



Llywodraeth Cymru
Welsh Government

STATISTICS

Data used in Welsh Revenue Authority performance reporting 2020 to 2021

The Welsh Revenue Authority's performance measures. Provides transparency to the underlying data in the performance report within our Annual Report and Accounts.

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Introduction

The Welsh Revenue Authority (WRA) published its **2020-21 annual report** on 7 July 2021, including a section covering the performance of the organisation over the year (the '**performance report**'). The intention of this report is to provide a statistical view of the data used in that document, and to make the underlying datasets fully accessible for further reference or analysis.

There are several charts used in this report, presenting each of the different performance indicators for the WRA for the period 2020-21. Each is included somewhere in the performance report, and referenced accordingly, although not necessarily in the same order.

This report includes brief analysis of each measure, and the reader may wish to consider this in conjunction with the more detailed narrative in the performance report, which is set in the context of the organisation's approach and objectives. Where applicable, bookmarks to the relevant parts of the annual report are added under each chart.

Note that most of the analysis below applies to Land Transaction Tax (LTT), although where it is also relevant to include Landfill Disposals Tax (LDT) data, that data are also included in the measure. For example it is not possible to submit an LDT return on paper, and so LDT returns are excluded in chart 1. However, LDT payments can be made by cheque, so LDT payments are included in chart 2.

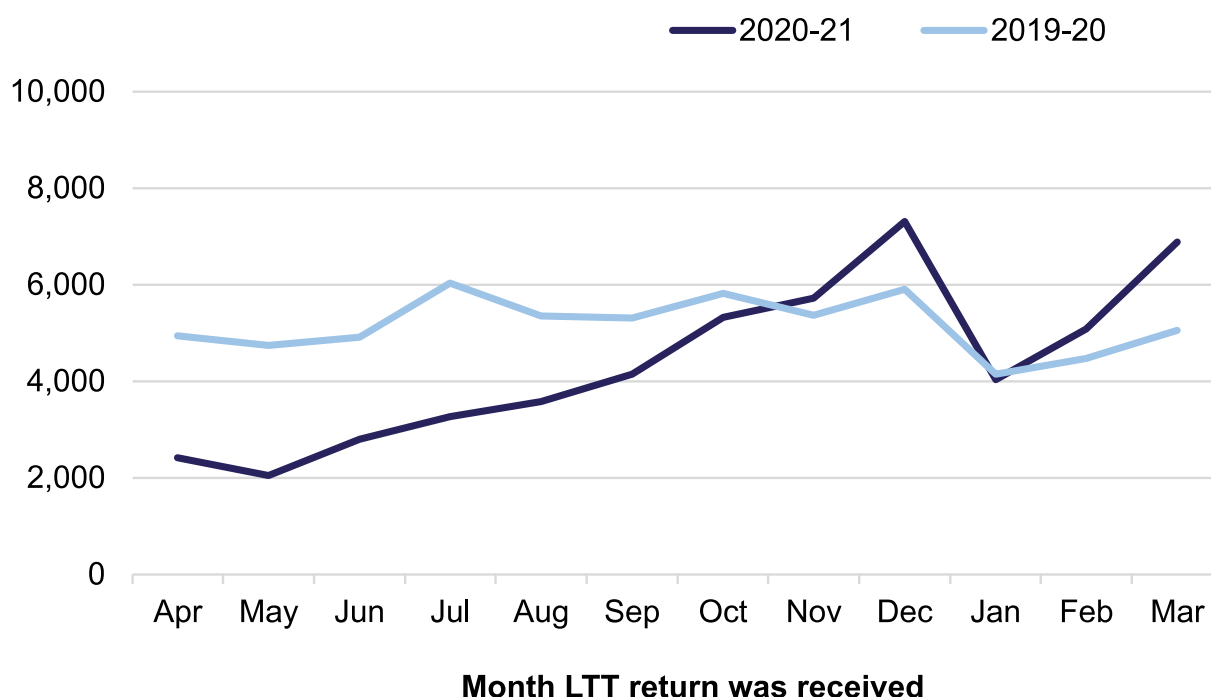
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Data

Chart 1: Number of LTT transactions submitted to the WRA, by month received



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This chart sets out the context against which the performance measures should be considered. It shows how the numbers of LTT transactions received in each month has changed over the course of 2020-21, comparing this to the similar data for 2019-20. The impact of coronavirus (Covid-19) can clearly be seen in the early part of 2020-21, when transaction numbers initially decreased by more than 50%. Transactions then slowly recovered after that, with those received eventually surpassing numbers for the previous year in October, November and December 2020. Levels briefly returned to those of the prior year in January, before increasing again in February and particularly March.

