

## **Explanatory Memorandum to The Landfill Disposals Tax (Tax Rates) (Wales) Regulations 2018**

This Explanatory Memorandum has been prepared by Welsh Treasury: Tax Strategy, Policy and Engagement Division and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

### **Cabinet Secretary Declaration**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Landfill Disposals Tax (Tax Rates) Regulations 2018 and I am satisfied that the benefits justify the likely costs.

**Mark Drakeford AM**  
**Cabinet Secretary for Finance**  
**Ysgrifennydd y Cabinet dros Gyllid**

**8 January 2018**

## **PART 1 – EXPLANATORY MEMORANDUM**

### **1. Description**

- 1.1. The Landfill Disposals Tax (Tax Rates) (Wales) Regulations 2018 (“the regulations”) are being made under the Landfill Disposals Tax (Wales) Act 2017 (“LDT Act”)<sup>1</sup>. The LDT Act establishes and sets out the framework and operational arrangements for landfill disposals tax which will replace UK landfill tax in Wales when it is devolved in April 2018.
- 1.2. The regulations set the first standard rate, lower rate and unauthorised disposals rate for landfill disposals tax which will apply to taxable disposals made on or after 1 April 2018 in Wales.
- 1.3. Subject to the will of the Assembly, the regulations will come into force on 1 April 2018, the same date the Welsh Revenue Authority (WRA)<sup>2</sup> will begin collecting and managing the tax.

### **2. Matters of special interest to the Constitutional and Legislative Affairs Committee**

- 2.1. There are no matters of special interest to the Constitutional and Legislative Affairs Committee.

### **3. Legislative background**

- 3.1. The regulations are being made pursuant to sections 14 and 46 of the LDT Act:
  - Section 14 gives the Welsh Ministers powers to make regulations in respect of the standard rate and the lower rate and;
  - Section 46 gives the Welsh Ministers powers to make regulations in respect of the unauthorised disposals rate.
- 3.2. The regulations are subject to the affirmative procedure (in accordance with section 94(6) of the LDT Act).

### **4. Purpose and intended effect of the legislation**

#### *Summary*

- 4.1. The Welsh Ministers’ purpose in bringing forward the regulations is to specify the first standard rate, lower rate and unauthorised disposals rate for landfill disposals tax which will apply to taxable disposals made

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<sup>1</sup> <http://www.legislation.gov.uk/anaw/2017/3/contents/enacted>

<sup>2</sup> <https://beta.gov.wales/welsh-revenue-authority>

on or after 1 April 2018 in Wales. The tax is calculated by reference to the weight (in tonnes) of material disposed of. Part 2 of the LDT Act sets out what constitutes a taxable disposal.

### *Policy aims and tax principles*

- 4.2. In September 2017, the Welsh Government published its national strategy *Prosperity for All*<sup>3</sup>. One of its four key themes is 'Prosperous and Secure'; a key objective of which is to drive sustainable growth and combat climate change. The introduction of landfill disposals tax legislation, including these regulations, will contribute towards this objective and the national well-being goals, in particular through actions to promote a low carbon economy and develop a more resource efficient economy, building on Wales' success in recycling and reducing the environmental impacts of production and consumption.
- 4.3. Section 91 of the LDT Act places a duty on the Welsh Ministers to have regard, amongst other factors, to the objective of reducing landfill disposals in Wales when exercising their powers and duties under the LDT Act. In developing the regulations consideration has been given to how the rates support the objective of reducing waste to landfill and the Welsh Government's ambitions for a zero waste Wales.
- 4.4. In developing landfill disposals tax for Wales, including the regulations, the Welsh Government has applied its five principles for the development of devolved tax policy and legislation to:
  - raise revenue to support public services as fairly as possible
  - help deliver wider fiscal and policy objectives, including jobs and economic growth
  - be simple, clear and stable
  - to engage with taxpayers and wider stakeholders
  - contribute directly to the Wellbeing and Future Generations (Wales) Act 2015 goal of creating a more equal Wales.
- 4.5. In order to provide stability, the approach taken to setting the rates has been that the devolved tax rates should only diverge from those of the predecessor tax rates as much as is necessary to reflect Welsh circumstances and priorities.
- 4.6. The revenue from landfill disposals tax will be used to directly fund public services in Wales, replacing part of the funding the Welsh Government receives from the UK Government<sup>4</sup>. The principle that there should be no less revenue available to fund public services has also been applied.

