

Explanatory Memorandum to the Non-Domestic Rating (Artificial Avoidance Arrangements) (Local Lists) (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 (Artificial Avoidance Arrangements) (Local Lists) (Wales) Regulations 2026. I am satisfied that the benefits justify the likely costs.

Mark Drakeford MS
Cabinet Secretary for Finance and Welsh Language
20 January 2026

PART 1: EXPLANATORY MEMORANDUM

Description

1. Sections 63F to 63M of the Local Government Finance Act 1988 (“the 1988 Act”) establish a framework to counteract an advantage gained from artificial arrangements for the avoidance of non-domestic rates. The Non-Domestic Rating (Artificial Avoidance Arrangements) (Local Lists) (Wales) Regulations 2026 (“the Regulations”) give effect to this anti-avoidance framework, by defining the specific arrangements that are to be treated as artificial and counteracted. The Regulations also provide for the imposition of a financial penalty for failure to pay an amount due to counteract the advantage gained from an artificial avoidance arrangement.

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

2. The footnote referred to in regulation 4(2)(c) of the Regulations contains a reference to an amending instrument (namely, the Non-Domestic Rating (Provision of Information about Change of Circumstances) (Wales) Regulations 2026). As at the date of laying the Regulations, that amending instrument has not been approved, made and registered, therefore it has not been possible to insert its S.I. number in the footnote. This will be inserted into the footnote prior to the making of the Regulations.

Legislative background

3. Sections 63F to 63M of the 1988 Act provide a framework (“the anti-avoidance framework”) for the counteraction of advantages gained from artificial non-domestic rating avoidance arrangements. The definition of an artificial avoidance arrangement is provided by sections 63F to 63H.
4. Regulations are required to give effect to the anti-avoidance framework, by defining the specific arrangements that are to be treated as artificial and counteracted. Section 63H(1)(a) of the 1988 Act provides the power for the Welsh Ministers to specify such arrangements in regulations. Section 63H(3)(a) enables those regulations to provide that a billing authority may make a determination that an arrangement of a specified type is not artificial.
5. Sections 63I and 63J of the 1988 Act (in relation to local and central rating lists, respectively) provide for the counteraction of an advantage gained from an artificial avoidance arrangement. Once such an artificial avoidance arrangement has been identified, the person who would have been the ratepayer must be treated as liable for the amount of non-domestic rates which would have been payable in the absence of the arrangement, from the relevant date (the later of the day the arrangement is made, the day the applicable regulations came into force, or a day provided for in those regulations).
6. Section 63K of the 1988 Act sets out the requirements for giving notice (a “section 63K notice”) to a person who will be treated as liable (under section

63I or 63J) and provides for the person to require a review of such a notice. A section 63K notice which is confirmed following a review may be the subject of an appeal to the valuation tribunal, under section 63L.

7. Section 63M of the 1988 Act makes provision about financial penalties for failure to pay an amount due in consequence of having made an artificial avoidance arrangement. Under section 63M(1), the Welsh Ministers have the power to make provision in regulations for the imposition of a financial penalty where a person has been given a section 63K notice which has not been withdrawn, the time limits for requesting a review and appealing the notice have expired, and the person has failed to pay an amount due. Under section 63M(5), those regulations may make further provision about the collection and enforcement of penalties.
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 section 63L. 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. The Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 ("the 1989 Regulations") make provision for the collection and enforcement of non-domestic rates under the 1988 Act. Regulation 4 of the 1989 Regulations requires billing authorities to serve demand notices on ratepayers in respect of the amount payable for each chargeable financial year.
10. Section 143A(3) of the 1988 Act provides that regulations made under the powers of the Welsh Ministers may include such supplementary, incidental, consequential, transitional or saving provisions as appear to the Welsh Ministers to be necessary or expedient.
11. Sections 63F to 63M of the 1988 Act were inserted by section 13 of the Local Government Finance (Wales) Act 2024 ("the 2024 Act"). Section 22(1)(a) of the 2024 Act provides for the Welsh Ministers to make incidental, supplementary or consequential provision by regulations.
12. The Regulations are subject to the Senedd approval procedure, in accordance with section 143A(5)(e) and (f) of the 1988 Act.