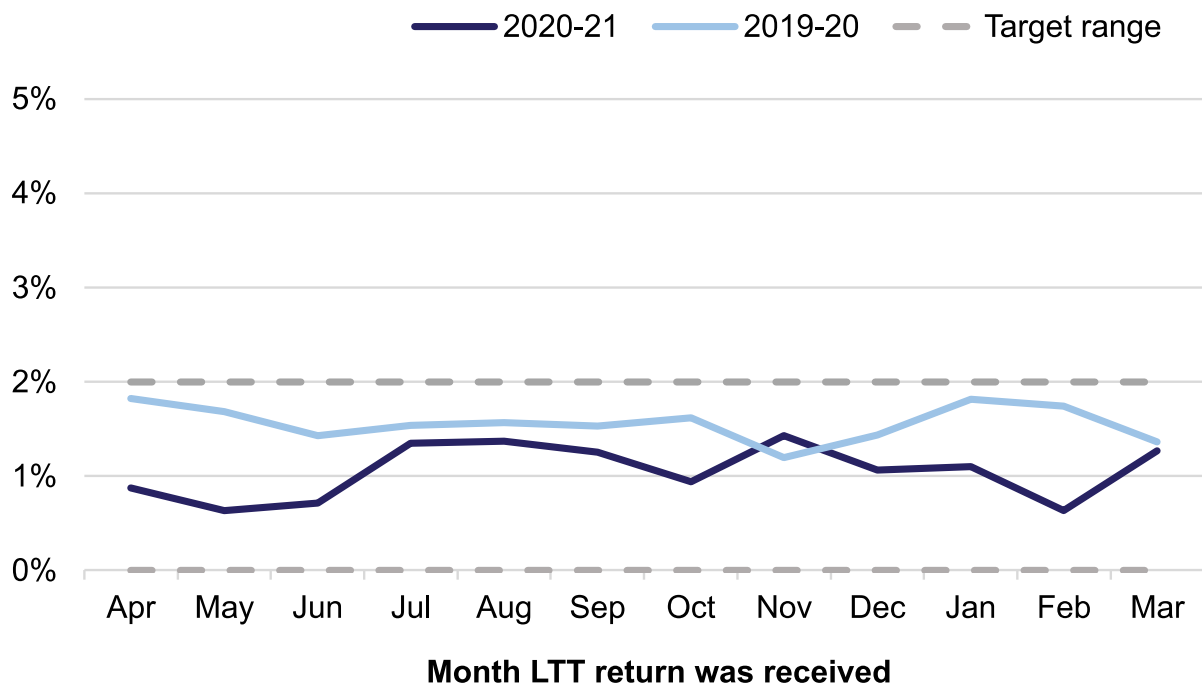
Over the course of the 2020-21, LTT transactions submitted to the WRA were around 85% of the numbers submitted in 2019-20.

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Chart 2: The percentage of Land Transaction Tax returns received by paper, by month received



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The WRA has a performance target range of 98-100% in respect of receiving LTT returns electronically. For the purposes of viewing the data, it is easier to visualise the reverse of that measure, namely the percentage of returns received by paper, with a target range of 0-2%. The data for both measures is available in the accompanying spreadsheet.

