

Explanatory Memorandum to the Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2022

This Explanatory Memorandum has been prepared by Welsh Treasury: Tax Strategy and Intergovernmental Relations Division and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2022 and I am satisfied that the benefits justify the likely costs.

Rebecca Evans MS

Minister for Finance and Local Government

15 December 2022

PART 1

1. Description

- 1.1 The Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2022 (“the Regulations”) are being made under the Landfill Disposals Tax (Wales) Act 2017 (“LDT Act”)¹. The LDT Act establishes and sets out the framework and operational arrangements for landfill disposals tax which replaced UK landfill tax (LFT) in Wales when it was devolved in April 2018.
- 1.2 The Regulations will amend the standard rate, lower rate and unauthorised disposals rate for landfill disposals tax which will apply to taxable disposals made on or after 1 April 2023 in Wales. Taxable disposals made on or after 1 April 2022 but before 1 April 2023 will remain subject to rates set by The Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2021 as a result of the amendment made by regulation 4 of the Regulations.
- 1.3 Subject to Senedd approval, the Regulations will come into force on 1 April 2023.

2. Matters of special interest to the Legislation, Justice and Constitution Committee

- 2.1 None.

3. Legislative background

- 3.1 The Regulations are being made pursuant to sections 14, 46, 93 and 94(1) of the LDT Act:
 - Section 14 gives the Welsh Ministers powers to make regulations to prescribe the standard rate and the lower rate;
 - Section 46 gives the Welsh Ministers powers to make regulations to prescribe the unauthorised disposals rate;
- 3.2 Section 95 of LDT Act requires the regulations varying the rates of landfill disposals tax to be (i) laid before the Senedd, and (ii) approved by the Senedd within 28 days of being laid, not counting any period during which the Senedd is dissolved or in recess for more than 4 days, to remain in force. This is known as the “provisional” or “made” affirmative procedure.

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

4. Purpose and intended effect of the legislation

Summary

- 4.1 The Regulations will increase the standard rate, lower rate, and the unauthorised disposals rate for landfill disposals tax which will apply to taxable disposals made on or after 1 April 2023 in Wales. Taxable disposals made on or after 1 April 2022 but before 1 April 2023 will remain subject to rates set by The Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2021.

Policy aims and tax principles

- 4.2 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;
 - engage with taxpayers and wider stakeholders;
 - contribute directly to the Well-being of Future Generations (Wales) Act 2015 goal of creating a more equal Wales.
- 4.3 The Welsh Government Programme for Government 2021-26² sets out a commitment to embed our response to the climate and nature emergency in everything we do and includes a specific commitment to abolish the use of more commonly littered, single use plastics.
- 4.4 In October 2021, the Welsh Government published its Net Zero Wales Carbon Budget 2021-25³ following the latest Intergovernmental Panel on Climate Change report. It focuses on our second carbon budget (2021-2025) and looks beyond to start building the foundations for Carbon Budget 3 and our 2030 target, as well as net zero by 2050.
- 4.5 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.
- 4.6 The Welsh Government published *Beyond Recycling – A strategy to make the circular economy in Wales a reality*⁴ in March 2021. The strategy affirms our commitment to shift to a more circular economy where

² Welsh Government Programme for Government 2021-26: <https://gov.wales/programme-government>

³ Net Zero Wales Carbon Budget 2021-25: [Net Zero Wales | GOV.WALES](https://gov.wales/net-zero-wales)

⁴ <https://gov.wales/beyond-recycling-0>

resources are kept in use and waste avoided. This is an important part of our transition to a zero waste, net zero carbon economy. Our Programme for Government and Net Zero Wales⁵ plan also emphasise the importance of the principles of a circular economy as a key component of reducing emissions and waste - a key strategic aim is to reduce the amount of materials sent to landfill and incineration.