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<sup>3</sup> <http://gov.wales/docs/strategies/170919-prosperity-for-all-en.pdf>

<sup>4</sup> <http://gov.wales/funding/?lang=en>

## *Current position*

- 4.7 There are two rates of UK landfill tax; a lower rate for materials specified in the list of qualifying materials (and meeting certain requirements) and a standard rate for all other materials. The standard rate has increased over time to incentivise diversion of waste from landfill towards prevention, re-use, recycling and recovery. The standard rate has risen from £7 in 1996-97 to £86.10 in 2017-18. The lower rate was £2 when the tax was introduced and is currently £2.70.
- 4.8 Since 2014 the UK Government's approach has been to maintain the standard and lower tax rates in real terms (by the rate of inflation as measured by the Retail Price Index). This approach is expected to continue until 2019-20. The Scottish Government has set the same tax rates as the UK Government since landfill tax was devolved to Scotland in 2015.
- 4.9 Remaining consistent with the UK and Scotland, the LDT Act introduced a standard and a lower rate of tax, which will apply to disposals at authorised landfill sites. The lower rate will apply to materials that meet the conditions set out in the LDT Act and the standard rate will apply to all other materials.
- 4.10 In addition, the LDT Act brought waste disposed of at places other than authorised landfill sites within the scope of the tax and introduced an unauthorised disposals tax rate. A person who makes an unauthorised disposal or who knowingly causes or permits an unauthorised disposal to be made may be charged the unauthorised disposals tax rate on that disposal. Further detail is set out in the EMRIA published alongside the LDT Act<sup>5</sup>.
- 4.11 In September 2017 the UK Government published draft legislation proposing to charge landfill tax (at the standard rate) and a corresponding penalty of up to 100% of the tax on disposals at illegal waste sites from 1 April 2018.

## *Purpose and intended effect of the legislation*

- 4.12 Alongside the publication of the draft budget in October 2017, the Cabinet Secretary for Finance announced the landfill disposals tax rates for a two year period. The regulations use the enabling powers at sections 14 and 46 of the LDT Act to set the landfill disposal tax rates for 2018-19.
- 4.13 The approach to setting tax rates has been guided by the tax principles and the objective to reduce landfill disposals in Wales, as required by section 91 of the LDT Act. Delivering stability and certainty for

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<sup>5</sup> <http://www.assembly.wales/laid%20documents/pri-ld10839-em/pri-ld10839-em-e.pdf>

taxpayers and the wider waste industry has also been a key factor in setting the rates. The approach for tax rates to only diverge from those of the predecessor tax rates as much as is necessary to reflect Welsh circumstances and priorities and the principle there should be no less revenue available to fund public services has also been applied.

4.14 On this basis, the proposed standard and lower rates of landfill disposal tax are consistent with UK landfill tax rates to provide the stability and certainty stakeholders have asked for. The unauthorised disposals rate, for which there is no equivalent in the UK or Scotland, is set higher than the standard rate (standard rate + 50%), creating an additional financial deterrent for people seeking to avoid their environmental obligations and dispose of waste illegally. Setting the rate higher than the standard rate takes account of the increased negative impact on the environment of unauthorised disposals of waste. The rate also recognises that administrative costs incurred by legitimate operators will have been avoided and better reflects the enforcement costs of the WRA.

4.15 Regulation 3 provides the rates for 2018-19:

	<b>2018-19</b>
Standard rate	£88.95 per tonne
Lower rate	£2.80 per tonne
Unauthorised disposals rate	£133.45 per tonne

## **5. Consultation**

5.1. Details of consultation undertaken are included in the Regulatory Impact Assessment in Part 2.

## PART 2 – REGULATORY IMPACT ASSESSMENT

### 6. *Impact of establishing The Landfill Disposals Tax (LDT) (Tax Rates) (Wales) Regulations 2018*

#### Options

- 6.1. In relation to setting the **lower and standard rates**, two options have been considered; to:
- Option 1a) - be consistent with UK landfill tax rates
  - Option 1b) - set 'Welsh specific' rates
- 6.2. In relation to the **unauthorised disposals rate**, two options have been considered; to set it:
- Option 2a) - at the same level as the standard rate
  - Option 2b) - higher than the standard rate
- 6.3. A brief description of each option and their anticipated impact is outlined below followed by an analysis of the costs and benefits at section 7.