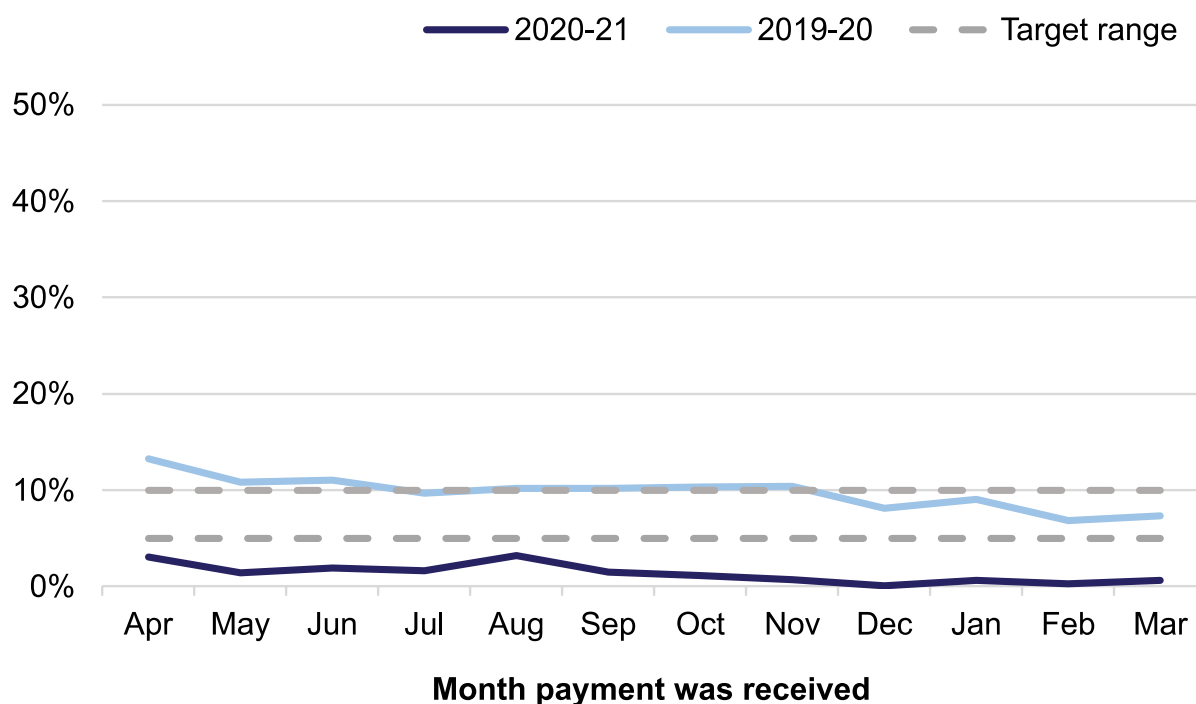
This chart shows that the percentage of returns received on paper were consistently within the target range during 2020-21, and generally below the percentage in 2019-20.

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Chart 3: The percentage of payments received by cheque, by month received



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The WRA has a performance target range of 90-95% in respect of receiving payments electronically, and this covers both LTT and LDT. For the purposes of viewing the data, it is easier to visualise the reverse of that measure, namely the percentage of payments received by cheque, with a target range of 5-10%. The data for both measures is available in the accompanying spreadsheet.

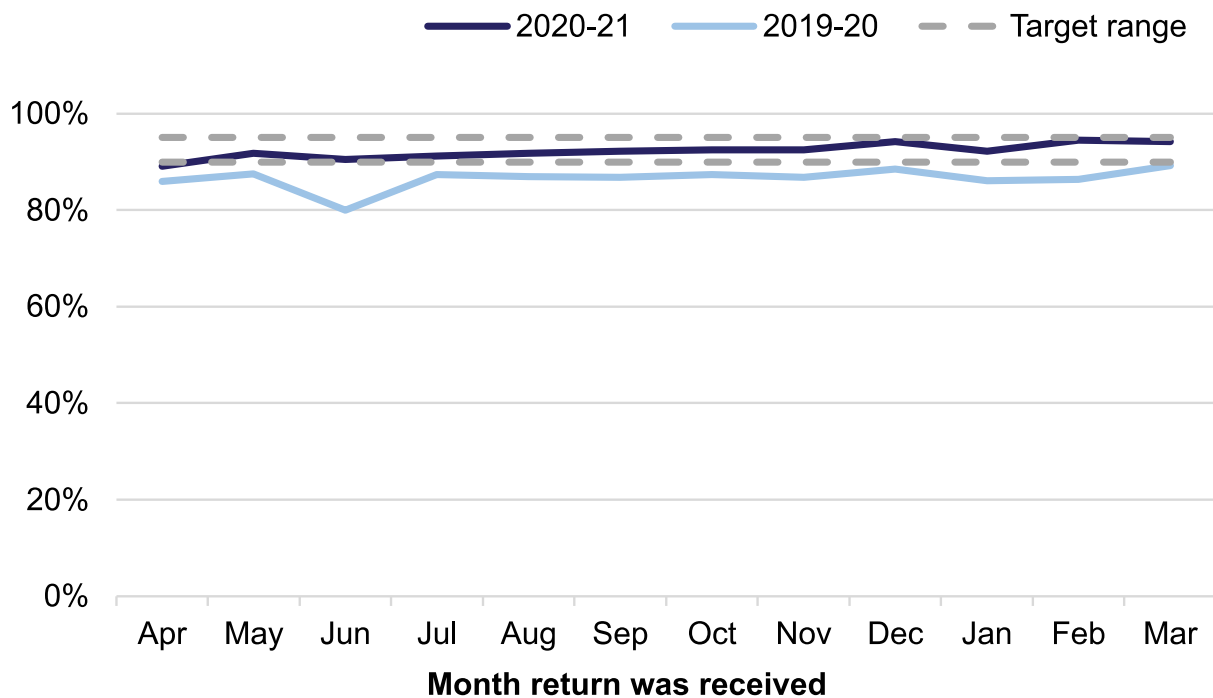
This chart shows that the percentage of payments received by cheque dropped significantly over the course of 2020-21 with less than 100 cheques received in that time. This shift towards electronic payment has been part of the response to the challenges caused by coronavirus (Covid-19).