- 4.7 Other planned actions include phasing out single-use plastic and in doing this, making Wales among the first countries to send zero plastic to landfill. The *Beyond Recycling* strategy also includes commitments to other environmental policies and reforms such as introducing Extended Producer Responsibility for packaging and a Deposit Return Scheme for drinks containers.
- 4.8 The UK-wide Plastic Packaging Tax⁶ came into force on 1 April 2022. This new tax applies to plastic packaging produced in, or imported into, the UK which does not contain at least 30% recycled plastic and will encourage the use of recycled rather than new plastic within plastic packaging. It will create greater demand for recycled plastic, and in turn stimulate increased levels of recycling and collection of plastic waste, diverting it away from landfill or incineration.
- 4.9 New resource efficiency and circular economy legislation mandating recycling in non-domestic premises in Wales is being developed - the primary aim of which is to increase high quality recycling and collect valuable resources from non-domestic premises such as businesses and the public sector in Wales.
- 4.10 The introduction of landfill disposals tax legislation, including the Regulations, contributes towards these wider green objectives and the national well-being goals, in particular through actions to promote a low carbon economy and develop a more resource efficient economy. This builds on Wales's success in recycling and reducing the environmental impacts of production and consumption.
- 4.11 In order to provide stability, the approach taken to date in 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.
- 4.12 The revenue from landfill disposals tax will be used to directly fund public services in Wales⁷.

⁵ [Net Zero Wales Carbon Budget 2 \(2021 to 2025\) | GOV.WALES](#)

⁶ [Plastic Packaging Tax - GOV.UK \(www.gov.uk\)](#)

⁷ <http://gov.wales/funding/?lang=en>

Current position

- 4.13 There are three rates of LDT; a lower rate for materials specified in the list of qualifying materials (and meeting certain requirements) and a standard rate for all other materials. There is also a separate unauthorised disposals rate which is applied to those materials which have been disposed of illegally.
- 4.14 The LfT rates consist of the lower and standard rate but there is no separate rate for unauthorised disposals - the standard rate applies to all disposals made at an unauthorised site. The standard rate has increased over time to incentivise diversion of waste from landfill towards prevention, re-use, recycling and recovery.
- 4.15 Since 2014, the UK government's approach has been to maintain the standard and lower tax rates in real terms (increasing rates by the rate of inflation as measured by the Retail Price Index (RPI)). The UK Government sets LfT rates in line with RPI forecast inflation at the Budget a year prior to the commencement date. As such, LfT rates for 2023-24 were set in the Budget in Autumn 2021 and the change will have effect on and after 1 April 2023⁸. At this point inflation was forecast to be around 2.5% in 2023-24. RPI inflation is currently considerably higher than 2.5%. As such, the real rate of both LfT and LDT has reduced as increases have not kept pace with inflation.
- 4.16 To date, LDT rates in Wales have matched LfT rates, delivering a commitment made by the First Minister in his previous position as Cabinet Secretary for Finance to match landfill tax rates for the three years following landfill disposals tax, going live in 2018 (2018-19, 2019-20, and 2020-21). The landfill disposals tax rates for 2021-22, and 2022-23 continued that approach.

Purpose and intended effect of the regulation

- 4.17 As part of the draft budget package in December 2022, the Minister for Finance and Local Government announced the LDT rates for 2023-24 will increase as follows:
- The standard rate will increase from **£98.60** per tonne to **£102.10** per tonne;
 - The lower rate will increase from **£3.15** per tonne to **£3.25** per tonne; and
 - The unauthorised disposals rate (150% of the standard rate) will increase from **£147.90** per tonne to **£153.15** per tonne.
- 4.18 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 taxpayers

⁸[Autumn Budget 2021: Overview of tax legislation and rates \(OOTLAR\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/autumn-budget-2021-overview-of-tax-legislation-and-rates-ootlar)

and the wider waste industry has also been a key factor in setting the rates to date. The approach has been for tax rates to only diverge from those of the predecessor tax rates as much as is necessary to reflect Welsh circumstances and priorities.

- 4.19 On this basis, the proposed standard and lower rates of landfill disposal tax are consistent with UK LfT rates to provide stability and certainty to those stakeholders impacted by the tax. The unauthorised disposals rate, is set higher than the standard rate (equivalent to 1.5 times the standard rate), 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 Welsh Revenue Authority (WRA).

UK Government review of Landfill Tax (LfT)

- 4.20 Following the announcement to increase the LfT rates, the UK Government published a Call for Evidence on 30 November 2021, to seek views on a range of design features of LfT, including the rate of tax that applies to different materials and the circumstances in which exemptions and discounts can be claimed. The purpose of the review is to ensure it can continue to support the UK Government's wider environmental objectives, including achieving zero avoidable waste by 2050, and its particular objectives in relation to waste management. The Call for Evidence closed on 22 February and responses are being analysed.

