

Landfill Disposals Tax (Wales) Bill 2016

Impact Assessments

This document contains the following impact assessment documents that have been completed in respect of the impact of the Landfill Disposals Tax (Wales) Bill as introduced on 28 November 2016.

1. [Welsh Language Impact Assessment \(WLIA\)](#)
2. [Equality Impact Assessment \(EIA\)](#)
3. [Child Rights Impact Assessment \(CRIA\)](#)
4. [Sustainable Development Impact Assessment](#)
5. [Rural Proofing Screening Tool](#)

Welsh Language Impact Assessment

Landfill Disposals Tax (Wales) Bill / Bil Treth Gwarediadau Tirlenwi (Cymru)

Title: Landfill Disposals Tax (Wales) Bill	WLIA Reference No (completed by WLU):				
Name of person completing form:	Landfill Disposals Tax Team				
Date:	12 April 2016; 5 June 2017;				
Policy lead:	Landfill Disposals Tax Team				
Contact details:	Welsh Treasury, Welsh Government				
Programme/Project Type					
<input type="checkbox"/> Policy					<input type="checkbox"/> Project or programme
<input checked="" type="checkbox"/> Legislation					<input type="checkbox"/> Research, evaluation
<input type="checkbox"/> Grant					<input type="checkbox"/> Services
<input type="checkbox"/> Business change					<input type="checkbox"/> Contracts, tenders
<input type="checkbox"/> Infrastructure					
<input type="checkbox"/> Construction, Capital					
<input type="checkbox"/> ICT					
<input type="checkbox"/> Other (Please specify below)					
Costs: How much is the projected whole life cost for the programme/project? If below £25k, then a full WLIA is not always required (see guidance).					
Under £25k	£25k - £49k	£50 - £249K	£250K - £1m	Over £1m	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Of the above, please provide details if there are any identified costs directly associated with the Welsh language?					
No					
How long is the programme/project expected to run?					
Up to 1 yr	Up to 2yrs	Up to 5yrs	Up to 10yrs	More than 10 yrs	Unknown
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Key milestone dates for the programme/ project:					
Consultation on developing LDT			Spring 2015		
Tax Collection and Management (Wales) Act Royal Assent			April 2016		
Landfill Disposals Tax Bill Introduction			Autumn 2016		
Landfill Disposals Tax Bill Royal Assent			Summer 2017		
Announce LDT tax rates			By 1 October 2017		
'Go live' tax collection and management in Wales			1 April 2018		

STAGE 1: PLANNING

What are the aims and objectives of the policy?

What are the desired outcomes/ what constitutes 'success'?

The UK Government published the Wales Bill in March 2014 and it received Royal Assent in December 2014. The Act provides the Assembly with the competence to legislate over devolved areas of taxation and provides a clear framework for the policy options with regard to replacement taxes. The Act provides for the disapplication of UK Landfill Tax (LFT) and confers the powers on the National Assembly to replace it with a Welsh tax on disposals to landfill.

The devolved tax presents an opportunity to better meet the needs of, and reflect circumstances in Wales. The proposed overarching policy aim for Landfill Disposals Tax is to:

promote positive environmental behaviours through greater prevention of waste to landfill sites and to encourage the reuse, recycling and recovery of waste

It supports Welsh Government policies with regard to sustainable development, the environment, climate change and, in particular, the pursuit of its ambitious goal of zero waste. In addition to the wider UK polluter pays principle of those who produce pollution should bear the costs of managing it to prevent damage to human health or the environment.

The policy aim for LDT as set out above, is further supported and informed by the Minister's tax principles which underlie the Welsh Government's wider approach to developing tax policies which are:

- **Fair** to businesses or individuals who pay tax;
- **Simple** with clear rules which seek to minimise compliance and administration costs;
- **Support public services, growth and jobs**, which will in turn help tackle poverty; and
- **Provide stability and certainty** to tax payers, with changes subject to proper consultation with stakeholders.

The legislative aim is to

- Produce clear/coherent legislation for the taxpayer and the tax authority;
- Develop a fair and robust compliance and enforcement framework; and
- Deliver an efficient and effective (modern) administration of tax.

This legislation is interlinked with the Tax Collection and Management (Wales) Act 2016 ('the TCMA 2016') which provides the powers and duties to collect the tax.

What policy options have been considered?

and

What impacts will there be if the policy is *not* implemented?

In developing a replacement tax three main options have been considered:

Option 1 – Do Nothing

Option 2 – Replicate the existing landfill tax

Option 3 – Develop a Wales specific tax

The benefits and impacts of these options are discussed in Chapter 6 to 8 of the Regulatory Impact Assessment.

Does the programme demonstrate a clear link with the Welsh Government’s strategy for the Welsh language - laith fyw: laith byw?

The legislation sets out the framework for how tax will be collected on material deposited to landfill. The payment of the tax applies to landfill site operators only, of which there are currently 20 operating in Wales. This number is expected to reduce further as less waste is landfilled.

There is no clear link to the Welsh Language Standards given the tax’s narrow focus. That said, there are very close links between this Bill and the TCMA 2016 which sets out the governance around how devolved taxes will be collected and managed in Wales and provides the powers to establish the Welsh Revenue Authority (‘WRA’) to carry out this function.

As a new Welsh public body in Wales, WRA will be subject to the Welsh Language Standards and the goals of the Well-being of Future Generations Act 2015 and will take advice from both the Welsh Language Commissioner and Future Generations Commissioner for Wales.

In developing the operational process for the collection and management of LDT, the LDT Bill Team is working closely with the WRA Implementation Team to ensure that a bi-lingual service (including, all guidance, forms and call centre contact) is available for landfill site operators.

In respect of the LDT Communities Scheme the appointed single distributive body will be required to offer a bilingual service for a variety of customers seeking to access information about the scheme and the grant funding, including members of those communities near landfill sites who may benefit from the scheme.

What are the impacts/ effects (both positive and/or adverse) on the Welsh language you have identified at the initial planning stage

i.e. Welsh speakers, Welsh language communities, Welsh medium education, Welsh learners, services available in Welsh?

LfT is currently operated at a UK level by HMRC and although they currently manage a Welsh language contact centre in North Wales, HMRC have also indicated that this contact centre might be closing due to the centralisation of many HMRC services. HMRC has assured the Welsh Government that it is committed to providing services in Welsh for its Welsh speaking customers. HMRC is currently exploring options for fulfilling this commitment, including through shared services with other government departments.

The benefits of the devolution of LfT are that WRA will ensure the parity of language provision in the services it delivers. This will provide landfill site operators operating in Wales the ability to more simply access bilingual services than at present.

As offering a bi-lingual service will be a requirement on WRA, it may result in some landfill site operators that currently correspond with and access services through HMRC in English, to decide that they wish to correspond with the WRA in Welsh. There is an opportunity therefore to promote the use of Welsh language as they carry out their business.

There are a number of categories of standards that directly apply here. These are standards around:

- A body producing a publishing documents and forms;
- A body's website and online services; and
- Raising awareness about Welsh language Services provided by a body.

Also, it allows WRA to respond more effectively to the Welsh language needs of landfill site operators as and when they may arise in the future.

The single distributive body will be required to provide a bilingual service for those accessing the LDT Communities Scheme. In doing so this will make the scheme more accessible to those wishing to use the medium of Welsh.

Who are the stakeholders? Are the needs of Welsh speakers and learners addressed? To what extent are Welsh language interest groups likely to respond positively to the proposals?

As referred to above, the main stakeholders are landfill site operators. However, there will be relationships with other Government Departments, WRA, Natural Resources Wales (NRW) and the wider waste industry. In the case of the LDT Communities Scheme there will be a wider group of stakeholders, for example communities living within 5 miles of a landfill site or waste transfer station, third sector organisations, voluntary organisations, educational facilities.

Our stakeholder engagement to date has not raised any concern around our approach to ensuring that Welsh language needs are being considered.

The administration of this tax is ultimately the responsibility of WRA and NRW in its delegated compliance and enforcement role. The LDT communities scheme will be administered by a single distributive body each of these organisations will be subject to the Welsh Language Standards. As previously mentioned, the Bill team are working closely with the WRA Implementation on the collection and management of this tax which includes the development of a bilingual service; similarly Welsh Government will work with the single distributive body once appointed to ensure that the LDT Communities Scheme delivers a bilingual service provision.

Where an assessment was not completed, or no impacts were identified, please provide a full account for record keeping purposes?
(This could be used in the Welsh Language Tribunal in future)

There are no direct impacts identified through the introduction of this Bill. That said, as referred to above, the tax will be administered by the WRA which will be subject to the Welsh Language Standards and will develop their operational and delivery services in accordance with these. This will be the same for NRW in its delegated compliance and enforcement role and the appointed single distributive body which will administer the LDT Communities Scheme.