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Chart 4: The percentage of transactions that are processed automatically through to initial payment, with no manual involvement, by month received



This only includes initial submission and payment (if relevant) and not future action the WRA might undertake to manage tax risk.

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The WRA has a performance target range of 90-95% in respect of automatic processing of its transactions. This covers both the receipt of digital transactions and automatic matching of payments received to any transactions where there is a financial liability and covers both LTT and LDT.

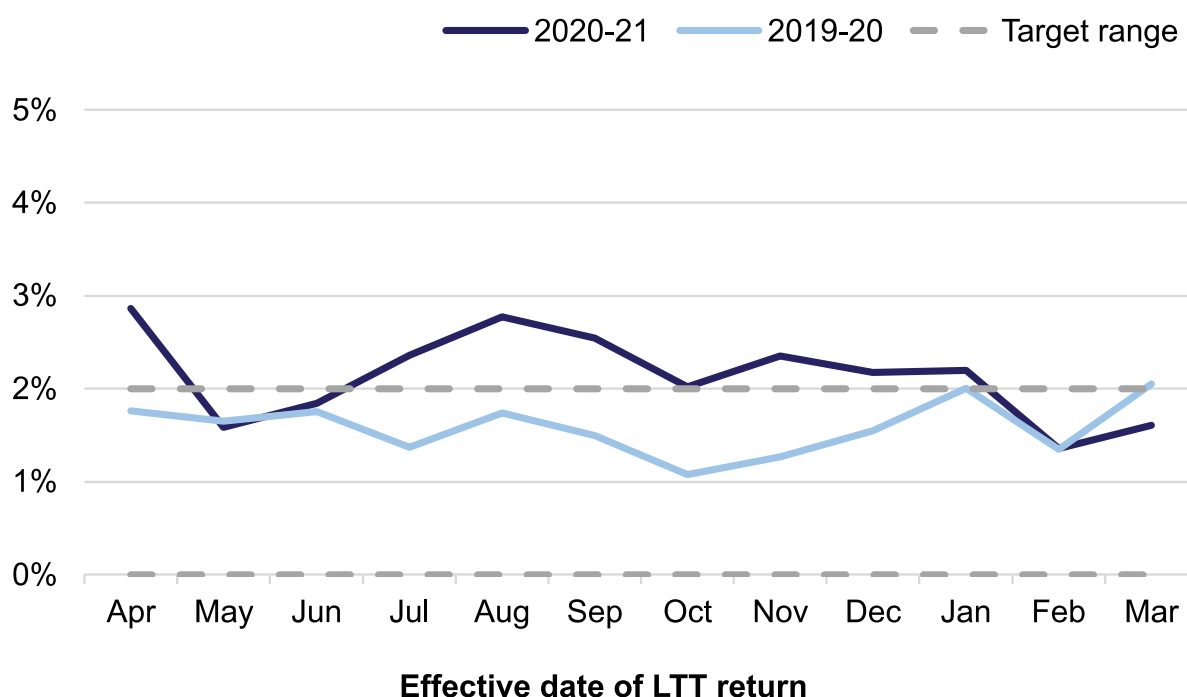
This chart shows that the percentage of transactions processed automatically had increased to reach the upper end of the target range by the end of 2020-21, continuing the upward trend that was also evident in previous years. This is heavily influenced by the trend towards electronic payment seen in chart 3.

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Chart 5: The percentage of Land Transaction Tax returns received outside 30 days, by month transaction was effective



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The WRA has a performance target range of 98-100% in respect of receiving LTT returns on time, that is within 30 days of the effective date as specified in the legislation.

For the purposes of viewing the data, it is easier to visualise the reverse of that measure, namely the percentage of returns received outside 30 days of the effective date, with a target range of 0-2%. The data for both measures is available in the accompanying spreadsheet.