#### **Lower and standard rates**

##### *Option 1a): be consistent with UK landfill tax rates*

- 6.4. This option would introduce regulations which are consistent with UK landfill tax rates.
- 6.5. A clear message from stakeholders was the need for consistency, certainty and stability for businesses. Replicating the existing UK landfill tax rates could achieve this.

##### *Option 1b): set 'Welsh specific' rates*

- 6.6 This option would introduce regulations that set the standard and/or lower rates specific to Wales. This could help to support Welsh Government priorities and policies, including the ambitious goal of zero waste by encouraging greater recycling, recovery and re-use of waste and efforts to reduce carbon emissions and tackle climate change. It could also increase revenue to invest in public services in Wales.
- 6.7 This option could also create some confusion, particularly for waste businesses along the Wales-England border and it could encourage the cross border movement of waste.

## **Unauthorised disposals rate**

*Option 2a): set it at the same level as the standard rate*

- 6.8 This option would set the unauthorised disposals rate at the same level as the standard rate of tax. Assuming the disposal consists predominantly of standard rate material, this would ensure that those disposing of waste illegally pay the same amount of tax where they dispose of it illegally as they would have paid if they had taken it to an authorised landfill site. This would support our policy ambition to deter illegal waste activity.

*Option 2b): set it higher than the standard rate*

- 6.9 This option would set the unauthorised disposals rate higher than the standard rate of tax. This would ensure that those disposing of waste illegally pay a greater amount of tax where they dispose of it illegally compared to the amount they would have paid if they had taken it to an authorised landfill site.
- 6.10 By setting the rate higher than the standard rate, it is an opportunity to recognise the increased negative impact on the environment of unauthorised disposals of waste; that administrative costs incurred by legitimate operators will have been avoided and to better reflect the enforcement costs of the WRA.
- 6.11 It may also offer a more effective deterrent by further altering the balance so that the consequences of being caught outweigh the profit to be made from illegal waste activity.

## **7. Costs and Benefits**

- 7.1. The costs and benefits associated with each option have been produced using the best available information at the time. This information has been prepared through discussion with stakeholders including taxpayers (landfill site operators), the wider waste industry, tax experts and professional industry bodies.
- 7.2. The preferred option is for the Welsh Government to be consistent with UK landfill tax for the standard and lower rate (option 1a) and to set the unauthorised disposals rate higher than the standard rate (option 2b).

*Costs previously identified in the LDT Act Regulatory Impact Assessment (RIA)<sup>6</sup>*

- 7.3. As reported in the LDT Act RIA there will be a cost to landfill site operators and tax experts for the time required to familiarise themselves

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<sup>6</sup> <http://www.assembly.wales/laid%20documents/pri-ld10839-em-r/pri-ld10839-em-r-e.pdf>

with the legislation including these regulations, estimated to be £6,600 and £13,000 respectively. The cost will be incurred in 2017-18.