To reaffirm, there have been no issues to date raised by stakeholders in relation to Welsh Language.

What actions/ further work has been identified at the initial planning stage?

e.g. data requirements, need for peer review, external engagement with Welsh speaking groups, identify stakeholders or consultation list, need to contact Welsh Language Unit for advice)?

None.

All published documents including a public consultation and Written Statements have been published bilingually.

All meeting requests and stakeholder events invitation have been issued bilingually and Welsh language requirements and preferences sought.

STAGE 2: IDENTIFYING AND ASSESSING IMPACTS

Impact Assessment Summary

Summarise the detailed impact assessment carried out together with the scores assigned.

Positive effects/ impacts:

- WRA will ensure the parity of language provision in the services it delivers.
- Encourage landfill site operators to use the bi-lingual service.
- Allows the WRA to respond more effectively to the Welsh language needs of landfill site operators as and when they may arise in the future.

Adverse effects/ impacts:

None

Opportunities to promote the Welsh language e.g. status, use of Welsh language services, use of Welsh in everyday life, Welsh at work increased?

Yes - There are a number of categories of standards that directly apply. These are standards around:

<ul style="list-style-type: none"> • A body producing a publishing documents and forms • A body's website and online services • Raising awareness about Welsh language Services provided by a body. 	
Evidence/ data used including demographic profile when considering the effects/ impacts:	
This Bill predominantly impacts landfill site operators. There are 20 in Wales and none have declared any Welsh language requirements or preferences.	
What is the overall anticipated likely impact on the Welsh language if this policy is taken forward based on the impact assessment/ risk assessment?	Positive: <input checked="" type="checkbox"/> Adverse: <input type="checkbox"/> Neutral: <input type="checkbox"/> Unknown: <input type="checkbox"/>
Decision following IA	1. No major change <input checked="" type="checkbox"/> 2. Adjust the policy to improve impacts <input type="checkbox"/> 3. Continue the policy with mitigation measures <input type="checkbox"/> 4. Stop and remove the policy <input type="checkbox"/>
<i>If answered 2,3, or 4 above – then answer the following:</i>	
How will you address these impacts in order to improve the outcomes for the Welsh language? Details of mitigation measures/ action points/ alternative options to reduce adverse impacts and increase positive outcomes:	
If engaging or consulting, what are your plans? What questions do you wish to ask stakeholders about the Welsh Language Impact Assessment and Welsh language related issues?	
STAGE 3: POST CONSULTATION AND PREPARING FOR PUBLICATION, MONITORING AND EVALUATION	
Following consultation, what changes have you made to address any Welsh language issues that were raised?	
How will you monitor the ongoing effects during the implementation of the policy?	
Please outline how you will continue to capture effects/ impacts in future monitoring and evaluation?	
Any other comments – ongoing results of evaluations, emerging impacts	

4. Declaration

Policy lead: Head of Landfill Disposals Tax Team
The policy does have an overall positive impact upon the Welsh language. Where there were identified adverse impacts or missed opportunities, the appropriate amendments and actions have been put in place.
Name: Landfill Disposals Tax Team
Department: Welsh Treasury
Date (s): April 2016; June 2017
Signature:
Planned Review Dates: June 2017, July/August 2017.

SRO ENDORSEMENT and REVIEW	
I am satisfied that the WLIA is an accurate reflection of the programme/project at this stage of development. By signing, I am able to confirm that the Welsh Language Standards have been given the appropriate attention. I will re-assess the programme/project at key stages throughout the life of the programme/ project, including policy reviews.	
Signed Head of Tax Policy & Legislation (Senior Responsible Owner)	Date: 24 November 2016
Signed Head of Tax Policy & Legislation (Senior Responsible Owner)	Review Date 5 June 2017
Signed (Senior Responsible Owner)	Review Date
Signed (Senior Responsible Owner)	Review Date

Equality Impact Assessment (EIA)

Part 1

Policy title and purpose (brief outline):	Landfill Disposals Tax (Wales) Bill The establishment of a Landfill Disposals Tax to replace Landfill Tax in Wales from April 2018.
Name of official:	Landfill Disposals Tax Team
Department:	Welsh Treasury
Date:	October 2016; updated June 2017
Signature:	

1. Please provide a brief description of the policy/decision.

For example what is the overall objective of the policy/decision, what are the stated aims (including who the intended beneficiaries are), a broad description of how this will be achieved, what the measure of success will be, and the time frame for achieving this?

The Wales Act 2014 provides the National Assembly for Wales with the competence to legislate in relation to devolved areas of taxation and provides a clear framework for the policy options with regard to replacement taxes. The Act provides for the disapplication of Landfill Tax (LfT) and confers powers on the National Assembly for Wales to replace it with a Welsh tax on disposals to landfill.

The devolution of the tax presents an opportunity to better meet the needs of, and reflect circumstances in Wales. The Welsh Government's stated tax principles which underlie the Welsh Government's wider approach to developing tax policies are:

- **Fair** to businesses or individuals who pay tax;
- **Simple** with clear rules which seek to minimise compliance and administration costs;
- **Support public services, growth and jobs**, which will in turn help tackle poverty; and
- **Provide stability and certainty** to tax payers, with changes subject to proper consultation with stakeholders.

The Landfill Disposals Tax (LDT) (Wales) Bill ("the Bill") is the last of three bills to establish devolved tax arrangements in Wales. This legislation is interlinked with the Tax Collection and Management (Wales) Act 2016 ("TCMA") which provides for the powers and duties in relation to the collection and management

of the tax. The Bill also follows the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 which received Royal Assent in May 2017.

The Bill will establish a tax to replace LfT from April 2018 when new tax collection and management arrangements in Wales go live.

The Bill will ensure public services in Wales can continue to receive the benefit of the revenues currently raised by LfT. The Office for Budget Responsibility forecast landfill tax revenue at £25 million in 2018-19.

The tax aims to:

Alter the balance of incentives to encourage the diversion of waste from landfill and to encourage greater reuse, recycling and recovery of waste.

The Bill supports the Welsh Government policies with regard to sustainable development, the environment, climate change and, in particular, the pursuit of its ambitious goal of zero waste. In addition, the Bill supports the wider UK ‘polluter pays’ principle, that those who produce pollution should bear the costs of managing it to prevent damage to human health or the environment.

In line with the views of stakeholders, the legislation will broadly be consistent with the LfT regime in terms of its administrative process and tax rates arrangements. This will provide stability, certainty and reassurance to businesses; whilst taking the opportunity to refresh, refine and update the legislation to reflect the current legislative landscape and existing practices.

The Bill aims to:

- Produce clear and coherent legislation for the taxpayer and the tax collection and management authority which is tailored to meet Welsh circumstances;
- Develop a fair and robust compliance and enforcement framework;
- Deliver an efficient and effective modern administration of tax.

In particular the Bill sets out:

- The definition of a “taxable disposal” on which LDT will be charged;
- What is meant by an authorised landfill site and what is expected of landfill site operators in terms of their liability to pay LDT, the duty to register with Welsh Revenue Authority (“WRA”), how to account for LDT etc.;
- The application of LDT to disposals made other than at an authorised landfill site and who is liable for LDT on such disposals;
- How LDT will be calculated, what rate of tax will apply and what exemptions, reliefs and credits may apply;
- A duty on the Welsh Ministers to prepare and publish a Landfill Disposals Tax Communities Scheme;
- Details of the groups of qualifying material, specified materials and conditions (if any) associated with the material that may qualify for the lower rate of tax;
- Duties on taxpayers to make payments and pay penalties and interest in certain circumstances; and
- The inspection of premises for the purpose of ascertaining a person’s liability to LDT, and about the sharing of information between certain public authorities for the purpose of LDT.

The Bill is procedural and sets out the framework and structure for taxing disposals of waste by way of landfill in Wales. It is intended to impact directly on landfill site operators as the taxpayer and WRA as the collection and management authority; and indirectly on the wider waste industry. It will therefore have minimal impact on people with protected characteristics.

Not implementing LDT would result in a reduced budget for the Welsh Government, which would mean less resource to spend on public services in Wales. It is likely therefore that not introducing LDT would have a disproportionate effect, or disbenefit, on lower income households in Wales, as those who benefit the most from public services tend to be those on below average income. Some protected groups are proportionally more likely to fall into this category. Therefore, introducing a replacement tax and protecting public service spend is a positive action for these groups.

The Welsh Government will announce the LDT tax rates by 1 October 2017. The LDT tax rates will then be set by the Welsh Ministers in secondary legislation. This could be viewed as a tool to positively influence the waste industry and thereby boost the economy. The tax will seek to alter the balance of incentives to encourage greater diversion of waste from landfill sites; and greater prevention, reuse, recycling and recovery of waste. This will have a positive impact on Welsh communities and may indirectly have an impact on people with protected characteristics. This will be explored in a separate RIA as part of the development of the secondary legislation.

