

Explanatory Memorandum to the Non-Domestic Rating (Provision of Information About Changes of Circumstances) (Wales) Regulations 2026

This Explanatory Memorandum has been prepared by the Non-Domestic Rates Policy and Reform Division and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Non-Domestic Rating (Provision of Information About Changes of Circumstances) (Wales) Regulations 2026. I am satisfied that the benefits justify the likely costs.

Mark Drakeford MS
Cabinet Secretary for Finance and Welsh Language
9 December 2025

PART 1: EXPLANATORY MEMORANDUM

Description

1. The Non-Domestic Rating (Provision of Information About Changes of Circumstances) (Wales) Regulations 2026 (“the Regulations”) require ratepayers to report to billing authorities information about specified changes of circumstances which are relevant to determining their non-domestic rates liability, to improve the accuracy of bills and reduce the potential for avoidance. The Regulations also provide for the imposition of penalties for failure to comply with the requirements, and procedures for review and appeal of a penalty.

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

2. This instrument has been prepared outside the new software for Welsh statutory instruments; it may be the case that minor formatting improvements need to be made during the registration process if this legislation is approved by the Senedd and made by the Welsh Ministers.

Legislative background

3. Schedule 9 to the Local Government Finance Act 1988 (“the 1988 Act”) sets out procedures for the administration of non-domestic rates.
4. Paragraph 6AA(1) of Schedule 9 to the 1988 Act provides the power for the Welsh Ministers to make regulations requiring persons to provide information to billing authorities which is relevant to determining who is liable for non-domestic rates in respect of a property in Wales and the amount they are liable to pay. In accordance with paragraph 6AA(2) of Schedule 9, regulations made under the power must specify the information to be provided, the persons who must provide the information, the circumstances in which the information is to be provided, and the period within which the information is to be provided.
5. Paragraph 6AA(3) of Schedule 9 to the 1988 Act enables regulations to provide for the imposition by a billing authority of a penalty for failure to comply with the requirement to provide information. Any such provision is to be made subject to paragraph 6AA(4) of Schedule 9, which (among other things) prescribes the penalty amount of £500 and requires provision to be made for a person to require a review and appeal against the imposition of the penalty or its amount.
6. Paragraph 6AA(5) of Schedule 9 to the 1988 Act enables regulations to provide that a person who knowingly or recklessly provides required information which is false in a material particular is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
7. The Non-Domestic Rating (Demand Notices) (Wales) Regulations 2017 (“the 2017 Regulations”) provide for the contents of non-domestic rates demand

notices which are served by billing authorities in Wales. Schedule 1 to the 2017 Regulations specifies matters that must be contained in a demand notice.

8. Paragraphs 1 and 11(1A) of Schedule 11 to the 1988 Act enable the Welsh Ministers to make regulations providing for the establishment of valuation tribunals in relation to Wales, and for an appeal the Upper Tribunal in respect of a decision of a tribunal on an appeal under paragraph 6AA of Schedule 9. The Non-Domestic Rating (Alteration of Lists and Appeals) (Wales) Regulations 2023 (“the 2023 Regulations”) set out the procedures for appeals to the Valuation Tribunal for Wales (“VTW”) and provide for appeals to the Upper Tribunal in respect of non-domestic rates.
9. Paragraph 6AA of Schedule 9 to the 1988 Act was inserted by section 152 of the Local Government and Elections (Wales) Act 2021 (“the 2021 Act”). Section 173(1)(a) of the 2021 Act and section 143A(3) of the 1988 Act provide for the Welsh Ministers to make supplementary, incidental or consequential provision by regulations.
10. The Regulations are subject to the draft affirmative procedure in accordance with section 143A(5)(n) of the 1988 Act.

Purpose and intended effect of the legislation

11. The Regulations impose a duty on ratepayers to provide information to billing authorities when they become the ratepayer, or when certain changes occur in relation to the occupation of, a hereditament (unit of property with an assessment for non-domestic rates) in Wales. The information is vital in enabling billing authorities to exercise their statutory functions in relation to billing and collection of non-domestic rates. Without knowledge of who the ratepayer for a hereditament is or the extent to which it is occupied, billing authorities are unable to correctly determine and attribute liability. A minority of ratepayers knowingly withhold information, if they believe this will help them avoid or reduce their liability.
12. Regulation 3 requires a person (“P”) who is the ratepayer for a hereditament to notify the relevant billing authority of the following changes of circumstances:
 - a. There is a change in the identity of P. This means that P must notify the billing authority that they are the new ratepayer for the property.
 - b. P becomes the occupier and the hereditament was unoccupied immediately prior the change. This means that P must notify the billing authority if they occupy a previously empty property (whether or not P was already the ratepayer as the owner of the empty property).
 - c. A person (who may be P or a previous ratepayer) ceases to be the occupier and the hereditament is unoccupied immediately following the change. This means that P, as the owner of the empty property, must notify the billing authority that it is no longer occupied (whether or not P was already the ratepayer as the previous occupier).