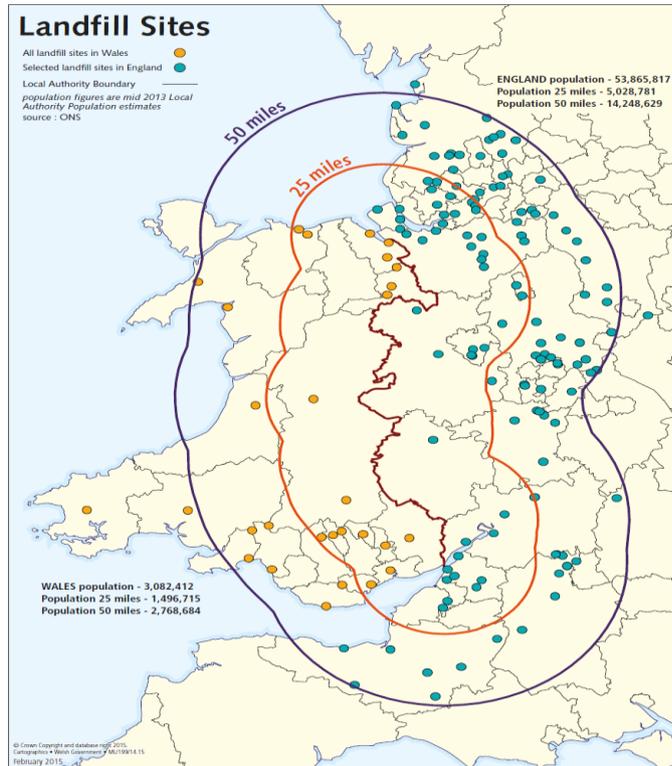
- 7.4. The WRA will delegate compliance and enforcement functions to Natural Resources Wales (NRW) who have existing relationships with the landfill site operators and extensive knowledge of the waste industry. Compliance will be undertaken on a risk basis as is currently the case with UK landfill tax. The funding allocated to NRW to carry out these functions (including the compliance and enforcement costs related to these regulations) is included in the operating costs of the WRA. The total budget for the WRA has recently been reviewed, implementation costs and operational running costs is £6.3m for 2017-18 and for 2018-19 and subsequent years will be £6m.

### **Lower and standard rate**

#### *Option 1a): be consistent with UK landfill rates*

- 7.5. A key priority for the Welsh Government is a smooth transition to LDT in 2018. Any changes to tax rates can be expected to have behavioural effects. A specific area of concern among stakeholders was the impact on business if there was a material difference between the tax rates charged in Wales and England, with several highlighting the potential for waste to cross the border if it was more economically advantageous to travel further to dispose of it.
- 7.6. The majority of landfill sites in Wales are within 25 miles of the Wales-England border and there are more landfill sites within 25 miles of the border on the English side (see figure 1).
- 7.7. Analysis of haulage rates suggests that a relatively small differential of less than £10 in rates between Wales and England could introduce a significant financial incentive to move waste across borders.

**Figure 1 - Landfill Sites and Populations – Wales/England Border <sup>7</sup>**



7.8. A reduction in LDT rates may encourage greater landfill disposals in Wales, which is not consistent with the Welsh Government’s wider waste policy agenda. An increase in waste being disposed of in Wales would also have wellbeing and environmental impacts for communities. For example, it would:

- Increase waste, including potentially hazardous waste, travelling further distances on major roads and through residential areas;
- Increase disruption for residents near landfill sites and waste transfer stations;
- Increase the carbon footprint of waste disposal;
- Increase pressure on existing landfill capacity, with potential calls for new landfill sites to be developed.

7.9. Conversely, an increase in LDT rates may encourage less waste to be disposed of to landfill in Wales than if landfill tax were to continue to apply, reducing the amount of revenue collected. This is inconsistent with our principle that there should be no less revenue available to fund public services. Further an increase in LDT rates may encourage unauthorised waste disposals in Wales.

<sup>7</sup> Location of landfill sites based on HMRC data 2012  
[http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?\\_nfpb=true&pageLabel=pageExcise\\_ShowContent&id=HMCE\\_PROD\\_009941&propertyType=document](http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&pageLabel=pageExcise_ShowContent&id=HMCE_PROD_009941&propertyType=document)

- 7.10. Stakeholders have suggested that the standard rate has reached its optimum level where landfilling these materials is the most expensive, and therefore least attractive, means of waste disposal. Increasing tax rates may incentivise unauthorised disposals of waste. Some stakeholders have made the case for increasing the lower rate to encourage greater recycling, re-use and recovery of these materials but the majority wanted consistency with UK rates to minimise the risk of waste tourism, including, at least initially, for the lower rate.
- 7.11. By setting rates that are consistent with landfill tax, public services in Wales will continue to benefit from tax revenue, while ensuring the risk of the movement of waste across borders is reduced.

