

## **Government Response: – The Non-Domestic Rating (Artificial Avoidance Arrangements) (Local Lists) (Wales) Regulations 2026 (“the 2026 Regulations”)**

### Technical Scrutiny point 1:

The 2026 Regulations amend the Non-Domestic Rating (Alteration of Lists and Appeals) (Wales) Regulations 2023 under paragraphs 1 and 11(1A) of Schedule 11 to the Local Government Finance Act 1988 (“the 1988 Act”), enabling a person to appeal the decision of the Valuation Tribunal for Wales (“VTW”) (as a valuation tribunal established under paragraph 1 of Schedule 11) in relation to section 63K notices, to the Upper Tribunal. Given the possible route of appeal to the Upper Tribunal, the Welsh Government considers that regulation 4(2)(b) and (c) (made under section 143A(3) of the 1988 Act) is necessary and expedient to ensure that a billing authority does not impose a financial penalty on a person until the review and appeal process – whether to the VTW or Upper Tribunal - is fully exhausted.

### Technical Scrutiny point 2:

The Welsh Government confirms that a demand notice could be served before the expiry of the time limit to appeal to the Upper Tribunal, or before the outcome of that appeal is known. This is the policy intention. The conditions in regulation 4(2) of the 2026 Regulations mean that where a person does not pay the amount due in a demand notice issued under regulation 5(1)(c) of the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989, the billing authority cannot impose a financial penalty under regulation 4 of the 2026 Regulations because the conditions in regulation 4(2)(b) or (c) would not have been met.

### Technical Scrutiny point 3:

The Welsh Government agrees and will make a correction prior to making to ensure the amendments made by regulation 7(3) will come into force after regulation 11(4) of the Non-Domestic Rating (Provision of Information About Changes of Circumstances) (Wales) Regulations 2026 comes into force.

### Technical Scrutiny point 4:

The Welsh Government confirms that “a hereditament” and “the hereditament”, in paragraph 1 of the Schedule to the 2026 Regulations are referring to the same hereditament and will make the proposed correction prior to making.

### Technical Scrutiny point 5:

The Welsh Government is satisfied that the Welsh text is grammatically correct and directs the Committee to Peter Wynn Thomas *Gramadeg y Gymraeg* sections 6.20 and 6.23 dealing with verbs of incomplete predication which explains this construction. The text at paragraph 2(1) does not use a different approach, but rather it has a different subject (“the ratepayer of the hereditament”, that is “talwr ardrethi yr

hereditament”, as opposed to “the ratepayer”, that is “y talwr ardrethi”) resulting in a different, but also correct, construction due to the differing position of the definite article in the two Welsh phrases.

Technical Scrutiny point 6:

The Welsh Government confirms that the English language text is the correct version and will ensure that the Welsh language text is corrected prior to making.

Technical Scrutiny point 7:

Sections 63L and 63ML of the 1988 Act do not contain powers to make regulations which create a right to appeal against a financial penalty imposed under regulation 4, only a right to appeal the section 63K notice. This reflects the policy intent for the operation of the anti-avoidance framework, when it was introduced by the Local Government Finance (Wales) Act 2024.

*Technical drafting corrections to be made prior to the making of the Regulations*

<b>CORRECTIONS MADE TO THE WELSH TEXT PRIOR TO MAKING</b>	<b>CORRECTIONS MADE TO THE ENGLISH TEXT PRIOR TO MAKING</b>
<b>Rheoliadau Ardrethu Annomestig (Trefniadau Osgoi Artiffisial) (Rhestrau Lleol) (Cymru) 2026</b>	<b>Non-Domestic Rating (Artificial Avoidance Arrangements) (Local Lists) (Wales) Regulations 2026</b>
In the coming into force date in the italicised section, “ <i>1 Ebrill 2026</i> ” will be corrected to read “ <i>yn unol â rheoliad 1(2) a (3)</i> ”.	In the coming into force date in the italicised section, “ <i>1 April 2026</i> ” will be corrected to read “ <i>in accordance with regulation 1(2) and (3)</i> ”.
In regulation 1, paragraph (2) will be substituted to read: -  “(2) <i>Yn ddarostyngedig i baragraff (3), daw’r Rheoliadau hyn i rym ar 1 Ebrill 2026.</i>  (3) <i>Daw rheoliad 7(3) i rym yn union ar ôl i reoliad 11(4) o Reoliadau Ardrethu Annomestig (Darparu Gwybodaeth am Newidiadau mewn Amgylchiadau) (Cymru) 2026* ddod i rym.</i> ”	In regulation 1, paragraph (2) will be substituted to read:-  “(2) <i>Subject to paragraph (3), these Regulations will come into force on 1 April 2026.</i>  (3) <i>Regulation 7(3) comes into force immediately after regulation 11(4) of the Non-Domestic Rating (Provision of Information About Changes of</i>

<p>*footnote inserted to read “O.S.C. 2026/15”.</p>	<p><i>Circumstances) (Wales) Regulations 2026* comes into force.</i></p> <p>*footnote inserted to read “W.S.I. 2026/15”.</p>
<p>In paragraph 1 of the Schedule, the text will be corrected by inserting the word “yr” within the text “...<i>pan fo’n gwneud person (“P”) y meddiannydd ar yr hereditament ac nid yw’r hereditament wedi ei feddiannu...</i>”.</p>	<p>In paragraph 1 of the Schedule, the word “a” in the text “(“P”) <i>the occupier of a hereditament</i>” will be corrected to read “<i>the</i>”.</p>
<p>In paragraph 2(2) of the Schedule, the text “...<i>pan ddaeth X yn dalwr ardrethi hereditament...</i>” will be corrected to read “...<i>pan ddaeth X y talwr ardrethi ar gyfer hereditament....</i>”.</p>	
<p>In paragraph 2(3)(a) of the Schedule, the text “...<i>pan ddaeth Y yn dalwr ardrethi yr hereditament....</i>” will be corrected to read “...<i>pan ddaeth Y y talwr ardrethi ar gyfer hereditament....</i>”.</p>	<p>In paragraph 2(3)(a) of the Schedule, the word “the” in the text “...<i>ratepayer of the hereditament...</i>”, will be corrected to read “a” .</p>
<p>In paragraph 2(3)(b) of the Schedule, the text “...<i>neu yr oedd P wrthi’n cael ei ddirwyn i ben yn wirfoddol</i>” will be corrected to read “<i>neu y mae P wrthi’n cael ei ddirwyn i ben yn wirfoddol,...</i>”.</p>	