warn that illegal sites and fly-tipping continue largely unaddressed-.

To strengthen the system without compromising legitimate operations and adding further burden, the government should facilitate better intelligence-sharing between local authorities, police, and the EA, e.g., by giving councils access to anonymised data from the EA and operator digital waste-tracking systems. This would help identify suspect activities while protecting enforcement sensitivity. Local authorities could also be empowered with fast-track seizure powers, breaking the low-risk model that currently rewards these offences. Additional funding ringfenced from the landfill tax uplift could provide resources for the EA and local authorities.

Secondly, harsher penalties may better reflect the scale and impact of waste crime as a significant drain on public funding and risk to environmental health. With average fines currently in the low hundreds, significantly increasing sanctions – particularly against repeat offenders – would reduce the financial advantages of illegal dumping.

In addition to improving enforcement, the government should consider a targeted set of complementary measures to manage the waste crime risks arising from the transition to a single rate of Landfill Tax. First, reforms to waste exemptions and recovery permits are essential. Many historic waste crime cases have involved exploitation of broad exemptions (such as U1 or T5) or vague recovery plans with minimal oversight, often accepting large volumes of fines or inert C&D waste under the guise of restoration or engineering use. Tightening exemption conditions, improving the EA's risk-based audit regime, and clarifying the "recovery test" would reduce opportunities for tax evasion without interfering with legitimate recovery operations linked to RDF or incinerator residues.

[2] National waste crime survey 2023 - GOV.UK

A light-touch registration or reporting requirement for large handlers of inert fines or soils (e.g. over 10,000 tonnes per year) could improve visibility without expanding permitting obligations. Basic reporting on volumes and outlets would help flag high-risk operators and track emerging trends, particularly where materials exit the regulated waste chain. As RDF and WtE operators already report under strict environmental permits, such a mechanism would avoid duplication while targeting currently unregulated flows.

There is a need for better outreach and technical guidance for smaller operators, many of whom struggle to interpret complex waste classification rules. The EA and HMRC could collaborate with trade bodies to develop simple, visual tools and online resources, enhancing the understanding of fines classification, end-of-waste status, and disposal options. This would reduce inadvertent misdescription and protect RDF producers from receiving inappropriate inputs.

Finally, the government should explore incentive-based support for investment in fines washing, inert treatment, and quality upgrades, including enhanced capital allowances or innovation funding. Supporting upstream processing capacity would reduce the pressure to landfill recoverable fines or blend inert residues into RDF feedstock, thereby protecting both incinerator performance and secondary material markets.

11.Do you agree with the proposed timeframe to transition to a single rate by 2030? What impact would transitioning to a single rate by 2030 have on your organisation?

Yes, for overall tax harmonisation, but not for the removal of the Qualifying Fines Regime (expanded upon in the relevant section). The escalator schedule and relevant guidance should be published or legislated for this year, so contracts, gate fees, and financing models can align. Four years is already a short window for investment and contract adjustments, so any delays should trigger an automatic one-year extension to safeguard live RDF offtake agreements.

12.What could government do to support your organisation to prepare for the change?

To support the RDF sector and its supply chain in adapting to a single rate of Landfill Tax, the government should prioritise early policy certainty, clear technical guidance, and targeted infrastructure support. Confirming the tax escalator timeline well in advance would allow operators to plan investments in

screening and fines-washing infrastructure. Delayed clarity risks underinvestment or short-term disposal decisions that could undermine resource recovery and RDF quality.

Second, updated and consistent end-of-waste and recovery guidance for inert materials would help create viable markets and reduce reliance on landfill. The EA should publish clear, proactive EoW criteria for washed fines and secondary aggregates, rather than reactive case-by-case rulings. Aligning these standards with EU-level developments would provide greater confidence in reuse routes and outputs.

Additionally, EA permitting backlogs can currently exceed a year for complex installations. These must be cleared so new plants can be consented in a timely manner. Finally, financial tools such as enhanced capital allowances or targeted grants should be considered to support infrastructure upgrades, particularly for smaller and regional operators. These measures, alongside HMRC and EA publishing practical classification guidance (e.g. for fines testing), would ensure operators can comply with the new regime without compromising the integrity of RDF feedstocks or increasing environmental risk.

Proposal 2: Removing the Qualifying Fines Regime from April 2027

13.Do you agree that removing the qualifying fines regime would:

(i) improve environmental outcomes and,

(ii) reduce misdescription during the period of transition to a single rate?