### Costs

- 7.12. As the proposed tax rates are consistent with landfill tax, there is not expected to be any significant change in the amount of waste disposed of at authorised landfill sites in Wales. Overall revenue generated from landfill disposals tax in 2018-19 is forecast to be £26m. Revenue is expected to continue to fall as an increasing amount of waste is diverted away from landfill in future. The forecasts in Table 1 do not include the tax revenue from unauthorised disposals. Further information on the LDT revenue forecast is available in Bangor Business School's scrutiny and assessment update report published alongside the final Budget<sup>8</sup>.

**Table 1: Landfill disposals tax revenues forecast (£ million)**

	2018-19	2019-20	2020-21	2021-22
Landfill disposals tax (£m)	26	24	21	20

- 7.13. Further, as this option is to be consistent with UK landfill tax there will not be any changes that incur an additional cost to landfill site operators, waste businesses or WRA.

### *Option 1b): set 'Welsh specific' rates*

- 7.14. Wales is at the forefront of waste policy and landfill disposals tax is a useful additional lever to support Welsh Government waste policies and achieve our ambitious goal of a zero waste Wales.
- 7.15. This option would increase the incentive to separate and sort waste for disposal in order to secure the lower rate of tax which can have added benefits of enabling more waste to be recovered, re-used and recycled and reduce the amount of waste going to landfill.

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<sup>8</sup> <http://gov.wales/docs/caecd/publications/171219-bangor-final-report-en.pdf>.

7.16. However, analysis provided under option 1a (paragraphs 7.8 to 7.10) demonstrates the disbenefits associated with increasing and decreasing the tax rates as well as stakeholder's preference for consistency with UK landfill tax rates.

*Option 2a): set the unauthorised disposals rate at the same level as the standard rate*

7.17. The LDT Act enables tax to be charged on taxable disposals made at places other than authorised landfill sites (unauthorised disposals). This is intended to provide a financial deterrent and make unauthorised disposals of waste more financially risky, and a less attractive option for those tempted to ignore their environmental obligations and evade tax. It seeks to realign the balance of risk, so that the consequences of making unauthorised disposals outweigh the perceived benefit of evading tax.

7.18. Consistent with the purpose of the tax as a lever to influence positive environmental behaviours this approach seeks to encourage individuals to make efforts to take up sustainable methods of waste disposal or, as a minimum, to take waste to a registered landfill site and pay a fair share of tax and thus protect revenue for investment in public services in Wales. Our approach further aims to bring benefit to the communities who are affected by unauthorised disposals by seeking to deter this activity in future.

7.19. Stakeholders have commented that they would expect the rate to be at least the same as the standard rate and would welcome a rate higher than the standard rate.

## Costs

7.20. The introduction of a separate tax rate for unauthorised disposals is aimed primarily at deterring unauthorised disposals rather than raising tax revenue. The WRA will be responsible for determining the level of compliance and enforcement activity it undertakes in relation to unauthorised disposals. It is expected that its approach will be proportionate and cost-effective and be considered in the context of the wider initiatives being taken forward by the Welsh Government, NRW and local authorities to tackle unauthorised disposals. It is anticipated the WRA's focus will be on larger unauthorised waste sites and may also extend to regular and persistent fly-tippers where significant tonnages of wastes have been deposited and tax evaded.

7.21. An industry report in 2015<sup>9</sup> highlighted that every £1 spent on waste crime enforcement is expected to return between £3.60 and £5.60 to

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<sup>9</sup>[http://www.esauk.org/esa\\_reports/ESAET\\_Waste\\_Crime\\_Tackling\\_Britains\\_Dirty\\_Secret\\_LIVE.pdf](http://www.esauk.org/esa_reports/ESAET_Waste_Crime_Tackling_Britains_Dirty_Secret_LIVE.pdf)

government. This clearly makes the enforcement of these powers a valuable tool and one which could be a worthwhile investment in the long term.