Without a replacement landfill tax, sending waste to landfill would become the cheapest waste management option. This would impact the waste management system in Wales and may undermine efforts in Wales to promote the waste hierarchy (as set out in the EU Waste Framework Directive) which seeks to divert waste from landfill through greater prevention, re-use, recycling and recovery of waste. This may affect the ability of the Welsh Government to meet its own ambitions and targets for the management of waste set out in its *Towards Zero Waste Strategy*¹. It would also impact on the Welsh Government's wider aims with regard to sustainable development, climate change and the environment.

¹ http://gov.wales/topics/environmentcountryside/epq/waste_recycling/zerowaste/?lang=en

The Wales/England border is populous and has a range of waste management businesses including landfill sites along both its sides. Not introducing a replacement tax in Wales would likely trigger cross border movement of waste with waste carriers in England and further afield travelling to Wales to dispose of their waste. There would in turn be wellbeing and environmental impacts for communities, for example, from increased disruption for residents near landfill sites and waste transfer stations and growing pressure on Wales' remaining landfill sites with potential calls for new landfill sites to be developed. Therefore, the implementation of LDT would continue to encourage positive environmental behaviour and mitigate against the risk of cross boarder movement of waste and the consequences for Welsh communities. In addition the establishment of the LDT Communities Scheme will support biodiversity, waste minimisation and other environmental and social enhancement projects in areas affected by the disposal of waste to landfill.

The Bill was introduced into the National Assembly for Wales on 28 November 2016.

Subject to the Bill being passed by the National Assembly for Wales it is anticipated that Royal Assent should be granted in summer 2017.

It is intended to commence implementing the provisions of the Bill from 2017/2018 in preparation for the tax going live in April 2018.

2. We have a legal duty to engage with people with protected characteristics under the Equality Act 2010 (please refer to Annex A of the EIA guidance) identified as being relevant to the policy. What steps have you taken to engage with stakeholders, both internally and externally?

The Welsh Government published a White Paper public consultation on the collection and management of devolved taxes in Wales from 23 September to 15 December 2014. This White Paper sought views on key policy areas of the Bill from stakeholders including professional tax groups and businesses. Alongside the consultation, a public exhibition of historical taxes was established and displayed at several public locations throughout Wales. Further information about the consultation and details of the stakeholder responses received is available on the Welsh Government website:

<http://gov.wales/consultations/finance/devolved-taxes/?lang=en>

The responses to the consultation helped to shape TCMA which received Royal Assent in April 2016. TCMA puts in place the legal framework necessary for the future collection and management of devolved taxes in Wales. In particular, the Bill provides for the establishment of WRA whose main function will be the collection and management of devolved taxes.

There has been significant external stakeholder engagement throughout the policy development process for the Bill, including workshops in locations across Wales during the Welsh Government's spring 2015 *Developing a Landfill Disposals Tax*² consultation. Respondents were able to submit their views and comments on paper or online, and in either Welsh or English. The consultation was widely publicised via digital media, newsletters and other publications.

There was good overall interest in the 12-week public consultation which commenced on 24 February and closed on 19 May 2015. The consultation webpage received 2,040 visits and the consultation document was downloaded 269 times.

² *Landfill Disposals Tax Consultation (February 2015) and summary of responses (September 2015)* available at: <http://gov.wales/consultations/finance/landfill-disposals-tax/?lang=en>

In total the consultation received 279 responses from a wide range of stakeholders including contributions from individuals and various organisations representing different sectors from across Wales and the UK including the waste industry, environmental bodies and the third sector as well as tax experts.

As part of the consultation responses, the Welsh Government received 138 letters from members of Wildlife Trust Wales in support of allocating a proportion of LDT Revenue to enhance community wellbeing. Further information about the consultation and details of the stakeholder responses are available at:

<http://gov.wales/consultations/finance/landfill-disposals-tax/?lang=en>

The Welsh Government held several stakeholder engagement events during the consultation period. These included meetings open to all stakeholders and the public in Cardiff on 23 April 2015 and Llandudno on 29 April 2015; as well as a separate meeting in Cardiff on 7 May 2015 with a landfill site operators' stakeholder group established by the Welsh Government. Landfill site operators will be liable to pay LDT once the tax goes live. Officials also visited Landfill Community Fund projects and observed a Distributive Environmental Body's panel meeting.

There has also been significant external engagement with multiple stakeholders at meetings of the LDT Technical Experts Group, Tax Forum and the Tax Advisory Group for Wales³ and with tax experts during the consultation process and throughout policy and legislative development. This included representatives from:

- The Confederation of British Industry (CBI)
- The Federation of small businesses (FSB)
- The Institute of Directors (IOD)

³ <http://gov.wales/funding/financereform/tax-advisory-group/?lang=en>

- The Institute for Fiscal Studies
- The Bevan Foundation
- The Trades Union Congress (TUC) Wales
- The Law Society
- The Welsh Local Government Association (WLGA)
- The Institute of Chartered Accountants in England & Wales (ICAEW)
- Geldards LLP; and
- The Wales Council for Voluntary Action (WCVA)

The WCVA represent and campaign for voluntary organisations, volunteers and communities, a number of whom represent people with protected characteristics.

Although no responses to the LDT consultation were received from specific equalities organisations, relevant responses included the WCVA and the Bevan Foundation. These organisations broadly supported the proposals for a replacement tax in Wales and emphasised that communities directly and adversely affected by the nuisance of a landfill site should receive some benefit by way of compensation for the detriment they suffer (which may have a disproportionate impact on specific protected groups). The proposed LDT Communities Scheme will enhance the wellbeing of communities.

The Welsh Government has also worked with stakeholders to help shape the development of the LDT Communities Scheme. A workshop was held in December 2015 aimed at establishing the principles that should underpin the scheme. A further workshop was held in March 2016 which looked in more detail at the principles and administration of the scheme as well as the types of projects that should be supported and the geographical focus of the scheme. A number of meetings were also held with landfill site operators in March and

September 2016 and the LDT Technical Experts Group in March and November 2016.

There is also ongoing wider stakeholder engagement on devolved taxation more generally, and specifically around the operation of WRA, and wide-ranging internal stakeholder engagement including through the LDT Project Board and with colleagues from the Fairer Futures Department in relation to any potential impacts of the policy and legislative proposals on the Gypsy, Roma & Traveller communities, and other protected groups.

The consultation responses and extensive stakeholder engagement has helped shape the policy development and legislative proposals of the Bill.

3. Your decisions must be based on robust evidence. What evidence base have you used? Please list the source of this evidence e.g. National Survey for Wales. Do you consider the evidence to be strong, satisfactory or weak and are there any gaps in evidence?

HMRC currently collects and manages all taxes in Wales, including LfT. As a public body, HMRC is already required to meet its responsibilities under the Equality Act 2010. This includes the need to recognise the impact that its decisions have on the nine protected groups: gender, race, disability, religion and other beliefs, gender reassignment, age, pregnancy and maternity, sexual orientation; and for the purposes of the requirement not to discriminate, marriage and civil partnership.

No information is currently published by HMRC relating specifically to equalities and LfT. In regards to general HMRC processes, the information published by HMRC relating to equalities will continue to be considered, as operational decisions are made in relation to WRA. It is expected that WRA will, as a

minimum, adhere to the same standards as HMRC. WRA will be added to the list of public authorities required to act in accordance with the public sector equality duty under the Equality Act 2010.

Careful consideration will continue to be given to ensuring that WRA meets the required service standards in relation to people with protected characteristics. These will be included in the charter of standards and values required by TCMA. This will apply to the collection and management of LDT.

In addition, impact assessments will be undertaken regularly during the establishment and implementation of WRA so as to ensure that the non-Ministerial department meets its obligations under the Equality Act 2010.

Impact

4.1 Do you think this policy / decision / practice will have a positive or negative impact on people because of their age?