LDT independent review

- 4.21 An independent review of LDT is now underway, fulfilling the Welsh Government's commitment to undertake such a review within six years of the LDT Act receiving Royal Assent. The review has two broad objectives: to consider the impact LDT rates have had on behaviours in the waste sector (including unauthorised disposals); and to consider the extent to which the LDT legislation has influenced behaviours.
- 4.22 An interim report, outlining initial findings, was completed on 30 September 2022 and contained findings drawn from a review of key data and literature. The findings of the interim report are limited, and more detailed research is needed to fully explore the questions we are seeking to answer through the review. However, the interim report highlights the challenge of isolating the impact of LDT in terms of incentivising increases in recycling and reuse of materials, encouraging use of more sustainable technologies and influencing behaviour change across the waste management sector. This is because LDT is one of a range of policy tools which are in place to support the achievement of the Welsh Government's environmental goals. The role of LDT in working alongside these other

policy tools will be explored in more detail during the next phase of the review.

- 4.23 The final review report is expected to be published towards the end of spring 2023.
- 4.24 We recognise that common issues across LfT and LDT may be better addressed through collective action to minimise undesirable outcomes, such as waste tourism. We will continue to work with the UK Government to consider how best this can be achieved.

5. Consultation

- 5.1 There is no statutory duty to consult on the Regulations and the proposed rates were announced by the Minister for Finance and Local Government as part of the publication of the Welsh Government's draft budget on 13 December 2022. As with other tax administrations, the Welsh Government does not consult formally on tax rate changes as this remains a decision for Ministers.

PART 2 – REGULATORY IMPACT ASSESSMENT

6. Impact of the Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2022

Options

- 6.1 In relation to setting the lower and standard rates, two options have been considered:
- Option 1a - be consistent with UK landfill tax rates
 - Option 1b - set 'Welsh specific' rates which are different from the UK rates
- 6.2 In relation to the unauthorised disposals rate, two options have been considered:
- Option 2a - maintain the unauthorised disposals rate at 150% of the new proposed standard rate
 - Option 2b - change the unauthorised disposals rate as a different percentage of the new proposed standard rate
- 6.3 A brief description of each option and its 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 LfT rates, with the standard and lower rate of landfill disposals tax increasing in line with forecast inflation (as forecast by the Office for Budget Responsibility (OBR) in Autumn 2021) from April 2023.
- 6.5 This approach would maintain the stable approach to rate-setting which has been seen in previous years and allow for the longer-term goals for LDT to be developed, following completion of the LfT and LDT reviews. It also aligns with the feedback gathered from initial engagement with stakeholders, where there was a broad consensus to keep the rates consistent with the UK Government for the time-being, to allow for more time to consider what a Welsh approach might look like, and the potential impacts of any future changes.
- 6.6 Maintaining the current approach would also mean that the risk of waste tourism (cross-border movement of waste) would not change, enabling LDT to continue to deliver against our commitment to incentivise diverting waste from landfill. In addition, maintaining our approach to LDT rates for 2023-24 will continue to complement existing resource efficiency and circular economy policy initiatives and allow them to work alongside each other to continue to incentivise behaviour change and drive forward the Welsh Government's environmental goals.

Option 1b: set 'Welsh specific' rates which are different from the UK rates

- 6.7 This option would introduce regulations that set the standard and/or lower rates specific to Wales at different rates from the UK rates. This option could see LDT being used as an additional lever to further support Welsh Government priorities and policies focussed on encouraging greater levels of recycling, recovery and re-use of waste and efforts to reduce carbon emissions and tackle climate change. This alternative approach could increase or decrease the revenue to invest in public services in Wales.
- 6.8 There are a range of options that could be considered, although any changes to tax rates could be expected to have behavioural and revenue effects (see section 7) which would need careful consideration.

Unauthorised disposals rate

Option 2a: maintain the unauthorised disposals rate at 150% of the new proposed standard rate

- 6.9 The unauthorised disposals rate is intended to create another deterrent for those seeking to avoid landfill disposals tax and their environmental obligations by disposing of waste illegally. This option would maintain the unauthorised disposals rate at 150% of the new proposed standard rate of tax. This would ensure that those disposing of waste illegally pay a greater amount of tax compared to the amount they would have paid if they had taken it to an authorised landfill site.