We acknowledge that removing the qualifying fines regime may help reduce misclassification of active fines as inert, a loophole that has historically undermined both revenue and environmental controls. The complexity and subjectivity of the current Loss on Ignition (LOI) testing process create inconsistencies and enforcement challenges, and in some cases, enable manipulation or dispute. Eliminating this regime may therefore provide greater clarity and support HMRC and the EA in preventing tax avoidance via misdescription.

However, we caution against assuming this change alone will improve environmental outcomes. While it may deter deliberate misclassification, it also removes a legitimate outlet for residual fines that are technically inert but do not meet the tightest qualifying criteria. Aside from the risk of illegal disposal, fines left in RDF to avoid costs would cause operational issues for EfWs, including lowering calorific value, increasing ash, and causing EfW grate fouling. These

unintended consequences could undermine the environmental gains the policy is designed to achieve.

Additionally, the abruptness of the removal from 2027 is of great concern. Besides accepting a 30-fold cost increase overnight, the options remaining for disposal of inert fines are via quarries with recovery permits, or investing in fines-washing infrastructure. Both of these routes require more lead-in time than 2027 offers. Ordering, permitting, and commissioning a fines-wash plant can take around 18 months (and longer if new planning permission is required. A longer lead-in is necessary if the government expects new capacity to be operational before lower-rate access is removed.

Redirecting fines to recovery-permitted quarries may create local monopolies, as finite void space is likely to command higher gate fees once demand rises, potentially eroding the economic case for washing or recovery. The government should therefore map national capacity and publish pricing transparency measures to avoid unintended market power.

Without a transitional lower-rate band or tapered approach through to at least 2029, there is a serious risk of destabilising legitimate RDF production, deterring investment in fines-cleaning infrastructure, and encouraging the retention of fines in RDF or illegal disposal to avoid unaffordable disposal costs. We propose that the removal of the regime should not be fully implemented until 2030, with a stepped transition recommended to protect fuel quality, preserve recovery infrastructure, and ensure the reform achieves its intended environmental outcomes

The removal of the regime should be accompanied by updated technical guidance on fines classification and alternative compliant outlets (e.g. for washed or recovered fines). This will ensure that environmentally sound disposal or recovery routes remain accessible while preventing abuse of the system. A short-life working group (EA, HMRC, industry) could develop revised LOI testing & sampling guidance for EfW/RDF to preserve quality. The 2027 deadline is unlikely to provide time for new guidance to be in place.

We also urge government to adopt EoW criteria that are equivalent to or aligned with forthcoming EU standards, which are being developed to harmonise recycled aggregate classification across Member States. This would enable legitimate reuse, reduce barriers to investment, and prevent divergence from continental markets where many RDF operators, traders, and infrastructure partners are already active.

14.Do you agree that all fines should be subject to the standard rate? What impact would this have on your organisation?

We support the principle of aligning all fines with the standard rate as part of the move to a single Landfill Tax by 2030. This reform should enhance clarity, reduce misclassification, and strengthen incentives to enforce fines for RDF, ultimately leading to improved fuel quality. However, the removal of the qualifying fines regime in 2027 introduces near-term risks that extend beyond tax alone.

Currently, the regime provides a structured and lawful route for disposing of fines that are predominantly inert but fail narrow LOI thresholds. Its removal will leave operators without clear alternative outlets, especially where recovery-permitted voids or washing infrastructure are not yet available. This could disrupt existing disposal routes, increase pressure on permitted EfW facilities, and cause inconsistencies in enforcement as operators navigate a regulatory vacuum between disposal and recovery classifications.

While we accept the direction of travel, a sudden withdrawal of this framework – without clear transitional allowances or updated technical guidance – risks creating operational bottlenecks, undermining confidence in residual waste treatment, and penalising otherwise compliant producers. We therefore reiterate the need for coordinated regulatory updates on end-of-waste status, fines classification, and permitted recovery options to support a smooth and environmentally effective transition.

15.Are there any wider potential impacts associated with removing the qualifying fines regime?

One broader impact of removing the qualifying fines regime will likely be an increase in demand for recovery-permitted quarry voids as a cost-effective destination for inert fines and soils. Many RDF producers and associated C&D waste handlers would be open to using such sites, provided they are appropriately regulated and recognised by the EA as legitimate recovery operations. However, the current availability of recovery-permitted quarries may be limited, and many operators may try to reroute to them where possible.