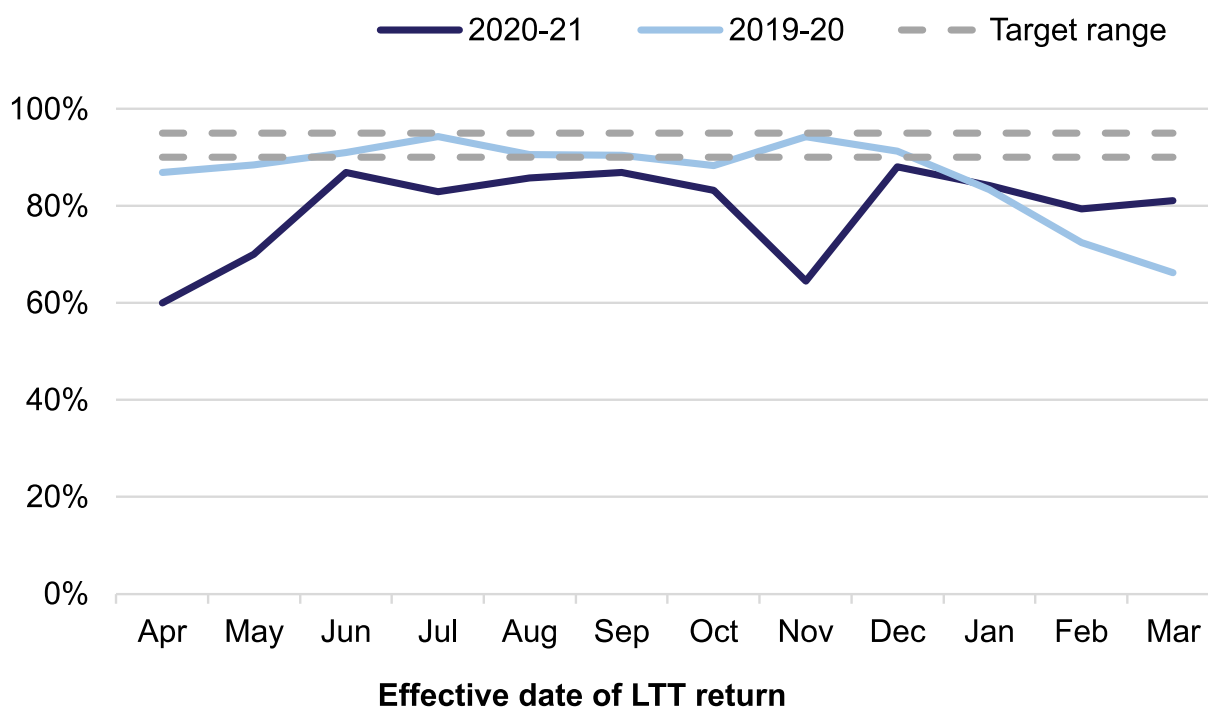
This chart shows that the percentage of returns received after 30 days of the effective date remained low and within or just outside the target range during all of 2020-21. Many of the monthly figures were marginally higher in 2020-21 than in 2019-20 reflecting some challenges faced by agents in submitting timely returns as coronavirus (Covid-19) impacted.

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Chart 6: The percentage of manageable Land Transaction Tax debts collected within 30 days, by month transaction was effective



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For each LTT transaction with a financial liability that is not submitted and paid within 30 days, a debt is created. The WRA aims to collect transactions that become a debt within 30 further days and has a target range of collecting 90-95% of those debts in that timeframe. Transactions that are submitted later than this 60 days after the effective date create a bias in this measure and are excluded from the calculation. Instead, the WRA keeps abreast of the number of these cases with a view to keeping them low, with the numbers available in the accompanying spreadsheet highlighting this is generally the case.

This chart shows that transactions were below the target range for all of 2020-21, with notable drops at the start of the year and again in November 2020. Much of this is influenced by temporary stops on collection of post, firstly due to flooding of the WRA’s office in early February 2020 and then subsequently because of the different coronavirus (COVID-19) lockdowns throughout 2020. However, there was also a general increase in debt cases as