Purpose and intended effect of the legislation

13. The anti-avoidance framework has been established to counteract advantages gained from artificial arrangements for the avoidance of non-domestic rates. An advantage is the avoidance or reduction of non-domestic rates liability and may occur during or following an arrangement. The Regulations give effect to the framework, by defining the specific arrangements that are to be treated as

artificial and counteracted in relation to hereditaments (units of property with rating assessments) on local rating lists in Wales.

14. Many of the most widely known arrangements for the avoidance of non-domestic rates rely on exploiting the definition of beneficial occupation which has been established through case law. The aim of such arrangements is often to re-set eligibility for empty property relief, whereby the advantage of reduced liability is obtained following a period of occupation. Other advantages are also possible (e.g. if the occupier is eligible for other reliefs or makes an arrangement to prevent payment from being collected).
15. These arrangements are considered relevant to properties included in local rating lists and have historically proved difficult to address. The anti-avoidance framework enables the Welsh Ministers to define avoidance arrangements which are considered to constitute artificial occupation, so that the advantages gained can be counteracted by billing authorities.
16. When a defined arrangement has been made, the anti-avoidance framework requires the billing authority to counteract the advantage gained. The advantage will typically be the reduction in non-domestic rates liability which has been obtained since the coming into force of the Regulations or the date on which the arrangement was first made (whichever is later).
17. The occupier of a property is normally liable for non-domestic rates. The owner (person entitled to possession) of a property is liable if it is unoccupied. The Regulations ensure that, in each case, the arrangement is ignored and the person who would have been the owner of the property in the absence of the artificial occupation is treated as liable for the amount which would have been payable.
18. The Regulations define a range of artificial avoidance arrangements falling within four types. They also provide for the imposition of financial penalties and make consequential amendments to secondary legislation.

Types of arrangements

19. Regulation 3 of, and the Schedule to, the Regulations define types of arrangements which are artificial for the purposes of section 63H(1)(a) of the 1988 Act. A billing authority may make a determination that an arrangement of a type defined is not artificial, having regard to all the circumstances, which may include (but are not limited to):
 - a. whether the occupier is or was operating a business whose predominant purpose is or was not related to reducing non-domestic rates liability;
 - b. the proportion of the hereditament that is or was being occupied to conduct the business operated by the occupier;
 - c. the period for which the hereditament is or was occupied;
 - d. whether the characteristics of the hereditament are compatible with the predominant purpose of the business it is or was being used to conduct.

20. No such determination is necessary to treat a defined arrangement as artificial and proceed to counteract the advantage, which is the default outcome. Once a defined arrangement has been identified, it will be addressed by the billing authority, in accordance with the anti-avoidance framework.

Type 1 – The occupation is not on a commercial basis

21. Paragraph 1 of the Schedule to the Regulations captures arrangements in which the occupation is not on a commercial basis. Arrangements often involve tenancy or lease agreements that are designed to facilitate avoidance of non-domestic rates. Common features include rent not being required, being optional, being below open market expectations, or being offset by other transactions, rates mitigation being identified as the purposes, and the installation of an occupier who lacks assets related to the claimed use of the property.
22. Four specific artificial arrangements of this type are defined. In each case, the arrangement is artificial where it makes a person (“P”) the occupier of the property which is not occupied on a commercial basis because the specified circumstances apply.
23. In the first arrangement, P is not required to make payment for their occupation of the property. Leases containing rent clauses in which payment is not intended to be demanded or required have been features of identified cases of avoidance. Any commercial agreement for genuine occupation would be expected to require the payment of rent. This is reflected in the established use of market rents for comparable properties as the basis for assessing rateable values for non-domestic rates purposes.
24. In the second arrangement, the payment which P must make for their occupation of the property is significantly below the level which could reasonably have been obtained on the open market when the arrangement was entered into, or is offset or cancelled (in whole or in part) by other transactions. Where payment is required, a minimal or ‘peppercorn’ rent has been noted as a feature of prominent case law which has formed the foundation for widespread avoidance practices. In addition, separate payments to the ‘tenant’ from the landlord for services to enable avoidance often offset or exceed the rent paid.
25. In the third arrangement, one or more parties to it (including a third-party provider of services relating to non-domestic rates) has identified the mitigation of non-domestic rates liability as a purpose or motivation. Rates mitigation is considered to be a term which, in practice, refers to artificial avoidance arrangements which seek to exploit shortcomings in legislation and the outcome of case law. The aim of an arrangement achieving occupation for the purpose of rates mitigation is often identified in lease agreements, or on the websites of third-party providers which openly advertise the rates mitigation services they offer.