- 6.10 As there is a proposal to increase the standard rate in line with inflation, this will increase the unauthorised disposals rate from £147.90 to £153.15.

Option 2b: change the unauthorised disposals rate as a different percentage of the new proposed standard rate

- 6.11 This option would either increase or decrease the unauthorised rate as a percentage of proposed standard rate. Currently, the efficacy of the unauthorised rate as a deterrent to those seeking the dispose of waste illegally has yet to be tested fully. Over the last year, the WRA has begun to test its powers on unauthorised disposals, by issuing its first set of preliminary notices to taxpayers. These allow the WRA to examine the individual circumstances of disposals, including engaging with taxpayers to assess whether LDT is chargeable at the unauthorised disposals rate.
- 6.12 As no tax has been collected and due to the WRA being at an early stage of testing its powers, there is no clear evidence at this stage to determine whether varying the unauthorised disposals rate in either direction would lead to a further behavioural change.

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.
- 7.2 The preferred option is for the Welsh Government to be consistent with UK LfT for the standard and lower rate (option 1a) and to maintain the unauthorised disposals rate at 150% of the new proposed standard rate (option 2a).

Lower and standard rate

Option 1a: consistency with UK landfill rates

- 7.3 Any changes to current tax rates can be expected to have behavioural effects. For example, a reduction in landfill disposals tax 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 well-being and environmental impacts for communities, such as:
- Increased waste, including potentially hazardous waste, travelling further distances on major roads and through residential areas;
 - Increased disruption for residents near landfill sites (including noise and odour) and waste transfer stations;
 - Increased carbon footprint of waste disposal;
 - Increased pressure on existing landfill capacity, with potential calls for new landfill sites to be developed.

- 7.4 Conversely, an increase in LDT rates may encourage less waste to be disposed of to landfill in Wales, reducing the amount of revenue collected. Furthermore, an increase in LDT rates may also encourage a greater level of unauthorised waste disposals in Wales.
- 7.5 Adjusting the rates in line with inflation each year has created a big gap between where the lower and standard rates sit. If the rates are consistently raised in line with inflation, this could continue to grow the gap between the standard rate and lower rate, creating a higher tax gap, driving potentially more mis-descriptions of certain waste materials (where companies mis-describe the waste to avoid the higher rate of tax).
- 7.6 Some stakeholders have made the case for increasing the lower rate to close the gap between the standard and lower rate, to reduce the risk of mis-description and encourage greater recycling, re-use, and recovery of materials. However, most stakeholders remain in favour of retaining consistency with UK rates to minimise the risk of waste tourism, including, at least initially, for the lower rate.
- 7.7 An independent review of LDT is now underway and will consider the impact LDT rates have had on behaviours in the waste sector (including unauthorised disposals) as well as the extent to which the LDT legislation has influenced behaviours. The final review report is expected to be published towards the end of spring 2023. It is hoped that the outcome of the review will build on our stakeholder engagement to provide a more comprehensive evidence base for the consideration of future changes to the tax rates.
- 7.8 By setting rates for 2023-24 that are consistent with UK LfT, public services in Wales will continue to benefit from tax revenue, while ensuring the risk of the movement of waste across borders is reduced. This will ensure a degree of consistency and stability across the waste sector while the future direction of LDT is considered in more detail.

Costs

- 7.9 Under this option, the lower and standard landfill disposals tax rates would increase in line with forecast inflation (as forecast by the OBR in Autumn 2021) from April 2023. This means the standard rate of landfill disposals tax would be £102.10 per tonne and the lower rate would be £3.25 per tonne in 2023-24.
- 7.10 LDT revenue forecasts were published in the Welsh Taxes Outlook alongside the draft budget on 13 December 2022. The forecasts, produced by the OBR, are presented below, and show that increasing rates in line with forecast RPI would result in £41m revenue in 2023-24.

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

LDT forecast (£m)							
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
WTO Dec 22	45	43	41	39	37	35	35

7.11 Furthermore, as this option is to be consistent with UK LfT, there will not be any changes that incur an additional cost to landfill site operators, waste businesses or WRA, compared with England.

Option 1b): set 'Welsh specific' rates which are different from the UK rates

7.12 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.