Age	Positive	Negative	None / Negligible	Reasons for your decision (including evidence) / How might it impact?
<p>Younger people</p> <p><i>(Children and young people, up to 18)</i></p>			✓	<p>A Children's Rights Impact Assessment has been undertaken to inform the provisions of the Bill and found that there will be no direct impact on children as a result of the legislation. However, an indirect benefit, is that replacing LfT, with LDT following the disapplication of that tax in Wales will ensure that communities in Wales can continue to receive the benefit of an improved environment where positive environmental behaviour is encouraged through financial incentive and that the provision of public services in Wales can continue to receive the benefit of the revenues currently raised by LfT. In addition the LDT communities scheme may benefit children and young people living near landfill sites should the grant funding be awarded to projects benefiting this protected group.</p>

People 18-50			✓	<p>People aged 18 to 50 may be affected by LDT, however the provisions of the Bill are not considered to have a differential impact on this age group and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.</p> <p>The requirement to pay a tax on disposals by way of landfill exists now and will be replaced by the new tax.</p> <p>In addition the LDT communities scheme may benefit persons aged 18-50 living near landfill sites should the grant funding be awarded to projects benefiting this protected group.</p>
Older people (50+)			✓	<p>The digital agenda will be an important part of WRA's strategy for improving services to customers and this may have an impact on older people, who may be more likely to be 'digitally excluded'⁴.</p> <p>However, at the Landfill Site Operators' stakeholder meetings held in March 2016 and November 2015, landfill site operators (who will be the primary taxpayer</p>

⁴ Age Concern: *Introducing another World: older people and digital inclusion* http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Computers-and-technology/140_0809_introducing_another_world_older_people_and_digital_inclusion_2009_pro.pdf?dtrk=true

				<p>of LDT and will therefore be required to make the tax returns) welcomed the proposal to move to electronic submission of returns and suggested that this would be a more efficient way of making a tax return and would be in line with their current operational arrangements. In addition, the landfill site operator community is small, there are currently only 20 landfill site operators in Wales and it is anticipated that this figure will have decreased by 2018. Furthermore, the internet will not be the only way of engaging with WRA. However, as an operational decision for WRA, this is likely to be subject to a separate equality impact assessment. In addition the LDT communities scheme may benefit older persons living near landfill sites should the grant funding be awarded to projects benefiting this protected group.</p>
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4.2 Because they are disabled?

Impairment	Positive	Negative	None / Negligible	Reason for your decision (including evidence) / How might it impact?
Visual impairment			✓	The Bill is procedural and sets out the framework and structure for taxing disposals of waste by way

				<p>of landfill in Wales. It will therefore have minimal impacts on the needs of people with visual impairments.</p> <p>However, LDT will be collected and managed by WRA and the day to day operation of the tax may have a minimal impact on the visually impaired.</p> <p>In particular, the digital agenda will be an important part of WRA's strategy for improving services to customers and this may have an impact on this group. However, this does not mean that the internet will be the only way of engaging with the organisation. As an operational decision for WRA this is likely to be subject to a separate equality impact assessment.</p> <p>In addition the LDT communities scheme may benefit visually impaired persons living near landfill sites should the grant funding be awarded to projects benefiting this protected group.</p>
Hearing impairment			✓	<p>As above - the day to day operation of WRA may also have a minimal impact on those with a hearing impairment. This impact comes if hearing impaired people want to contact the organisation by telephone. As an operational decision for WRA this is likely to be</p>

				<p>subject to a separate equality impact assessment. In addition the LDT communities scheme may persons with a hearing impairment living near landfill sites should the grant funding be awarded to projects benefiting this protected group.</p>
Physically disabled			✓	<p>As above - the day to day operation of WRA may also have a minimal impact on the physically disabled, if they are not able to use standard computer equipment to submit tax returns and other documentation. This may be mitigated by the use of specialist hardware equipment such as a specially adapted keyboard and/or mouse, which a physically disabled person who wishes to access the internet generally may already have access.</p> <p>As an operational matter for WRA this is likely to be subject to a separate equality impact assessment.</p> <p>In addition the LDT communities scheme may benefit physically disabled persons living near landfill sites should the grant funding be awarded to projects benefiting this protected group.</p>

Learning disability			✓	<p>The provisions of the Bill are not considered to have a differential impact on those with learning disabilities and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.</p> <p>However, in establishing WRA services consideration will need to be given to how accessible they will be for people with learning disabilities.</p> <p>The LDT communities scheme may benefit those persons with a learning disability living near landfill sites should funding be awarded to projects benefiting this protected group.</p>
Mental health problem			✓	<p>The provisions of the Bill are not considered to have a differential impact on those with mental health problems and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.</p> <p>The LDT communities scheme may benefit those persons with mental health problems living near landfill sites should the grant funding be awarded to projects benefiting this protected group.</p>

Other impairments issues			✓	<p>The provisions of the Bill are not considered to have a differential impact on those with other impairment issues and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.</p> <p>The LDT communities scheme may benefit those persons with impairment issues not previously mentioned who are living near landfill sites should the grant funding be awarded to projects benefiting this protected group.</p>
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4.3 Because of their gender (man or woman)?

Gender	Positive	Negative	None / Negligible	Reason for your decision (including evidence)/ How might it impact?
Male			✓	<p>The provisions of the Bill (i.e. the replacement of LfT with LDT in Wales (and the associated tax collection and management framework)) are not considered to have a differential impact due to gender and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.</p>
Female			✓	

4.4 Because they are transgender?

Transgender	Positive	Negative	None /	Reason for your decision
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			Negligible	(including evidence) / How might it impact?
			✓	The provisions of the Bill (i.e. the replacement of LfT with LDT in Wales (and the associated tax collection and management framework)) are not considered to have a differential impact on those who are transgender and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.

4.5 Because of their marriage or civil partnership?

Marriage and Civil Partnership	Positive	Negative	None / Negligible	Reason for your decision (including evidence)/ How might it impact?
Marriage			✓	The provisions of the Bill (i.e. the replacement of LfT with LDT in Wales (and the associated tax collection and management framework)) are not considered to have a differential impact due to marital status and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.
Civil Partnership			✓	The provisions of the Bill (i.e. the replacement of LfT with LDT in Wales (and the associated tax collection and management

				framework)) are not considered to have a differential impact due to civil partnership and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.
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4.6 Because of their pregnancy or maternity?

Pregnancy and Maternity	Positive	Negative	None / Negligible	Reason for your decision (including evidence) / How might it impact?
Pregnancy			✓	The provisions of the Bill (i.e. the replacement of LfT with LDT in Wales (and the associated tax collection and management framework)) are not considered to have a differential impact due to pregnancy and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.
Maternity (the period after birth)			✓	The provisions of the Bill (i.e. the replacement of LfT with LDT in Wales (and the associated tax collection and management framework)) are not considered to have a differential impact due to maternity (or paternity) and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector

				Equality Duty.
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4.7 Because of their race?

Race	Positive	Negative	None / Negligible	Reason for your decision (including evidence) / How might it impact?
Ethnic minority people e.g. Asian, Black,			✓	The provisions of the Bill (i.e. the replacement of LfT with LDT in Wales (and the associated tax collection and management framework)) are not considered to have a differential impact due to ethnicity or race and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.
National Origin (e.g. Welsh, English)			✓	
Asylum Seeker and Refugees			✓	
Gypsies and Travellers			✓	
Migrants			✓	
Others			✓	

4.8 Because of their religion and belief or non-belief?

Religion and belief or non – belief	Positive	Negative	None / Negligible	Reason for your decision (including evidence)/ How might it impact?
Different religious groups including Muslims, Jews,			✓	The provisions of the Bill (i.e. the replacement of LfT with LDT in Wales (and the associated tax collection and management framework)) are not

Christians, Sikhs, Buddhists, Hindus, Others (please specify)				considered to have a differential impact for those of different religions, beliefs or non beliefs and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.
Belief e.g. Humanists			✓	
Non-belief			✓	

4.9 Because of their sexual orientation?

Sexual Orientation	Positive	Negative	None / Negligible	Reason for your decision (including evidence)/ How might it impact?
Gay men			✓	The provisions of the Bill (i.e. the replacement of LFT with LDT in Wales (and the associated tax collection and management framework)) are not considered to have a differential impact due to sexual orientation and will not affect the Welsh Government's or WRA's ability to comply with the general Public Sector Equality Duty.
Lesbians			✓	
Bi-sexual			✓	

4.10 Do you think that this policy will have a positive or negative impact on people's human rights? *Please refer to point 1.4 of the EIA Annex A - Guidance for further information about Human Rights.*

Human Rights	None / Negligible	Reason for your decision (including evidence) / How might it impact?