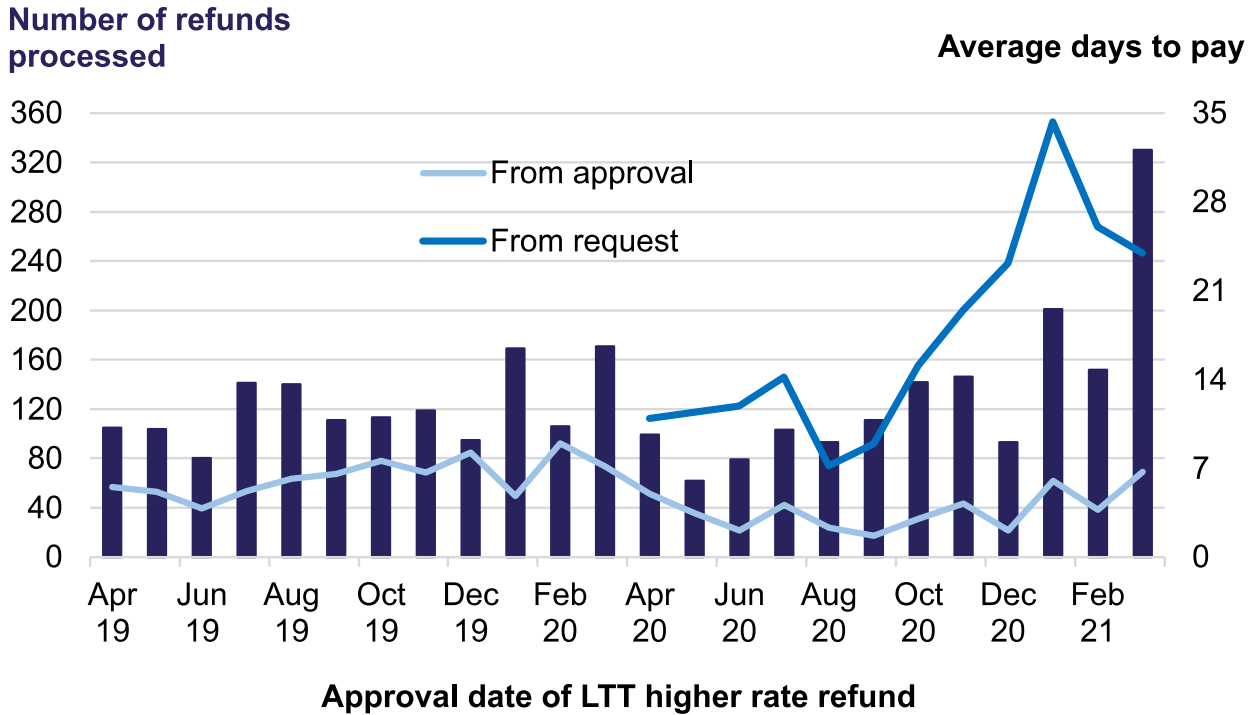
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some taxpayers were themselves impacted by the pandemic.

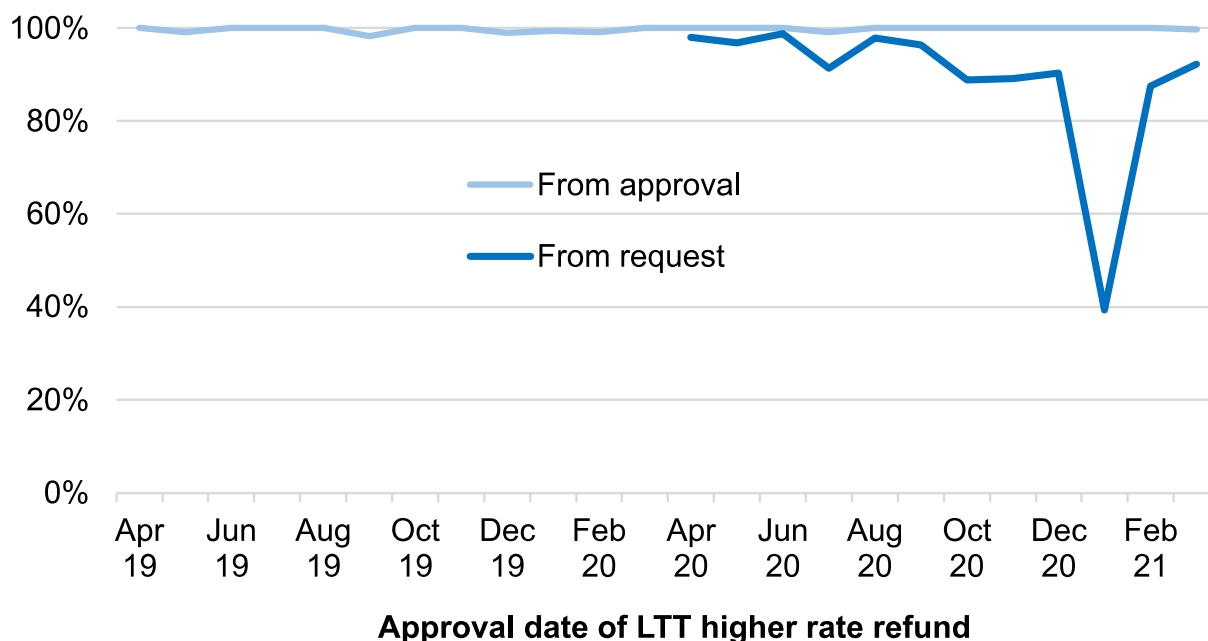
Chart 7a: The number of and average days to pay Land Transaction Tax higher rate refunds, by month of approval



Related content in main body of report

Chart 7b: The percentage of Land Transaction Tax higher rate refunds paid within 30 days, by month of approval

Percentage of refunds completed within 30 days



Related content in main body of report

Generally, where a taxpayer purchases a new main residence without selling their former main residence at the same time, they are subject to the higher rate of residential LTT. Those that sell their former main residence within three years are usually eligible for a refund of the difference between the higher rates and main rates LTT on the original transaction.