26. In the fourth arrangement, P does not have the assets which would enable them to use the property in the manner which is claimed. This means they cannot genuinely occupy and use the property for the stated purpose. An occupier having no business attributes (e.g. no Companies House entry which includes the staff and assets which would be required) is a feature of some avoidance arrangements which have previously been identified.

Type 2 – The ratepayer has been wound up voluntarily

27. Paragraph 2 of the Schedule to the Regulations captures arrangements in which the ratepayer has been wound up voluntarily. Some relatively sophisticated avoidance arrangements involve the leasing of properties to a company installed as the ratepayer so that the registered owner or landlord is not liable for non-domestic rates. This company will usually be wound-up voluntarily, often (but not always) following a period of occupation during which non-domestic rates liability is owed but not paid. Once the company is being wound up voluntarily, the property it has been made the ratepayer of ceases to attract non-domestic rates liability. This benefit can persist for a long time where the winding up process is intentionally protracted.
28. The ratepayer typically has a 'qualifying connection' with the registered owner or landlord (e.g. a connected company structure or the same director) or, as part of a pattern of repeat avoidance, a previous company installed as the ratepayer. Alternatively, arrangements are sometimes established at an arm's length from the landlord, by a third-party provider of rates mitigation services with which the qualifying connection exists.
29. Three specific artificial arrangements of this type are defined. In each case, the arrangement is entered into between the person ("L") who granted the agreement for occupation and the person ("P") who is made the ratepayer for the property.
30. In the first arrangement, prior to entering an arrangement with P, L entered into an arrangement which made another person ("X") the ratepayer for a property (either the same property which is the subject of the current arrangement, or a different property). X was subsequently wound-up voluntarily, whilst still a party to the arrangement. On the day the current arrangement (with P) is entered into, P has a qualifying connection with X.
31. In the second arrangement, on the day it is entered into, P has a qualifying connection with L or a person providing services relating to non-domestic rating (e.g. a rating agent or tax adviser) to L. Prior to entering an arrangement with P, L entered into an arrangement which made another person ("Y") the ratepayer for a property (either the same property which is the subject of the current arrangement, or a different property). On the day that previous arrangement was entered into, Y had a qualifying connection with L (or a person providing services relating to non-domestic rating). Y was subsequently wound-up voluntarily, whilst still a party to the arrangement.

32. The definitions of the first and second arrangements reflect patterns of behaviour noticed by billing authorities, which involve the repeated installation of companies as ratepayers under arrangements with the same landlord, before they are dissolved (often with unpaid liabilities). During a period of occupation by a new ratepayer, the billing authority is aware of a relevant qualifying connection with a previous ratepayer which was eventually wound up voluntarily. In such cases, these definitions enable the billing authority to counteract the arrangement before the current ratepayer progresses to voluntary wind up. It will not be possible to capture a first occurrence, prior to a company being wound up, due to the reliance on evidence of past behaviour.
33. In the third arrangement, on the day it is entered into, P has a qualifying connection with L or a person providing services relating to non-domestic rating to L. Within three years of L and P entering into the arrangement, P begins the process of being wound up voluntarily. This is intended to ensure that, where a billing authority has not been able to identify and counteract the arrangement before the winding up process is commenced, it will be able to do so once that step is taken. The period of three years is intended to be long enough to ensure that it does not provide a means of escaping the definition (i.e. by waiting a little longer than would otherwise be intended before winding up).