<p>Human Rights including Human Rights Act and UN Conventions</p>	<p>✓</p>	<p>The Human Rights Act (1998), which partially incorporates the European Convention on Human Rights (ECHR), has been considered in this Equalities Impact Assessment. Overall, the assessment finds that the impact is neutral, because the Bill maintains existing safeguards (as it replaces an existing tax).</p> <p>The Government of Wales Act 2006 states that a Bill will not be within the legislative competence of the National Assembly for Wales if it is incompatible with rights under the ECHR (section 108(6) (c) GOWA 2006).</p> <p>The principal Articles which are relevant for the purposes of this Bill are:</p> <ul style="list-style-type: none"> • Article 1 of the 1st Protocol which guarantees the right to peaceful enjoyment of property but does allow a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties; • Article 6 which guarantees the right to a fair and public hearing in the determination of civil rights and obligations and criminal charges and affords further rights where a person is charged with a criminal offence; • Article 8 which requires respect for private and family life, but this can be subject to reasonable and proportionate interference by the State in some circumstances; • Article 14 which provides freedom for a person to enjoy their rights under the ECHR without discrimination. <p>Article 1 of the 1st Protocol is relevant because the Bill provides for the control of the use of property. For example, the inspection powers under section 58 provide for WRA to access premises and material relating to the assessment of tax such as documents, including those held on electronic devices. This may ensure compliance with and</p>
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	<p>payment of the tax and penalties in certain circumstances. The provisions of the Bill have however been devised with the principle of proportionality in mind and ensuring that there are adequate safeguards built into the system.</p> <p>Article 6 is complied with as the taxpayer will have rights of appeal against WRA decisions in relation to LDT.</p> <p>Article 8 is relevant as the Bill supplements powers of inspection contained in TCMA; the use of these may interfere with a person's privacy rights. However, the Welsh Government believes that any interference is justified and proportionate, in particular it is subject to a number of safeguards, including the requirement to obtain prior consent from the relevant person or authorisation from the Tax Tribunal.</p> <p>Although the Bill does contain special provisions which treat certain persons differently from others (for example corporate groups, partnerships), the Welsh Government does not consider that any such treatment constitutes unlawful discrimination in breach of Article 14. To the extent that Article 14 (along with, for example, Article 1 Protocol 1) is engaged, any difference in treatment pursues a legitimate aim (for example it takes account of a specific characteristic of partnerships), and is not disproportionate. The compatibility of the Bill with the ECHR (including the Articles above) has been considered prior to the introduction of the legislation. That analysis has found that the bill does not contain provisions that are incompatible with the ECHR.</p>
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Declaration

The policy does not have a significant impact upon equality issues

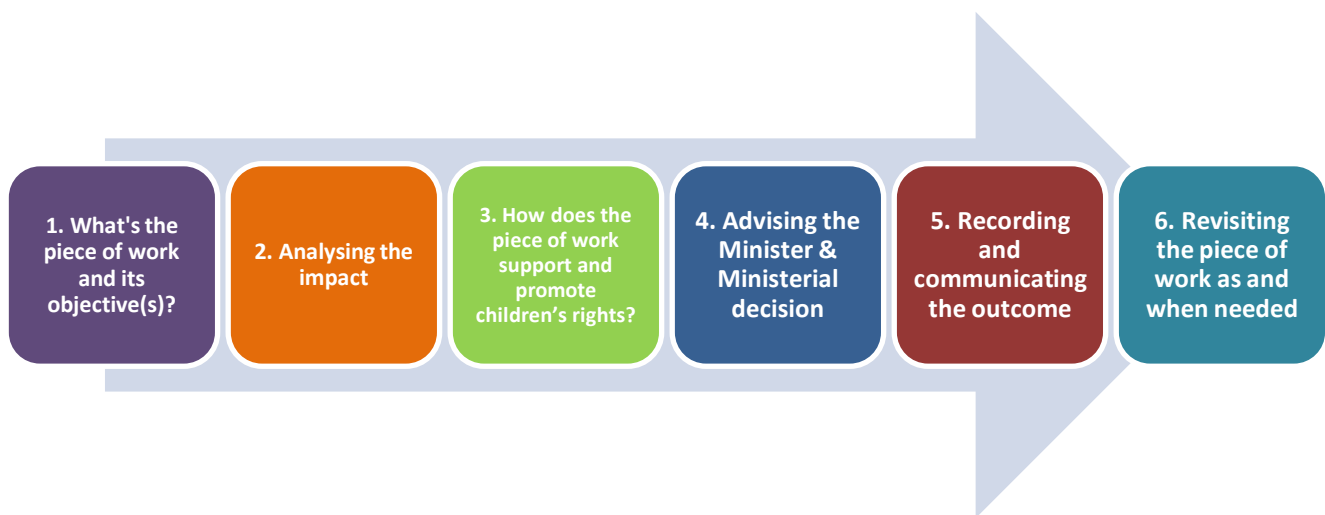
Official completing the EIA
Name: Landfill Disposals Tax Team
Department: Welsh Treasury
Date: November 2016; updated June 2017
Signature:
Head of Division (Sign-off)
Name: Head of Tax Policy and Legislation
Department: Welsh Treasury
Date: November 2016; updated June 2017
Signature:
Review Date: July 2017



Children's Rights Impact Assessment (CRIA)

Title / Piece of work:	Landfill Disposals Tax (Wales) Bill
Department:	Welsh Treasury
Date:	November 2016; updated June 2017

Six Steps to Due Regard



Step 1: What's the piece of work and its objective(s)?

The Landfill Disposals Tax (LDT) (Wales) Bill ('the Bill') is the last of three bills to establish devolved tax arrangements in Wales. This legislation is interlinked with the Tax Collection and Management (Wales) Act 2016 ("TCMA") which provides the powers and duties to collect the tax, and follows the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 which received Royal Assent in May 2017.

The Bill will ensure public services in Wales can continue to receive the benefit of the revenues currently raised by LfT. The Office for Budget Responsibility forecast landfill tax revenue at £25 million in 2018-19.

Like, LfT, LDT will aim to:

Alter the balance of incentives to encourage the diversion of waste from landfill and to encourage greater reuse, recycling and recovery of waste.

The Bill supports the Welsh Government policies with regard to sustainable development, the environment, climate change and, in particular, the pursuit of its ambitious goal of zero waste. In addition, the Bill supports the wider UK 'polluter pays' principle, that those who produce pollution should bear the costs of managing it to prevent damage to human health or the environment.

In line with the views of stakeholders, the legislation will be broadly consistent with the LfT regime in terms of administrative processes and taxes rates arrangements. This will provide stability, certainty and reassurance to businesses, whilst taking the opportunity to refresh, refine and update the legislation to reflect the current legislative landscape and existing practices.

The Bill aims to:

- Produce clear and coherent legislation for the taxpayer and the tax collection and management authority which is tailored to meet Welsh circumstances;
- Develop a fair and robust compliance and enforcement framework;
- Deliver an efficient and effective modern administration of tax.

In particular the Bill sets out:

- The definition of a "taxable disposal" on which LDT will be charged;

- What is meant by an authorised landfill site and what is expected of landfill site operators in terms of their liability to pay LDT, the duty to register with WRA, how to account for LDT etc.;
- The application of LDT to disposals made other than at an authorised landfill site and who is liable for LDT on such disposals;
- How LDT will be calculated, what rate of tax will apply and what exemptions, reliefs and credits may apply;
- A duty on the Welsh Ministers to prepare and publish a Landfill Disposals Tax Communities Scheme;
- Details of the groups of qualifying material, specified materials and conditions (if any) associated with the material that may qualify for the lower rate of tax;
- Duties on taxpayers to make payments and pay penalties and interest in certain circumstances; and
- The inspection of premises for the purpose of ascertaining a person's liability to LDT, and about the sharing of information between certain public authorities for the purpose of LDT.

The Bill is procedural and sets out the framework and structure for taxing disposals of waste by way of landfill in Wales. It is intended to impact directly on landfill site operators as the taxpayer, WRA as the collection and management authority and indirectly on the wider waste industry. Therefore, the Bill in isolation is unlikely to have a direct impact on children and young people. However, the Bill has been developed with the Welsh Government's fundamental tax principles at its core. Upholding these principles may have an indirect beneficial effect, in particular in relation to child poverty. The Welsh Government's stated tax principles are:

- Simplicity – to be simple with clear rules which seek to minimise compliance and administration costs;
- Providing stability and certainty to taxpayers, with changes subject to proper consultation with stakeholders;
- Fairness – to be fair to businesses or individuals who pay taxes; and
- Supporting public services, growth and jobs, which will in turn help tackle poverty.

In addition the Bill makes provision for the Welsh Ministers to set LDT tax rates in secondary legislation. The Welsh Government has committed to announcing these tax rates by 1 October 2017. This could be viewed as a tool to positively influence the waste industry and thereby boost the economy. The tax will seek to alter the balance of incentives to encourage greater prevention, reuse, recycling and recovery of waste. This will have a positive impact on Welsh communities and may indirectly have an impact on children, particularly in relation to child poverty. This will be explored in a separate RIA as part of the development of the secondary legislation.

The Welsh Government wants to eradicate child poverty by 2020 and it is recognised that to tackle child poverty, poverty itself must be tackled as a whole, which includes working with children, young people and adults. The objectives of the strategy are:

1. To reduce the number of families living in workless households, as children living in workless households are particularly at risk of living in poverty;
2. To increase the skills of parents and young people living in low-income households so they can secure well-paid employment and in-work progression, as in-work poverty is a growing issue; and
3. To reduce the inequalities which exist in the health, education and economic outcomes of children and families by improving the outcomes of the poorest. Preventing poverty is fundamental to our long term vision for supporting low income households.