The WRA aims to make payments of these refunds, termed higher rate refunds as timely as possible. Until 2020-21, it was only possible to measure the time taken to make the payment from the point the refund was approved, although since April 2020, we are now able to measure this from the point the request is received. That gives a fairer reflection of the true time taken to receive a refund from the perspective of the taxpayer.

The two charts 7a and 7b show how the time taken to receive higher rates refunds has changed over time and the proportion of all refunds that are paid

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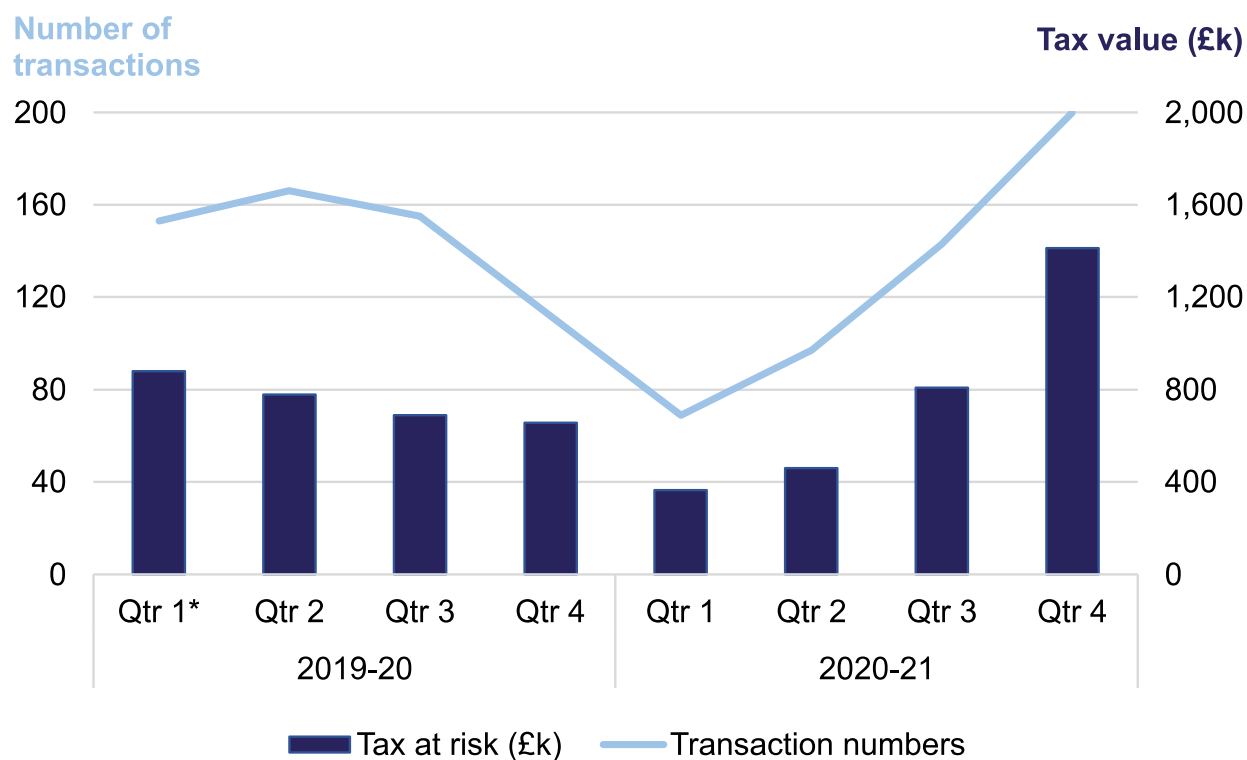
within 30 days. Both charts use the month of approval as the point at which data are aggregated, which is currently the earliest point in the process at which a measurement can be consistently taken for all years covered in the charts. In time, it might be preferable to base these charts on the month of the original request, and this is something we'll be looking at in due course.

Chart 7a shows that the average time taken to process higher rates refunds (measured from the point of request) increased over the course of 2020-21, reaching a high of 35 days in Jan 2021, before dropping back to 26 and 24 days in February and March. This increase initially reflected a combination of increasing numbers of refund requests, which peaked in January and then again in March, alongside some internal resourcing challenges in the latter half of 2020, which have since been addressed. More details are given in the annual report about this.