7.13 This option has the potential to 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.

7.14 However, any variation from the UK rates raises the risk of waste tourism. Understanding the potential changes to cross-border waste flows which might transpire following a change in landfill disposal costs would be critical should a variation in rates occur, or a new rate be introduced. It should also be noted that one of the purposes of the Welsh and UK Governments applying the same rates to LDT and LfT is to minimise the risk of waste tourism. Although we are aware of examples of English waste being transported to Wales, and vice versa, despite there being no differences in the rates at present, we recognise that, currently, there is a limited evidence base to support our understanding of the factors which drive this behaviour. While we expect the LDT review to begin to draw this out in more detail, more detailed research is needed to establish the scale of the impact setting different rates to the UK would have on waste tourism, unauthorised disposals, the rate of recycling and reuse and tax revenues.

Option 2a): maintain the unauthorised disposals rate at 150% of the new proposed standard rate

7.15 Maintaining the unauthorised disposal rate at 150% of the new proposed standard rate ensures a level of fairness, proportionality, and transparency. Setting the rate at this level acts as an additional deterrent for those seeking to avoid landfill disposals tax and their environmental obligations by disposing of waste illegally. It also 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 at 150% of the new proposed standard rate keeps it in line with the standard rate increase which is in line with the retail price index and therefore helps to create a level playing field for legitimate waste businesses.

- 7.16 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.

Costs

- 7.17 The introduction of a separate tax rate for unauthorised disposals came into force in Wales on 1 April 2018 and was aimed primarily at deterring unauthorised disposals rather than raising tax revenue. The WRA is 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 taking forward by the Welsh Government, Natural Resources Wales (NRW) and local authorities to ensure that those disposing of waste illegally bear the cost of their actions.
- 7.18 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.
- 7.19 As explained in para 6.11, the WRA has begun to test its powers on unauthorised disposals, by issuing its first set of preliminary notices to taxpayers. It is likely that tax on unauthorised disposals will be charged during 2023-24, although, at this stage, it is difficult to predict how much revenue will be generated.

Option 2b): change the unauthorised disposals rate as a % of the new proposed standard rate

- 7.20 As set out at paragraph 6.11, there is no clear evidence available currently to suggest whether the rate should increase or decrease. The LDT review will consider whether the unauthorised disposals rate has had a deterrent effect, although limited evidence is available on how much of an impact it is having in practice. The review may, however, be able to consider other information from stakeholders including NRW. Therefore, at this stage, there is insufficient evidence available to assess whether the unauthorised disposals rate is set at the optimum level. Conclusions from the LDT

review plus further learning from the WRA's test cases should help to build an evidence base on which to assess the level of the rate going forward.

Summary of the preferred option

- 7.21 The preferred option is for the Welsh Government to be consistent with the UK LfT for the lower and standard rate (option 1a) and to maintain the unauthorised disposals rate at 150% of the new proposed standard rate (option 2a).
- 7.22 The key benefit of this approach is to provide certainty and stability to the waste industry, while the future direction of LDT is considered, following completion of the LDT review. This option also reduces the risk of waste tourism, through enabling consistency with how landfilled waste is charged in England and Wales. It also ensures that the benefit of the tax revenue can continue to be secured for investment in public services in Wales.
- 7.23 The standard rate 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 wider waste and environment policies, which have been outlined in paras 4.6 and 4.7.
- 7.24 The unauthorised disposals rate seeks to support our policy ambition to deter unauthorised disposals which blight our communities. It will ensure the increased negative impact of unauthorised disposals is recognised and will support the creation of a level playing field for legitimate operators. 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. Competition Assessment

- 8.1 See Appendix A.
- 8.2 At present there are 17 landfill site operators⁹ covering 20 sites in the market.
- 8.3 The Regulations are not expected to adversely affect levels of competition in Wales or the competitiveness of Welsh firms, as a percentage uplift in rates will affect every operator similarly in percentage terms.

⁹ <https://beta.gov.wales/welsh-revenue-authority-list-landfill-site-operators>

9. Post implementation review

9.1 The effect of the LDT Act and the Regulations will be assessed in several ways, including:

- The Welsh Government committed to commissioning an independent review of the LDT Act and regulations within six years of the LDT Act receiving Royal Assent. This review is now underway and is expected to report towards the end of spring 2023. The outcomes of the review (including any recommended changes to LDT) will help to inform future tax policy development.
- Data will be collected as part of landfill disposals 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 landfill disposals tax 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.

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
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	Yes
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	Yes
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	Yes
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No