13. When one or more of these changes of circumstances has occurred, P must confirm this to the billing authority, together with the date of the change. This information must be provided in writing, within 60 days of a relevant change taking place.
14. Regulation 4 provides for the imposition of financial penalties. Where a person (who may be either the current or a previous ratepayer) fails to comply with the requirement to provide information, the billing authority may impose a penalty of £500. Any such sum received by a billing authority must be paid into the Welsh Consolidated Fund. A billing authority may recover any outstanding penalty as a civil debt, but must not proceed to do so until any review or appeal against the imposition of the penalty has been decided.
15. A separate penalty for the provision of false information is also provided for. Where a person, in purported compliance with the requirements, knowingly or recklessly provided information which was false in a material particular, they will be liable on summary conviction to a fine not exceeding level 3 on the standard scale (currently £1,000).
16. Regulation 5 sets out the information a billing authority must include in a penalty notice for failure to comply with the requirement to provide information. A notice must state the amount of the penalty, reasons for imposing it, how payment may be made, the 21-day period within which payment must be made, the rights of review and appeal, and the consequences of non-payment. It is validly served if hand delivered to the person, delivered or sent to their address, or sent by electronic communication.
17. Regulation 6 sets out the procedures for reviewing penalty notices. The person will be able to require a review within 30 days of the date beginning with the date of the penalty notice. Within a further 30 days of the date of any such request, the billing authority will be required to notify the person that the penalty notice is either confirmed, reduced or remitted in full (if no such notification is provided, the penalty notice is deemed to be confirmed). Where the review concludes that the penalty amount is to be reduced or remitted in full, the billing authority must serve a further penalty notice containing the revised amount and repay the person any overpaid penalty amount within 21 days.
18. Regulation 7 sets out the information a billing authority must include in a further penalty notice. The further penalty notice must state the amount of the revised penalty and the right of appeal. Where applicable, it must state how payment may be made, the 21-day period within which payment must be made, and the consequences of non-payment.
19. Regulation 8 sets out how a billing authority may effect service of a penalty notice or further penalty notice.
20. Regulation 9 sets out the procedures for appealing against a penalty notice or further penalty notice for failure to comply with the requirement to provide information. If the penalty is confirmed or reduced following the review, the

person will be able to appeal to the Valuation Tribunal for Wales (“VTW”) within 30 days of the date on which they are notified (or deemed to have been notified) of the outcome of the review.

21. Regulation 10 amends Schedule 1 to the 2017 Regulations, to prescribe a form of words which must be included in demand notices issued by billing authorities to ratepayers, summarising the requirements to provide information and consequences of non-compliance or providing false information.
22. Regulation 11 amends the 2023 Regulations, to ensure the VTW’s procedures for dealing with appeals against similar types of penalty also apply to an appeal against a penalty for non-compliance with the requirements to provide information. Provision is also made for an appeal to the Upper Tribunal in respect of a decision of the VTW on an appeal against the imposition of such a penalty.

Consultation

23. The Welsh Government [consulted](#) on potential ways to help tackle non-domestic rates avoidance between April and June 2018. Following the consultation, the Welsh Government [announced](#) a range of measures, including exploring a new legal obligation on ratepayers to notify their billing authority of a change in circumstances which would affect their rates bills. The powers to establish this legal obligation, provided by paragraph 6AA of Schedule 9 to the 1988 Act, was subsequently introduced by the Local Government and Elections (Wales) Act 2021.
24. Between March and June 2025, the Welsh Government [consulted](#) on specific proposals to create a duty for ratepayers to report certain changes of circumstances to billing authorities. The consultation received 25 responses from a wide range of stakeholders. A [summary of responses](#) was published on 19 September 2025.

PART 2: REGULATORY IMPACT ASSESSMENT

Options

25. This Regulatory Impact Assessment (“RIA”) presents two options in relation to the introduction of a requirement for ratepayers to provide information to billing authorities about specified changes of circumstances. The options considered are as follows:

- **Option 1 – Do not require ratepayers to report to billing authorities information about specified changes of circumstances (do nothing).** No legislation would be required.
- **Option 2 – Legislate to require ratepayers to report to billing authorities information about specified changes of circumstances (make the Regulations).** The Regulations would be required to give effect to the Welsh Government’s policy on this matter.

