

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Peredur Owen Griffiths
Chair
Finance Committee
Welsh Parliament
Cardiff Bay
CF99 1SN

14 October 2021

Dear Peredur

Landfill Disposals Tax independent review

Thank you for your response on the proposed scope of the independent review of Landfill Disposals Tax.

I appreciate the Committee taking the time to consider this. I am pleased that you agree with our three broad themes relating to revenue and rates, behaviour change and environmental impacts.

Unauthorised Disposals rate: There is some scope for exploring how the behavioural influence of the rate may be used to drive down levels of waste crime prevalent in the sector, helping to create a level playing field for legitimate waste businesses.

The unauthorised disposals provisions are intended primarily as a deterrent to tax evasion but also they are intended to dissuade those tempted to ignore their environmental obligations.

The WRA is about to launch the first live test of its powers to charge tax on unauthorised disposals of waste. This is the next stage in a careful process to set up arrangements to integrate the WRA's role and approach with existing environmental powers to tackle waste crime.

Testing the powers to tax unauthorised disposals is necessary to ensure the WRA makes the most effective use of them, and to build a clear picture of the longer-term opportunities and benefits. It will also enable the WRA to ensure it has the necessary resources and capability to implement new processes and ways of working.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

As testing gets underway, this work is not yet at a stage where the WRA has evidence to show how effective the enforcement regime can be. Of course, the evidence will grow as the WRA undertake further testing, and this process will take time. Therefore, I am proposing that the focus of the independent review in relation to the unauthorised disposals rate is limited to measuring its deterrent effect. Once more data is available and the WRA has operationalised the regime, we can begin to assess more robustly other aspects such as whether the rate for unauthorised disposals is at an optimum level.

Landfill Disposals tax Communities Scheme (LDTCS): A separate review of the LDTCS is being progressed by the Minister for Climate Change. The review started in August and is due to report by March 2022. Despite both reviews being conducted separately, I recognise the importance of aligning the outcomes of both reviews, in particular in light of any proposed future provision, including where relevant, options for the future use of funding available.

The proposed scope of the review is now being finalised, taking account of your suggestions, I hope to commence the process of procuring an independent reviewer shortly.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

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