These objectives cannot be achieved without investment by the public sector, which in turn relies on tax receipts. Not implementing LDT would result in a reduced budget for the Welsh Government, which would mean less resource to spend on public services in Wales. It is likely therefore that not introducing LDT would have a disproportionate effect, or disbenefit, on child poverty, as families in lower income households in Wales are among those who may benefit the most from public services. Therefore, introducing a replacement tax and protecting public service spend is a positive action in relation to child poverty.

Further, without a replacement Landfill Tax sending waste to landfill would become the cheapest waste management option. This would impact the waste management system in Wales and may undermine efforts in Wales to promote the waste hierarchy (as set out in the EU Waste Framework Directive) which seeks to divert waste from landfill through greater

prevention, re-use, recycling and recovery of waste. This may affect the ability of the Welsh Government to meet its own ambitions and targets for the management of waste set out in its *Towards Zero Waste Strategy*⁵. It would also impact on the Welsh Government's wider aims with regard to sustainable development, climate change and the environment. This would in turn have an indirect impact children and young persons as Wales' future generations.

The Wales/England border is populous and has a range of waste management businesses including landfill sites along both its sides. Not introducing a replacement tax in Wales would likely trigger cross border movement of waste with waste carriers in England and further afield travelling to Wales to dispose of their waste. There would in turn be wellbeing and environmental impacts for communities and their children and young people, for example, from increased disruption for residents near landfill sites and waste transfer stations and growing pressure on Wales' remaining landfill sites with potential calls for new landfill sites to be developed. Therefore the implementation of LDT would continue to encourage positive environmental behaviour and mitigate against the risk of cross border movement of waste and the consequences for Welsh communities, children and young people. In addition the establishment of the LDT communities scheme in Wales will provide grant funding to support biodiversity, waste minimisation and other environmental and social enhancement projects in areas affected by the disposal of waste to landfill, which may benefit children and young people.

The Bill was introduced into the National Assembly for Wales on 28 November 2016.

Subject to the Bill being passed by National Assembly for Wales it is anticipated that Royal Assent should be received in summer 2017.

It is intended to commence implementing the provisions of the Bill from 2017/2018 in preparation for LDT going live in April 2018.

⁵ http://gov.wales/topics/environmentcountryside/epg/waste_recycling/zerowaste/?lang=en

Step 2: Analysing the impact

The Welsh Government published a public consultation on the collection and management of devolved taxes in Wales from 23 September to 15 December 2014. This White Paper sought views on key policy areas of the Bill from stakeholders including tax professionals and businesses. Alongside the consultation, a public exhibition of historical taxes was established and displayed at several public locations throughout Wales. Further information about the consultation and details of the stakeholder responses received are available on the Welsh Government website:

<http://gov.wales/consultations/finance/devolved-taxes/?lang=en>

The responses to the consultation helped to shape TCMA which received Royal Assent in April 2016. TCMA puts in place the legal framework necessary for the future collection and management of devolved taxes in Wales. In particular, TCMA provides for the establishment of WRA whose main function will be the collection and management of devolved taxes.

There has been significant external stakeholder engagement throughout the policy development process for the LDT Bill, including workshops in locations across Wales during the Welsh Government's spring 2015 *Developing a Landfill Disposals Tax* consultation. Respondents were able to submit their views and comments on paper or online, and in either Welsh or English. The consultation was widely publicised via digital media, newsletters and other publications.

There was good overall interest in the 12-week public consultation which commenced on 24 February and ended on 19 May 2015. The consultation webpage received 2,040 visits and the consultation document was downloaded 269 times.

In total the consultation received 279 responses from a wide range of stakeholders including contributions from individuals and various organisations representing different sectors from across Wales and the UK including the waste industry, environmental bodies and the third sector as well as tax experts.

As part of the consultation responses, the Welsh Government received 138 letters from members of Wildlife Trust Wales in support of allocating a proportion of LDT Revenue to

enhance community wellbeing. Further information about the consultation and details of the stakeholder responses are available at:

<http://gov.wales/consultations/finance/landfill-disposals-tax/?lang=en>

The Welsh Government held several stakeholder engagement events during the consultation period. These included meetings open to all stakeholders and the public in Cardiff on 23 April 2015 and Llandudno on 29 April 2015 as well as a separate meeting in Cardiff on 7 May 2015 with a landfill site operators' stakeholder group established by the Welsh Government. Landfill site operators will be liable to pay LDT. Officials also visited Landfill Community Fund projects and observed a Distributive Environmental Body's' panel meeting.

There has also been significant external engagement with multiple stakeholders at meetings of the LDT Technical Experts Group, Tax Forum and the Tax Advisory Group for Wales¹ and with tax experts during the consultation process and throughout the policy and legislative development. This included representatives from:

- The Confederation of British Industry (CBI)
- The Federation of small businesses (FSB)
- The Institute of Directors (IOD)
- The Institute for Fiscal Studies
- The Bevan Foundation
- The Trades Union Congress (TUC) Wales
- The Law Society
- The Welsh Local Government Association (WLGA)
- The Institute of Chartered Accountants in England & Wales (ICAEW)
- Geldards LLP; and
- The Wales Council for Voluntary Action (WCVA)

The WCVA represent and campaign for voluntary organisations, volunteers and communities, a number of whom represent children and young people.

Although no responses to the LDT consultation were received from organisations representing the interests of children and young people, relevant responses included the WCVA and the Bevan Foundation. These organisations broadly supported the proposals for a replacement tax in Wales and emphasised that communities directly and adversely affected by the nuisance of a landfill site should receive some benefit by way of compensation for the detriment they suffer (which may have a disproportionate impact on children and young people). The proposed LDT Communities Scheme will allocate a proportion of LDT revenue

to enhance the wellbeing of communities in Wales and consequently their children and young people.

The Welsh Government has also worked with stakeholders to help shape the development of the LDT Communities Scheme. A workshop was held in December 2015 aimed at establishing the principles that should underpin the scheme. A further workshop was held in March 2016 which looked in more detail at the principles and administration of the scheme as well as the types of projects that should be supported and the geographical focus of the scheme. A number of meetings were also held with landfill site operators in March and September 2016 and the LDT Technical Experts Group in March and November 2016.

There is also ongoing wider stakeholder engagement on devolved taxation more generally, and specifically around the operation of WRA, and wide-ranging internal stakeholder engagement including through the LDT Project Board and with colleagues from the Fairer Futures Department in relation to any potential impacts of the policy and legislative proposals on the Gypsy, Roma & Traveller communities, and other protected groups which includes children and young people.

The consultation responses and extensive stakeholder engagement has helped shape the policy development and legislative proposals of the Bill.

Positive Impacts

As set out above, the Bill will indirectly make a positive impact on the lives of children.

Firstly, the introduction of LDT will have an indirect positive impact on children and young people as the taxes collected will be available to help fund public services in Wales. LDT will be collected by WRA and will be paid into the Welsh Consolidated Fund for subsequent allocation to Welsh public services in line with the Welsh Government's priorities. This is approved by the National Assembly for Wales as part of agreeing the annual budget. The allocation of funding is intended to have a positive impact on the lives of all children and young people and it is recognised that children and young people are disproportionately affected by inequality and have therefore the most to gain from funding public services.

Secondly, like LFT, LDT seeks to alter the balance of incentives to encourage diversion of waste from landfill and greater recycling, re-use and recovery of waste. It is therefore anticipated that LDT will provide a useful additional lever to support the Welsh Government's policies, including the pursuit of its ambitious goal of zero waste. This will assist in reducing the impact on the environment and climate change and will in turn improve the quality of life and life expectancy of children and young people.

Thirdly, implementing the replacement tax will mitigate against the potential risk of cross border movement of waste and any consequences for Welsh communities, children and young people. This will also be supported by the establishment of the LDT Communities Scheme.

Finally, the introduction of the replacement tax and the ability of the Welsh Ministers to set LDT tax rates in secondary legislation could be viewed as a tool to positively influence the waste industry and thereby boost the economy. The Welsh Government recognises that businesses require long-term stability and certainty on which to base their business plans and investments. The Welsh Government recognises stakeholders' views on the need for consistency in this area. An announcement on tax rates will be made by 1 October 2017, ahead of the introduction of LDT in April 2018. LDT in supporting a strong economy for business people and communities in Wales has the potential to strengthen the conditions that will enable businesses to create jobs and sustainable economic growth. This will in turn help tackle poverty, including child poverty; and provide stability and certainty to taxpayers.

Negative Impacts

No direct negative impacts have been identified as a result of this Bill. There are potential indirect impacts if future tax rates set for Wales lead to a reduced financial incentive for continued diversion of waste from landfill; and greater use of other forms of disposal of waste in line with the waste management hierarchy structure (as set out in the EU Waste Framework Directive) as a result of the potential environmental and cross border movement of waste implications; and reduced revenue for public service delivery.