Costs and benefits

Option 1 – Do not require ratepayers to report to billing authorities information about specified changes of circumstances (do nothing)

26. Ratepayers are not currently obliged to notify billing authorities of changes of circumstances which would affect their non-domestic rates liability. A minority of ratepayers knowingly withhold information, if they believe this will help them avoid or reduce their liability. Such behaviour would be allowed to continue.

27. No direct costs would be associated with this option. Avoidance behaviour relating to withholding information would continue to occur, representing a loss in non-domestic rates revenue for local government services. This would represent an opportunity cost. It is not possible to accurately estimate the extent of financial loss resulting from this specific behaviour. The total cost of non-domestic rates avoidance, through a variety of methods, has previously been estimated to be at least £10 million to £20 million annually (1 to 2% of net revenue).

Option 2 – Legislate to require ratepayers to report to billing authorities information about specified changes of circumstances (make the Regulations)

28. The primary benefit of the Regulations will be an increase in non-domestic rates revenue for local public services, where ratepayers are currently able to avoid paying their correct liability by withholding information. The associated cost to those ratepayers is one which they are already expected to meet under the established policy and legislative framework for non-domestic rates.

29. There will also be administrative efficiencies arising from improved information flows to billing authorities, supporting more timely carrying out of their functions. Where correct information about a change of ratepayer or

occupation may otherwise come to the attention of billing authorities at a later date, there will also be a reduction in the need for backdated adjustments to liability. This will ensure more timely clarity for ratepayers as to their correct liability.

30. Most ratepayers already notify billing authorities of changes to the basic information which is fundamental to the correct determination of their non-domestic rates liability. There is a modest and proportionate administrative cost associated with doing so, which should be an accepted part of conducting their business. Each change that is notified would be expected to take no more than five to ten minutes. This has an estimated administrative cost of between £2.00 and £4.00 per occurrence (based on average hourly employee pay from the Annual Survey of Hours and Earnings). The Regulations improve the fairness of the system by addressing situations whereby a minority of ratepayers seeking to obtain a benefit that they are not entitled to by withholding information they can reasonably be expected to understand and provide proactively. The need to provide information would arise in limited and clearly defined circumstances, which ratepayers will routinely be reminded of.

31. There may be modest administrative costs for local authorities which decide, at their own discretion, to impose financial penalties on ratepayers who fail to comply with the Regulations. There may also be modest administrative costs for the Valuation Tribunal for Wales in hearing any appeals against penalties. The volume of appeals is not possible to predict, but anticipated to be low.

Option selection

32. The Welsh Government has a long-standing policy priority to reduce opportunities for the avoidance of non-domestic rates. The Regulations have been developed, following consultation with stakeholders over several years, to give effect to one aspect of the package of measures announced in 2018.

33. Option 2 is, therefore, the preferred option. This reflects the approach confirmed by the Welsh Government on 19 September 2025.

Duties

34. **Well-being of Future Generations (Wales) Act 2015.** Ensuring that opportunities for avoidance of non-domestic rates are reduced and revenue is provided to local government and police services will help to contribute to the achievement of the wellbeing goals of a prosperous and a more equal Wales.
35. **UNCRC.** No particular impact on the rights of children has been identified.
36. **Welsh language.** No effect on the opportunities to use the Welsh language or the equal treatment of the language has been identified.
37. **Equalities.** No specific impacts, positive or negative, on persons who share a protected characteristic (as determined by the Equality Act 2010) have been identified.
38. **Voluntary sector.** No specific impacts on the voluntary sector have been identified.
39. **Justice.** A justice system impact assessment has been undertaken. There are low potential impacts upon the justice system as a result of the penalty regime provided for by the Regulations. The impacts would be expected to arise as modest numbers of appeals to the VTW and Upper Tribunal, and very low or negligible numbers of cases heard by the Civil Court and Magistrates' Court. The Ministry of Justice has considered the Welsh Government's appraisal and is in agreement that there will be minimal potential impacts.
40. **Competition assessment.** A competition filter test has been applied to the Regulations. No effect on competition within Wales is indicated.
41. **Post-implementation review.** The Welsh Government will continue to work closely with billing authorities to monitor the effectiveness of the Regulations in helping to ensure billing authorities receive the information required to accurately carry out their billing functions.