# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Consulting on ways to tackle avoidance of Non-Domestic Rates in Wales** |
| **DATE** | **4 April 2018** |
| **BY** | **Mark Drakeford AM**  **Cabinet Secretary for Finance** |

In Taking Wales Forward, we set out our intention to foster the conditions needed to ensure our businesses and communities thrive. Local tax revenues form an important element of the funding needed to sustain public services and it is vital that these revenues continue to be collected as effectively and as fairly as possible.

Non-domestic rates in Wales raise more than £1 billion each year to fund local government and police services. All the revenue raised through non-domestic rates is redistributed to help pay for the services – education, social care, waste management, transport, housing, public protection, leisure and environmental amenities and more – on which we all rely. Without this revenue stream, these services would suffer and it is vital that everyone makes their fair contribution.

As with any tax system, there are those who set out to avoid their non-domestic rates liability. The Welsh Government is committed to reducing the opportunities for avoidance behaviour and to helping organisations investigate cases more effectively. While avoidance may involve only a small minority of ratepayers, when they do not contribute their fair share it is to the detriment of local services, the wider community and other ratepayers.

I am pleased to publish today a consultation on the range of ideas that have been suggested to me which could help to tackle avoidance of non-domestic rates.

I have considered a wide range of evidence including that collated by recent policy reviews elsewhere in the UK, as well as evidence from Welsh local authorities and other organisations. The consultation discusses how we can balance the needs of local authorities and businesses but also work closely with other agencies and the UK Government to bring about improvements.

In considering any changes to the current arrangements, we will do so in line with the Welsh Government’s Tax Principles of raising revenue as fairly as possible; clarity, stability and simplicity; collaboration and involvement; and contributing to the Well-Being of Future Generations Act goal of creating a more equal Wales.

Today marks the start of 12 weeks of consultation with ratepayers, industry representatives, other taxpayers and local authorities. We are very keen to hear their views and to work with them constructively. This provides an opportunity to consider how we can make our non-domestic rates system fairer and more effective. I look forward to receiving all contributions on this important matter. To be clear, however: while all the ideas in the consultation document are for debate and discussion, the principle underlying theme is fixed. It cannot be right that the efforts of the considerable majority, to abide by the rules and pay their dues, are under cut by a minority intent on exploiting or abusing the system. The outcome of this consultation will be clearly focused on making the system more effective, fairer and less vulnerable to misuse.

<https://beta.gov.wales/tackling-avoidance-non-domestic-rates-wales>

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Assembly returns I would be happy to do so.