Type 3 – The owner or occupier exhibits particular characteristics or behaviours

34. Paragraph 3 of the Schedule to the Regulations captures arrangements in which the owner or occupier exhibits particular characteristics or behaviours. The fundamental basis of the non-domestic rates system is that a legitimate occupier of a property is the ratepayer and that liability is correctly attributed and paid. Certain specific characteristics and behaviours of the owner or occupier would undermine the intended operation of the system in ways that, when combined with an advantage, are strong indicators of avoidance.
35. Four specific artificial arrangements of this type are defined. In each case, the arrangement is artificial because the specified characteristics or behaviours apply.
36. In the first arrangement, the owner, occupier or person who granted the agreement for occupation failed to provide the name of the ratepayer in response to a statutory request for information from a billing authority. Withholding the identity of the ratepayer undermines the non-domestic rates system, by preventing liability being correctly attributed and collected.
37. In the second arrangement, a person ("P") is made the ratepayer, but P has no connection to the operation or economic activity taking place on the property. A ratepayer with no assets or business connected to the claimed use of the property will not be able to occupy and use it for the stated purpose.
38. In the third arrangement, entered into between a person ("L") who granted the agreement for occupation and another person ("P"), P is made the ratepayer for the property and, on the day the arrangement was entered into, P was an employee, contractor, partner or close relative of L. Where such a connection

exists, it is often the person who granted the agreement who intends to retain control over the property in practice. Billing authorities have reported the use of this arrangement to avoid the two-property limit per ratepayer in each local authority for Small Business Rates Relief.

39. In the fourth arrangement, a person (“P”), or the company, firm or trust for which P is a director, partner, charity trustee or an individual with significant control, is made the ratepayer. On the day the arrangement was entered into, one or more of the following circumstances applies:
- a. Within the previous two years, P had been convicted of doing business or exercising any borrowing powers of a public company without a trading certificate. Doing so is an offence.
 - b. Within the previous two years, P was subject to a declaration issued by a court for fraudulent or wrongful trading before or during the wind up of an insolvent company. The courts may impose liability on a person who has been dishonest or is to blame in respect of debts incurred by an insolvent company.
 - c. P was disqualified from being a company director. A person can be disqualified from being a company director if they do not meet their legal responsibilities. Disqualification can apply for up to 15 years, during which time a person cannot be a director of a company registered in the UK, or be involved in the formation, promotion or management of a company.
 - d. P was disqualified from being a trustee of a charity. A person can be disqualified from being a trustee for a variety of reasons related to offences, mismanagement or misconduct in the administration of a charity. Some disqualifications can apply for up to 15 years, during which time a person cannot hold office or employment in senior management functions for a charity.
 - e. Within the previous two years, P was convicted of an offence for breaching restrictions on the re-use of company names. This would reveal that P is carrying on the same business as the insolvent company.
 - f. P was subject to bankruptcy restrictions. The courts may impose restrictions on a bankrupt person who has been dishonest or is to blame for their debts. Restrictions may be imposed for a period between two and 15 years, during which a person may not (among many other things) be a director of a company, or form, manage or promote a company.
40. The definition of the fourth arrangement captures a range of circumstances where the ratepayer has recently conducted their business in an unlawful manner, been convicted of a related offence, been disqualified from senior company roles or been subject to bankruptcy restrictions. These are strong indicators that they are not a genuine ratepayer who is able to conduct a legitimate business unhindered.

Type 4 – The occupation exhibits certain characteristics

41. Paragraph 4 of the Schedule to the Regulations captures arrangements in which the occupation exhibits certain characteristics. The thresholds for determining 'actual' and 'beneficial' occupation have been established in case law. The Welsh Government considers these thresholds to be too low allowing for advantages to be gained from arrangements which are inconsistent with the broader principles and policy objectives on which the non-domestic rates system is based.
42. Two specific artificial arrangements of this type are defined. In each case, the arrangement is artificial because the occupation has the specified characteristics which are strong indicators of avoidance.
43. In the first arrangement, the occupation is beneficial primarily because it contributes to the carrying on of a non-domestic rates mitigation business. Case law has established that leasing a property for the purpose of rates mitigation alone can be 'beneficial', even if there is no other benefit to the ratepayer under the arrangement. It has also established that occupation is 'actual' where items of no material value or consequence are placed on the property. This has allowed properties which are, in effect, unoccupied to be treated as occupied for the purposes of non-domestic rates.
44. In the second arrangement, the benefit of the occupation arises from a WiFi or Bluetooth transmitter used for electronic marketing or advertising (often referred to as 'proximity marketing'). Case law has established that occupation can be 'actual' where only a very small proportion of a property's floor space is used. Proximity marketing is a known arrangement which exploits the ease with which this test is satisfied. This intends to capture a specific example of inappropriate or minimal use of a property which does have a benefit. While proximity marketing is a legitimate enterprise, it is not the reasonably expected sole use of non-domestic properties. As very little physical space is required, it could easily be accommodated alongside and without interfering with the main use of a property.

