

Rebecca Evans AC/AM  
Y Gweinidog Cyllid a'r Trefnydd  
Minister for Finance and Trefnydd



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref:OAQ54311

Russell George AM  
Assembly Member for Montgomeryshire  
13 Parker's Lane  
Newtown  
SY16 2LT  
Russell.George@assembly.wales

25 September 2019

Dear Russell,

Thank you for your question in the Assembly on 18 September, OAQ54311, regarding discretionary rates relief. As a follow up question, you asked what is being done to reform non-domestic rates for small businesses in Wales. In my response, I offered to provide an outline of the work we are doing to explore longer-term reform of non-domestic rates.

In October 2018, we published a detail update on our programme of work to develop local taxation as part of the wider local government finance framework. In addition to a range of shorter term improvements already made, I am exploring different approaches entirely looking internationally at the best examples. These include ideas such as a local land value tax, local taxes based on income and modernised versions of the existing local taxes. The update from October 2018 can be found here:

<https://gov.wales/reforming-local-government-finance-wales-2018-update>

I plan to publish the third annual update on this work in the coming months. During 2019 the programme has focussed on a series of external research projects on the alternative approaches. In March, Bangor University were commissioned to undertake a technical assessment of the potential for a local Land Value Tax in Wales to replace non-domestic rates and council tax. The research has been progressing well over the previous months and is likely to be published towards the end of 2019. Bangor University is considering how land could be valued, data requirements, potential policies around reliefs and exemptions, mechanisms for collection and administration, and how local accountability can be maintained. The research will also consider links with other taxes and benefits, links with the planning system and important considerations about transitioning from the current taxes to a new tax design.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

[Correspondence.Rebecca.Evans@gov.wales](mailto:Correspondence.Rebecca.Evans@gov.wales)  
[Gohebiaeth.Rebecca.Evans@llyw.cymru](mailto:Gohebiaeth.Rebecca.Evans@llyw.cymru)

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.

I look forward to disseminating the research findings to Assembly Members and more widely. I am keen to work collaboratively and openly with the Assembly on the ideas for changes and I welcome all contributions to the debate at any stage.

I hope you have found the above information useful.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The script is cursive and fluid.

**Rebecca Evans AC/AM**  
Y Gweinidog Cyllid a'r Trefnydd  
Minister for Finance and Trefnydd