7.22. LDT will only apply to unauthorised disposals made after the introduction of the tax on 1 April 2018. **These provisions will only impose costs on those individuals or businesses that choose to operate outside of the law.** At this stage, levels of non-compliance are not known and so compliance and enforcement costs and the level of potential revenue cannot be quantified. Potential revenue from the unauthorised disposals rate is therefore not included in the LDT revenue forecast.

7.23. Tax collected from unauthorised disposals will support the delivery of public services in Wales, with some revenue allocated to NRW and local authorities where they have been instrumental in assisting the investigation and pursuit of tax and to incentivise future action.

*Option 2b): set the unauthorised disposals rate higher than the standard rate*

7.24. Setting the rate higher than the standard rate provides the benefits outlined in option 2a and has the potential to maximise these benefits by providing an effective financial deterrent.

7.25. As stated above, levels of non-compliance are unknown at this stage; however, it is possible to illustrate the impact of setting a higher tax rate for unauthorised disposals using some recent examples of illegal waste sites in Wales. In these cases illegal operators earned thousands of pounds as well as avoiding the administrative costs of running a legitimate site and evading landfill tax.

**Table 2: Unauthorised disposals tax rate options**

Tonnage	Tax liability (£)	
	Standard rate	Standard rate +50%
620	55,000	83,000
18,000	1,601,000	2,402,000
26,000	2,313,000	3,470,000

7.26. Setting the rate at the standard rate plus 50% ensures a level of fairness, proportionality, and transparency. It offers an effective deterrent and recognises the increased negative impact on the environment of unauthorised disposals of waste and that in normal circumstances registered landfill site operators incur administrative costs relating to registration, filing, paying and record-keeping and these would have been avoided along with penalties and interest, which

would have been applied to a registered landfill site operator for failure to do these. Setting the rate higher than the standard rate therefore helps to create a level playing field for legitimate waste businesses. It also reflects the compliance and enforcement costs of the WRA.

## Summary of the preferred option

- 7.27. The preferred option is for the Welsh Government to be consistent with UK landfill tax for the lower and standard rate (option 1a) and to set the unauthorised disposals rate higher than the standard rate (option 2b). This will be achieved by the Landfill Disposals Tax (Tax Rates) (Wales) Regulations 2018, subject to the will of the Assembly and is expected to come into force from 1 April 2018 when UK landfill tax will be dis-applied in Wales.
- 7.28 The key benefit is to provide certainty and stability for the waste industry, by broadly enabling consistency with how landfilled waste is charged in England and Wales and the risk of cross border movement of waste is reduced. It also ensures that the benefit of the tax revenue can continue to be secured for investment in public services in Wales.
- 7.29 The standard rate in particular is widely considered by stakeholders to be set at a level which reflects its environmental cost and promotes a more sustainable approach to waste management. This will help deliver wider benefits including supporting the delivery of the Welsh Government's National Strategy Prosperity for All and its wider waste and environment policies. In particular, continuing to enable the Towards Zero Waste Strategy and helping to deliver the goals set out in the Environment (Wales) Act 2016 and the *Climate Change Strategy for Wales*.
- 7.30 The proposed unauthorised disposals rate seeks to support our policy ambition to deter unauthorised disposals which blight our communities. It will ensure that the increased negative impact of unauthorised disposals is recognised, it will support the creation of a level playing field for legitimate operators and it better reflects the enforcement costs of WRA. It is hoped the proposed rates will encourage illegal operators to manage their waste more sustainably and as a minimum take it to an authorised landfill site and pay a fair share of tax which supports public services in Wales.

## 8. Consultation

- 8.1. The Welsh Government published a consultation *Landfill Disposals Tax*<sup>10</sup> in February 2015. The consultation sought views on proposals to help inform the policy and structure of landfill disposals tax.