Penalties

45. Regulation 4 of the Regulations provides for the imposition of financial penalties. A billing authority must impose a penalty on a person who has failed to pay an amount due in a demand notice, served in consequence of a section 63K notice and following expiry of the opportunity for a review and appeal. The amount of the penalty is £500 plus 3% of the rateable value of the property (on the date of the section 63K notice).
46. The billing authority must serve a penalty notice in writing, containing the matters prescribed, including a requirement for payment of the penalty within 21 days. If the penalty is not paid, the billing authority may recover it as a civil debt.

Administrative and consequential provisions

47. Regulation 5 of the Regulations sets out how a billing authority may effect service of section 63K notices and penalty notices. They are validly served if hand delivered to the person, delivered or sent to their address, or sent by electronic communication.
48. Regulation 6 of the Regulations amends the 1989 Regulations, to ensure a person treated as liable as a consequence of the application of the anti-avoidance framework will then be subject to the existing framework for collection and enforcement of non-domestic rates liability. Regulations 3(1) and 5(1) of the 1989 Regulations are amended to take account of a section 63K notice in the definition of the amount payable and arrangements for demand notices. The amendments require the billing authority to issue a demand notice in respect of each chargeable financial year affected by the artificial avoidance arrangement, once the time for a review and appeal of the section 63K notice has expired.
49. Regulation 7 of the Regulations amends the 2023 Regulations, to ensure that the VTW's procedures for dealing with similar types of appeal also apply to an appeal under section 63L of the 1988 Act against a section 63K notice. Provision is also made for an appeal to the Upper Tribunal in respect of a decision of the VTW on an appeal against a section 63K notice.

Consultation

50. 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 plans to further develop proposals for a form of general anti-avoidance rule for non-domestic rates. Related proposals were included in the Welsh Government's [consultation](#) on reform of non-domestic rates, between September and December 2022. The anti-avoidance framework provided by sections 63F to 63M of the 1988 Act was subsequently introduced by the Local Government Finance (Wales) Act 2024.
51. Between March and June 2025, the Welsh Government [consulted](#) on specific proposals to give effect to the anti-avoidance framework, by defining a range of artificial avoidance arrangements it will be used to counteract. The consultation included a draft of the Regulations, to help respondents understand the intended effects of the proposals. 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

52. This Regulatory Impact Assessment (“RIA”) presents two options in relation to defining artificial arrangements for the avoidance of non-domestic rates. The options considered are as follows:

- **Option 1 – Do not define artificial avoidance arrangements (do nothing).** This option would not give effect to the anti-avoidance framework established by sections 63F to 63M of the 1988 Act. No legislation would be required.
- **Option 2 – Legislate to define artificial avoidance arrangements (make the Regulations).** This option would give effect to the anti-avoidance framework, by defining the artificial avoidance arrangements it will be used to counteract.

Costs and benefits

Option 1 – Do not define artificial avoidance arrangements (do nothing)

53. A minority of ratepayers currently make a range of arrangements that have the effect of artificially reducing or avoiding their non-domestic rates liabilities, contrary to the intent of the policy and legislative framework. These arrangements would continue and could not be counteracted by billing authorities using the anti-avoidance framework.