LDT tax rates will be announced by 1 October 2017 and set through secondary legislation ahead of LDT going live in Wales in April 2018. It is anticipated that a separate impact assessment on the impact for children and young people will be undertaken at that time.

Step 3: How does your piece of work support and promote children's rights?

The proposals within this Bill have the potential to indirectly positively affect many of the articles within the UNCRC. This includes four articles that are given special emphasis within the UN Convention known as 'general principles'. These rights are the bedrock for securing the additional rights in the UN Convention:

- that all the rights guaranteed by the UNCRC must be available to all children without discrimination of any kind (Article 2); that the best interests of the child must be a primary consideration in all actions concerning children (Article 3);
- that every child has the right to life, survival and development (Article 6);
- that the child's view must be considered and taken into account in all matters affecting him or her (Article 12); and
- that children and young people should get financial support from the State when their parents or guardians are unable to provide them with a good enough standard of living by themselves, (Article 26).

In addition the proposals of the Bill supports Article 24 of the UNCRC that children have the right to good quality health care and to clean water, nutritious food and a clean environment so that they will stay healthy.

Whilst the Bill itself does not directly seek to further these rights, tax revenues from disposals to landfill in Wales from April 2018 may – as is the case at the moment - be used to fund schools and hospitals and other services, a number of which will be accessed more frequently by children and young people than by adults. In addition, LDT seeks to alter the balance of incentives to encourage the diversion of waste from landfill and encourage re-use, recycling and recovery of waste. This will support the Welsh Government's waste polices and the protection of the future environment for Welsh communities and their children and young people.

It is also recognised that WRA, as the body that will be responsible for the collection and management of taxes in Wales, including LDT from April 2018, has an indirect role in relation to improving services for children and young people. Whilst the TCMA does not itself require it, it is envisaged that the WRA would seek to uphold this role when undertaking the responsibilities including:

- Written correspondence;
- Telephone communications;
- Public meetings in Wales;
- Publicity campaigns, exhibitions and advertising;
- Publications and web sites; and
- Forms and associated explanatory material.

These are largely operational decisions for the WRA and as such are likely to be subject to separate impact assessment on the rights of children and young people.

Step 4: Advising the Minister and Ministerial decision

This Children's Rights Impact Assessment is evidence of consideration of the UNCRC in relation to the Bill. It will be necessary to review and update accordingly over the progress of the Bill's development.

Step 5: Recording and communicating the outcome

This Children's Rights Impact Assessment is stored on the Welsh Government's record management system and published to the Welsh Government website for public access, and to assist the National Assembly for Wales with its scrutiny of this Bill.

This is a live document and has been updated during the development of the policy and Bill. This version reflects the content of the Bill following the conclusion of Stage 2 of the National Assembly for Wales' legislative scrutiny process on 11 May 2017.

Step 6: Revisiting the piece of work as and when needed

As highlighted above, this is a live document and has been updated during the development of the Bill policy. This version reflects the content of the Bill following the conclusion of stage 2 of the National Assembly for Wales' legislative scrutiny process on 11 May 2017.

It will also be further assessed and updated to reflect any changes following any amendments made to the Bill at Stage 3 of the National Assembly for Wales' legislative scrutiny process and as and when relevant during the implementation of this Bill, once it is enacted.

Budgets

Does the piece of work have any associated allocation of budget?	NO
Please give any details:	

Monitoring & Review

Do we need to monitor / review the proposal?	Yes
If applicable: set the review date	June/July 2017

Sustainable Development Impact Assessment

Landfill Disposals Tax (Wales) Bill

Introduction

1. The central organising principle of the Welsh Government is sustainable development: “sustainable development means enhancing the economic, social and environmental well-being of people and communities, achieving a long term better quality of life for our own and future generations in ways which promote social justice and equality of opportunity”. The Landfill Disposals Tax (“LDT”) (Wales) Bill (“the Bill”) seeks to promote this principle by introducing LDT, a tax on disposals of waste by way of landfill, as a replacement tax following the disapplication of Landfill Tax (“LFT”) in Wales.

Policy Background

2. Landfill Tax was introduced in 1996 as a means of influencing positive environmental behavioural change

‘...to ensure that landfill costs reflect environmental impact thereby encouraging business and consumers, in a cost effective and non-regulatory manner, to produce less waste; to recover value from more of the waste that is produced; and to dispose of less waste in landfill sites’⁶.

3. It was the UK’s first tax with an explicit environmental purpose. It embraced the philosophy that ‘the polluter should pay’ with the then Chancellor stating that:

“I want to raise tax on polluters to make producers aware of the true costs of their activities”.

4. HMRC documentation⁷ setting out the rationale for Landfill Tax explains that the Government felt that it was important that disposal costs reflected some of the environmental impact of landfill, such as the damage caused by the generation of methane (which contributes to global warming), pollution of groundwater, and the nuisance to local residents. Moreover, at this time many waste producers did not consider the possibility of minimising waste production in the first place or recovering value from that which they produced for example through recycling. There was substantial scope for businesses to adopt better waste management practices - and the introduction of the tax provided a further incentive for them to do so.
5. The introduction of the tax followed several publications and reports; these included the UK Government’s White Paper ‘A common inheritance’ in 1992 which recognised that a change was necessary in the way both industry and householders disposed of their waste [i.e. by landfill]; a report from the Royal Commission on Environmental Pollution in 1993 recommended that a levy be applied to all waste deposited in landfill sites and the UK Government’s White paper on waste policy in 1995 noting the negative externalities of landfill.

⁶ UK Waste Strategy (DoE and WO 1995:cited in ECOTEC, 2001)

⁷ HMRC Staff Guidance Manual LFT1040 *Rationale for Landfill Tax*

6. Since its introduction in 1996 the standard rate of Landfill Tax has risen from £7/tonne to £86.10/tonne in 2017⁸. During this time the amount of waste disposed of at landfill sites has significantly reduced whilst there has been a corresponding increase in recycling. In Wales, the total tonnage of waste landfilled fell by 52% between 2001 and 2013⁹. This is illustrative of the success of Landfill Tax as a policy instrument.
7. In 2014 the UK Government announced tax rates would be maintained in real terms (by the rate of inflation as measured by the Retail Price Index). Stakeholders have commented that the standard rate of Landfill Tax has now reached an optimum level where landfilling these materials is the most expensive, and therefore least attractive, means of waste disposal.
8. In preparing for the Bill, an analysis of existing LfT legislation and Scottish Landfill Tax (“SLfT”) legislation has been undertaken. Like LfT, LDT seeks to alter the balance of incentives to encourage the diversion of waste from landfill and greater prevention, recycling, reuse and recovery of waste. The Welsh Government has considered the views of stakeholders and agrees that LDT should, where possible, be consistent with LfT, whilst taking the opportunity to clarify, update and refine the legislation to reflect current practices and Welsh circumstances. It is anticipated that this will provide certainty and stability for taxpayers and the wider waste industry. It is expected that taxpayers will pay LDT to the Welsh Revenue Authority (WRA) from April 2018.
9. LDT tax rates will be announced by the Welsh Government by 1 October 2017 in readiness for the date when LDT is devolved to Wales. The Welsh Government recognises stakeholders’ views regarding the importance of consistency with the rest of the UK to mitigate against the risk a differential tax rate between neighbouring countries creating the movement of waste across borders where it is more economically beneficial for waste carriers to travel further across country borders to dispose of waste. The majority of landfill sites in Wales (and the Welsh population) are within 50 miles of the England/Wales border. There are even more landfill sites within 50 miles of the border on the English side. Many landfill sites in the north-east and south-east of Wales are much closer than this to sites in England. Analysis of haulage rates suggests that a relatively small differential of less than £10 in rates between Wales and England could introduce a significant financial incentive for cross border movement of waste. Linked to this the Bill sets out the list of qualifying materials which would be subject to the lower rate of tax. This provides clarity and certainty for landfill site operators as the taxpayer and the wider waste industry.
10. The success of Landfill Tax is likely to result in reducing revenues over future years until eventually a ‘tipping point’ is reached when the cost of administering the tax is higher than the revenue recovered. It is anticipated that incineration and other alternative forms of waste disposal (for example increased recycling and reuse) will render LDT revenues marginal over coming decades. Likewise, the number of landfill sites in Wales is reducing and is expected to be fewer than 10 by 2020 (down from 29 in 2014). Consequently, there are other important issues to focus on going forward, including the negative externalities of landfill tax such as illegal waste sites.
11. Not introducing a replacement tax would however encourage negative environmental behaviours. Therefore despite the diminishing nature of the tax it is important that a

⁸ The lower tax rate was £2/tonne when the tax was introduced in 1996 and rose to £2.70/tonne in April 2017.

⁹ Source of information: Natural Resources Wales

replacement tax is introduced in Wales to drive positive environmental behaviours and support the Welsh Governments goal of zero waste.