We recommend that government enable greater use of quarries for inert recovery by mapping quarry capacity, streamlining recovery permitting, publishing clearer criteria for the “recovery test,” and ensuring parity between recovery-permitted sites and traditional landfill in regulatory scrutiny. Expanding legitimate recovery outlets would help absorb displaced fines, protect EfW operations, and reduce the risk of illegal tipping. This would provide a balanced, practical outlet for fines while upholding the environmental intent of the reform.

16.Do you agree with the proposal to give businesses one year's notice, before implementing this change from 2027

No. While we recognise the value of providing a defined implementation date, a 12-month lead-in is far too short given the need to plan, finance, permit, and commission the infrastructure required to divert inert material from landfill. Nor does it allow appropriate time for the regulatory updates and/or support programmes to be formed that would be needed to prevent disruption and create actual change, e.g. EA permitting backlogs and EoW criteria. We recommend a minimum of 24 months' notice before changes are implemented, and ideally an escalator up to 2030 in line with other landfill tax reform.

Proposal 3: The government proposes to increase the rate of Landfill Tax applied to disposals at unauthorised waste sites to 200% of the standard rate, from 2027. The government also wants to simplify the penalties and interest which apply in these cases and align penalties to other tax regimes

17.Do you agree with the proposal to increase the rate of Landfill Tax applied to unauthorised waste sites and simplify the penalties and interest which applies?

Yes, we support the proposal to increase the rate of Landfill Tax applied to unauthorised waste sites and to simplify the associated penalties and interest regime. Illegally operating sites undercut compliant waste operators, damage environmental integrity, and erode confidence across the waste and secondary materials market. Raising the tax rate at these sites could help reduce the financial incentives for operating outside the permitted system and reinforce the principle that tax and regulatory compliance are non-negotiable.

However, we emphasise that increased tax rates must be matched by effective and timely enforcement. The EA and other regulators already have broad powers to intervene in waste crime, but enforcement outcomes remain patchy, and prosecution rates low. Without consistent action on illegal tipping and unauthorised exemptions, raising the rate alone will not have the desired deterrent effect. The RDF industry would welcome clearer communication about how any additional revenue will support enforcement resourcing and coordination, particularly at local and regional level.

We also support the proposed simplification of penalties and interest, provided it leads to more transparent and consistent outcomes for both regulators and operators. A simpler regime will make it easier to pursue non-compliance and reduce drawn-out disputes over liability.

18. Do you have any alternative proposals or other views relating to the basic framework and structure of the tax

With much of the UK RDF sector participating in European markets, divergence in how inert and recovered materials are treated under tax and waste law presents barriers to trade and reuse. We support harmonisation, where possible, with emerging EU-wide standards for recycled aggregates and recovered soils (e.g. via the European Commission's Waste Framework Directive review). This would enable consistent classification and confidence in secondary material markets, while helping prevent downcycling or disposal of usable resources.

To support investment and infrastructure planning, the government should map available and potential quarry void space that could be brought into recovery use and clarify the treatment of these sites under the new Landfill Tax regime. Simplifying recovery permitting for inert fines would improve access to affordable outlets while maintaining environmental standards.

Additionally, government could consider maintaining a lower rate at inert-only landfill sites, where misdescription is harder to detect due to simpler and more consistent waste streams. This approach would close the primary tax loophole while preserving a compliant, lower-cost outlet for truly inert fines that meet the necessary standards.

Proposal 4: The government proposes to remove the Landfill Tax exemption for material disposed of on or in quarries with a disposal permit by 2027. This means all material disposed of on or in quarries under a disposal permit will be subject to Landfill Tax at the relevant rate.

Proposal 5: Material used to fill quarries with a recovery permit will remain outside the scope of Landfill Tax.

19.Do you agree that removing the filling of quarries exemption would level the playing field and improve environmental outcomes

We support the government's aim to level the playing field between landfill sites and quarries and agree in principle with the removal of the Landfill Tax exemption for qualifying material disposed of under quarry disposal permits. However, as referred to throughout our response, this measure must be accompanied by appropriate transitional support to reach intended environmental outcomes, and improvements to the recovery permitting system as the only remaining low-cost outlet for inert fines and soils.

To prevent bottlenecks, the government should simplify and standardise recovery permit applications, undertake a capacity assessment, clarify the "recovery test," and ensure that legitimate recovery activities are not disincentivised by unnecessary complexity or regulatory inconsistency.