54. No direct costs would be associated with this option. Avoidance arrangements of the types specified in the Regulations would continue to occur, representing a loss of non-domestic rates revenue for local public services. This would represent an opportunity cost. It is not possible to accurately estimate the extent of financial loss resulting from artificial arrangements, although it is thought to account for a significant proportion of all avoidance activity. The total costs 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 non-domestic rates revenue).

Option 2 – Legislate to define artificial avoidance arrangements (make the Regulations)

55. The primary benefit of the Regulations will be an increase in non-domestic rates revenue for local public services where artificial avoidance arrangements currently limit the collection of that revenue. The associated costs to ratepayers is one which they are already intended to meet under the established policy and legislative framework for non-domestic rates. Together with the other legislative changes in the Welsh Governments package of measures, announced in 2018 and delivered during this Senedd term, the Regulations are expected to substantially reduce the total annual cost of non-domestic rates avoidance.

56. The Regulations may result in administrative costs for billing authorities, where they are required to apply the anti-avoidance framework to counteract artificial avoidance arrangements which they identify. Due to the inherent uncertainty about the variation and scale of avoidance which will persist across different billing authorities after the framework takes effect, it is not possible to estimate the administrative costs which may arise. The additional non-domestic rates revenue collected as a consequence of the Regulations would, however, be expected to outweigh any administrative costs. Billing authority practitioners have been actively engaged in the design of the proposals and attended workshops with Welsh Government officials to support their development and implementation. Guidance will also be published to support billing authorities to apply the anti-avoidance framework.
57. It is anticipated that some artificial avoidance arrangements will cease proactively or not be made in future. Known avoidance methods have often been used and promoted because they were considered to be legally permissible under the legislative framework for non-domestic rates, even if contrary to the policy intent. Many ratepayers and their advisors will not wish to continue making and promoting artificial avoidance arrangements which are addressed by the Regulations. Tax advisors may need to familiarise themselves with the changes, particularly where they offer services intended to facilitate avoidance of non-domestic rates, to ensure they are able to advise their clients accordingly.
58. Billing authorities already invest considerable time and resources in dealing with avoidance activity where it arises, as part of their core administrative responsibilities for the collection and enforcement of non-domestic rates. The action they are able to take is, however, often limited by the tools available to them, outcomes of previous case law, and costs and risks associated with attempting to address individual cases of avoidance through the courts. The Regulations are intended to ensure that the existing capacity of billing authorities to address avoidance can be deployed more efficiently and effectively. In some cases, there may be considerable administrative and financial savings for billing authorities, where they would otherwise consider litigation through the courts to ensure liability can be attributed and collected as intended.
59. The Regulations improve fairness by addressing situations whereby a minority of ratepayers make artificial arrangements to obtain a benefit that is contrary to the policy intent of the non-domestic rates system.

Option selection

60. The Welsh Government has a long-standing policy priority to reduce opportunities for the avoidance of non-domestic rates. The Regulations would give effect to the anti-avoidance framework established by sections 63F to 63M of the 1988 Act, enabling a range of known non-domestic rates avoidance arrangements to be counteracted. 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.

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

Duties

62. ***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.
63. ***UNCRC***. No particular impact on the rights of children has been identified.
64. ***Welsh language***. No effect on the opportunities to use the Welsh language or the equal treatment of the language has been identified.
65. ***Equalities***. No specific impacts, positive or negative, on persons who share a protected characteristic (as determined by the Equality Act 2010) have been identified.
66. ***Voluntary sector***. No specific impacts on the voluntary sector have been identified.
67. ***Justice***. A justice system impact assessment has been undertaken. The impact assessment clarified there would be low potential impact upon the justice system as a result of appeals against a section 63K notice and enforcement proceedings following the non-payment of a civil penalty. 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. The Ministry of Justice has considered the Welsh Government's appraisal and is in agreement that there will be minimal potential impacts.
68. ***Competition assessment***. A competition filter test has been applied to the Regulations. No effect on competition within Wales is indicated.
69. ***Post-implementation review***. The Welsh Government will continue to work closely with billing authorities to monitor the effectiveness of the Regulations in addressing known methods of avoidance. The Welsh Government will also monitor new and emerging avoidance behaviours which may arise in future and consider whether amendments to the Regulations are required to address them.