12. Further, not introducing a replacement tax in Wales would likely trigger the movement of waste across borders. There would also be wellbeing and environmental impacts for communities, for example, from increased disruption for residents near landfill sites and waste transfer stations; increasing the carbon footprint of waste disposal and an increase in hazardous waste travelling further distances on major roads and through residential areas and growing pressure on Wales' remaining landfill sites with potential calls for new landfill sites to be developed.
13. In spring 2015 a consultation *Developing a Landfill Disposals Tax*¹⁰ was published setting out the policy context of this Bill. In further developing the policy and establishing LDT to meet the needs and circumstances of Wales, the Welsh Government has drawn on the responses to the consultation, a summary of which was published in September 2015¹¹.
14. In developing LDT for Wales, the Welsh Government has applied the following principles in the development of devolved tax policy and legislation:
 - be fair to businesses and individuals who pay them;
 - be simple, with clear rules which seek to minimise compliance and administration costs;
 - support public services, growth and jobs that in turn help tackle poverty; and
 - provide stability and certainty for tax payers.
15. In preparing this legislation the Welsh Government has considered the well-being goals as set out in the Well-being and Future Generations Act 2015. The Waste Policy of the Welsh Government promotes these well-being goals and the Bill supports those policies. By ensuring that a replacement to the existing LfT is introduced in Wales the Welsh Government will continue to meet its waste policies which will assist in safeguarding the environment for future generations. In addition it ensures that the provision of public services in Wales can continue to receive the benefit of the revenues currently raised by LfT, thereby having a positive impact on communities in Wales.
16. LDT seeks to alter the balance of incentives to encourage the diversion of waste to landfill and greater recycling, reuse and recovery of waste in line with the waste hierarchy. Maintaining a tax on disposals of waste by way of landfill following the switch off of the existing LfT in April 2018 will assist in ensuring that landfill is the least cost effective method of disposing of waste. It is anticipated that this will encourage investment in alternative environmentally friendly technologies for the disposal of waste. Maintaining consistency with the existing tax regimes in both England and Scotland will provide certainty to taxpayer (the landfill site operator) and the wider waste industry who will have confidence to make long term investment plans. This will encourage growth in the economy including jobs growth in Wales and have a positive impact on those areas. In addition this will have a positive impact on cross border economies.

¹⁰ *Developing a Landfill Disposals Tax* Consultation (24 February – 19 May 2015) available at:

<http://gov.wales/consultations/finance/landfill-disposals-tax/?lang=en>

¹¹ *Developing a Landfill Disposals Tax Consultation - Summary of Responses* (September 2015) available at:

<http://gov.wales/consultations/finance/landfill-disposals-tax/?lang=en>

17. There has been significant external stakeholder engagement both through formal consultation and regular meetings throughout the policy development process, and on the LDT legislative proposals, including workshops across Wales during the consultation process on LDT legislative proposals in 2015. These stakeholders included, those businesses (or their representatives) who are likely to be impacted by the Bill. These businesses are largely in favour of the proposals, welcoming the LDT approach to remain broadly consistent with the existing LfT arrangements.
18. As mentioned above, the tax will be decreasing in nature as less waste is disposed of by way of landfill. This will further support Welsh Government efforts to safeguard the environment and promote climate change. It will also have a positive impact of the health and wellbeing of communities in close proximity to existing landfill sites. Responses to the spring 2015 consultation were received from Wales Council for Voluntary Action, the Bevan Foundation and other third sector organisations. These organisations broadly supported proposals for a replacement tax, but emphasised the need to allocate a proportion of LDT revenue to support community wellbeing initiatives that have an environmental focus and will include biodiversity and waste minimisation projects (as landfill sites can have a disproportionate impact on communities). This will be achieved through the LDT Communities Scheme (LDT CS) which will support biodiversity, waste minimisation and other environmental and social enhancement projects in areas affected by the disposal of waste to landfill.
19. The Bill proposes to extend the scope of the existing LfT legislation to include charging LDT on unauthorised disposals of waste. This is likely to have a positive impact on the communities that live near illegal waste sites. These illegal sites often operate without the relevant infrastructure and safeguards in place which could impact on the health of nearby communities. Currently the financial benefit of operating these sites far outweighs the risk of being caught. The WRA will have the power to collect the tax revenue generated from these illegal sites, accordingly there is a much higher financial risk for those involved in illegal waste activity. It is likely to deter any further illegal waste site from being established and deter current sites from continuing to trade in without the relevant environmental permits being in place.
20. One of the features of LfT system is site restoration whereby, a void that has previously been used for the landfilling of waste is restored in accordance to specific criteria. This enhances a bio diverse natural environment.
21. Overall the Bill supports the Welsh Government's principle of sustainable development and that contained in the Well-being of Future Generations Act 2015 by having a positive impact on Welsh communities' health and wellbeing, the environment and growth in the economy.

Rural Proofing Screening Tool

This is the initial stage to identify whether you need to complete a Rural Proofing Checklist.

Title of Policy/ Programme/Initiative	Landfill Disposals Tax
Division/Department	Treasury
Contact name:	Landfill Disposal Tax Team
Job Title:	Landfill Disposals Tax Policy Lead
Date of review (to be completed by Rural Proofing Team)	

Rural Proofing Screening Tool

1. Does your policy apply to rural individuals, businesses or communities?
If no, please set out the reasons why:

Yes.

We are developing a replacement for Landfill Tax when it is devolved to Wales in April 2018. Landfill Tax is paid by landfill site operators who pass on these costs to waste carriers and subsequently businesses/local government via their gate fee.

There are currently 25 landfill sites and 20 operators in Wales; a number of these are located in rural areas.

If yes:

- a) Does the policy have the potential to have a negative impact on rural areas and communities? Please use the rural proofing checklist on the Intranet.
- b) Does the policy have the potential to have a positive impact on rural areas and communities? Please explain how:

A stakeholder engagement plan was developed for this project which was used to consult with a range of stakeholders including the Federation of Small Businesses, Country Landowners Association, Farming Unions, National Trust and Welsh Local Government Association.

Negative impact: No

Positive impact: Yes

We have decided that there are a number of areas where there is merit in maintaining consistency with existing arrangements in order to provide the waste industry with stability and certainty.

One area where we propose to differ to the existing Landfill Tax is by extending the scope of the tax so that LDT can be charged on unauthorised disposals of waste. Unauthorised waste sites can pose environmental and health concerns for our rural communities as well as being an eyesore. This proposal will offer an additional financial deterrent to this activity, positively impacting on rural communities where some of this activity occurs.

Were a replacement tax on disposals by way of landfill not to be introduced in Wales, then sending waste to landfill would become the cheapest waste management option. This would have significant environmental impacts and would also impact upon the waste management system in Wales. This may also have a detrimental impact on rural communities located near landfill sites and waste transfer stations from increased disruption and an increase in waste travelling further distances on roads and through rural areas. In addition, the growing pressure on the few remaining landfill sites may result in calls for new landfill sites to be developed, potentially in rural areas. Therefore LDT is expected to have a positive impact on rural communities, this includes through the establishment of the LDT Communities Scheme which will support biodiversity, waste minimisation and other environmental and social enhancement projects in areas affected by the disposal of waste to landfill.

The tax itself is not expected to have a detrimental impact on the rural community. However the collection and management of the tax will be the responsibility of the Welsh Revenue Authority (WRA) established through the Tax Collection and Management (Wales) Act 2016; and a "digital by default" approach – if adopted by WRA – could have an impact in rural areas with a poor internet connection. To mitigate this, the WRA, as part of the development of its digital platform, will seek the views of landfill site operators based in rural locations to understand any internet/broadband challenges before finalising its approach.

A separate Welsh Language impact assessment has been completed for Landfill Disposals Tax; this has been approved by the Welsh Language Unit

and Welsh Language Standards Team. It sets out that although there is no direct impact on the Welsh language resulting from this Bill, there are close links with the Tax Collection and Management (Wales) Act 2016 which sets out the governance around how devolved taxes will be collected and managed in Wales and provides the powers to establish the WRA to carry out this function.

The benefits therefore of devolving Landfill Tax are around the bilingual service offering available to landfill site operators. The WRA, as a body operating in Wales will be subject to the Welsh Language Standards and therefore will ensure the parity of language provision in the services it delivers. This will provide landfill site operators operating in Wales the ability to access bilingual services more efficiently than at present.

Landfill Disposals Tax, like Landfill Tax, will be an environmental behavioural tax aimed at diverting waste from landfill towards greater recycling, recovery and reuse. As such, success will mean that waste being sent to landfill will continue to reduce and consequently the number of landfill sites in Wales will decrease. Likewise, there is expected to be simultaneous growth in other areas of the waste management industry related to reuse, recycling and recovery.