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<sup>10</sup> <http://gov.wales/betaconsultations/finance/landfill-disposals-tax/?lang=en>

- 8.2. The consultation received 279 responses from individuals and various organisations representing different sectors from across Wales and the UK including the waste industry, environmental bodies and the third sector as well as tax professionals. The consultation closed in May 2015 and a summary of the responses was published in September 2015.
- 8.3. The consultation responses and engagement events were particularly helpful in highlighting areas where it was important to maintain consistency with arrangements in the rest of the UK and where there were opportunities for clarifying and updating the existing legislation and making changes to better reflect Welsh circumstances and needs.
- 8.4. Responses to questions of specific relevance to the regulations are summarised as follows:

**Are the current standard and lower tax rates set at an appropriate level for Wales? Please explain your response.**

Just over half of the respondents commented that the current standard and lower tax rates were set at an appropriate level for Wales. Of those respondents who said that the current standard and lower tax rates were set at an appropriate level for Wales, several reiterated their concerns of waste tourism if there were to be differential rates with England. Other respondents felt that the standard tax rate in particular had been successful in encouraging investment in alternative technologies and diverting waste from landfill. Given that both England and Scotland had set their rates in line with inflation then further encouragement was not required. One tax professional commented that there did not seem to be “reason to believe that the nature of the waste industry in Wales or the nature of waste itself is significantly different from that in either England or Scotland such that it demands different landfill disposals tax rates – for the foreseeable future”. Of the few respondents who stated that the current standard and/or lower tax rates should be changed or modified, the majority suggested that the lower tax rate should be increased. One business, for example, commented that the Welsh Government may wish to consider increasing the lower rate, “to provide extra incentive to promote further recycling”.

**What would be the practical implications of extending the definition of landfill sites to include illegal deposits of waste within the scope of the tax?**

Of the 32 responses to this question, the majority indicated that they would support a move to extend the definition of landfill sites. In addition, a handful of respondents commented on the importance of allocating sufficient resource to enforce any extension of the definition. Of the responses who favoured extending the definition, one business commented that this move would “provide an additional deterrent to illegal disposals of waste

8.5 In order to inform policy and legislative proposals a Technical Experts Group was established with representation from NRW, the Welsh Local Government Association, tax professionals and the waste industry. In addition, Welsh Government officials regularly meet with landfill site operators and have visited several landfill sites and met operators' finance teams to better understand how UK landfill tax is administered. Stakeholder views were also captured during the passage of the LDT Act. There has also been regular engagement with HMRC, Scottish Government and Revenue Scotland.

## **9. Competition assessment**

9.1. See **Appendix A**

## **10. Post implementation review**

10.1. The effect of the LDT Act and these regulations will be assessed in a number of ways, including:

- An independent review of the LDT Act and regulations will be completed within 6 years of the tax being devolved to Wales;
- Data will be collected as part of LDT tax returns and these will provide an evidence base from which evaluation of a number of Welsh Government policies can be undertaken. The data will include information on LDT revenue and the tax base directly, for example, the tonnage of standard and lower rate materials sent to landfill in Wales or the amount of tax raised at the unauthorised disposals tax rate.
- A programme of monitoring activity will be developed to correspond with key activities including enforcement activity on unauthorised disposals.

10.2. Any post implementation assessment of more qualitative aspects of landfill disposal tax's introduction will require the collection of further data. For example, direct engagement with landfill site operators (meetings/surveys etc.). Assessing the impact of operational matters is the responsibility of WRA although there is potential for collaborative evaluation with the Welsh Government.

10.3. The Welsh Government and WRA will also work closely with the UK and Scotland to learn from their experiences and to establish best practice.

10.4. The Welsh Treasury has a dedicated communications and engagement team leading work to raise awareness and understanding of tax devolution and wider fiscal reform in Wales. The Welsh Treasury has arranged for a series of questions in the National Survey to measure public awareness of tax devolution.

## APPENDIX A

### The Competition Assessment

There are two stages to the Competition Assessment. The first is a quick filter that assesses whether there is a risk of a significant detrimental effect on competition. The results of the competition filter are presented in the table below:

The competition filter test for landfill site operators	
Question	Answer yes or no
<b>Q1:</b> In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
<b>Q2:</b> In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
<b>Q3:</b> In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
<b>Q4:</b> Would the costs of the regulation affect some firms substantially more than others?	No
<b>Q5:</b> Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
<b>Q6:</b> Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
<b>Q7:</b> Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
<b>Q8:</b> Is the sector characterised by rapid technological change?	No

The competition filter test for landfill site operators	
Question	Answer yes or no
<b>Q9:</b> Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No