The impact on the proportion of refunds handled within 30 days is shown in chart 7b. The increase in the average time to process refunds is reflected by a significant drop in this measure at the start of 2021, before a recovery to levels seen earlier in the year as the year closed.

The charts also show the data on the former basis (from the point of approval), changes in which largely track changes in the counts of refunds in any given month, with the financial processes being naturally influenced by volumes.

Chart 8: Number of transactions and total tax in LTT risks 1 to 5



(*) large outlier replaced with mean value of tax at risk

Related content in main body of report

The WRA is able to carry out detailed analysis on the data contained in each transaction it receives to check for the presence of different characteristics that may indicate common errors or risks in the information provided. Each of those ‘tax risks’ are then analysed separately to identify the numbers of transactions and tax at risk, so that this can be tracked over time. The performance report (add link) explains more about the WRA’s approach to managing tax risks.

During 2020-21, attention was focussed on several tax risk areas. We have reported on the 5 main tax risks that were identified at the start of 2020-21. The individual datasets for each of those are shown in charts 9-13 below, whilst this chart shows the aggregation of the data for those 5 tax risk areas for 2020-21.

Following a general drop in the number of transactions falling into these 5 tax

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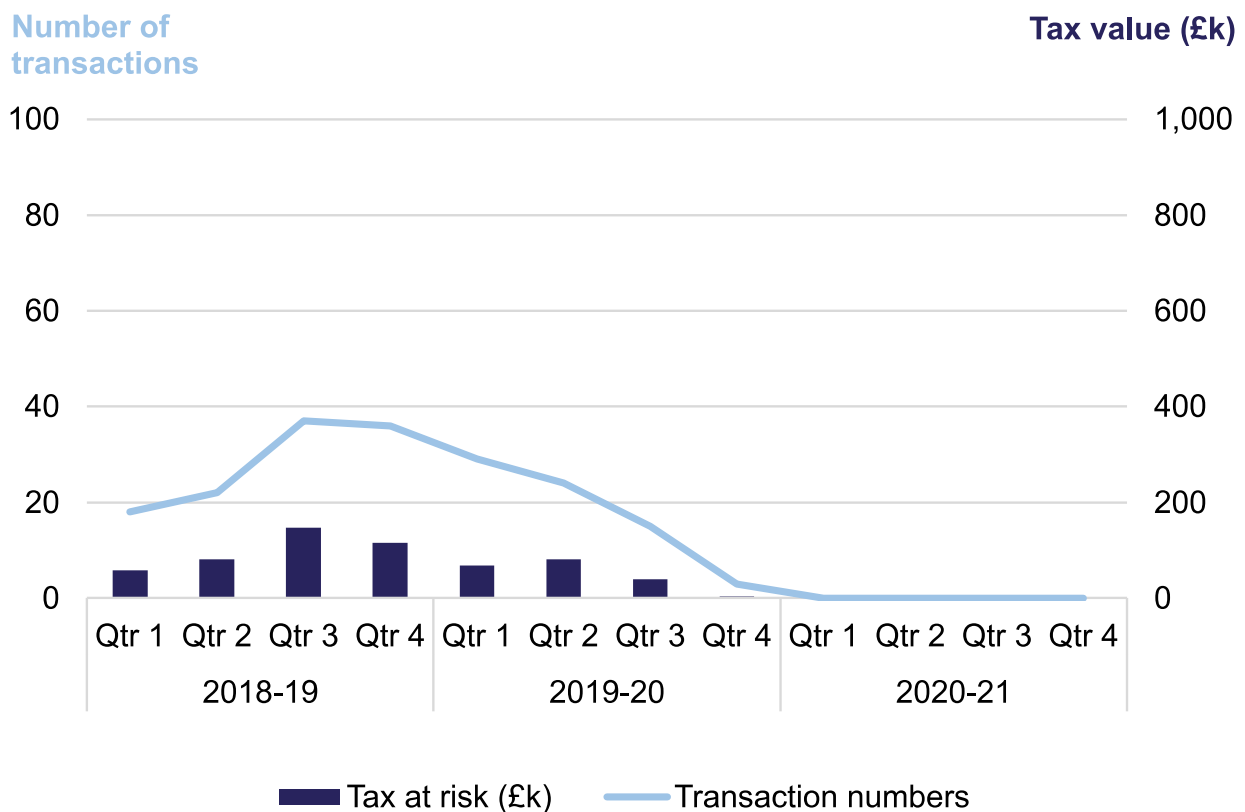
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risks and shown by the line (left hand axis) in 2019-20, numbers increased from around 70 in quarter 1, 2020-21 to around 200 in quarter 4, 2020-21. The tax at risk in those transactions shown by the bars (right hand axis) changed commensurately.

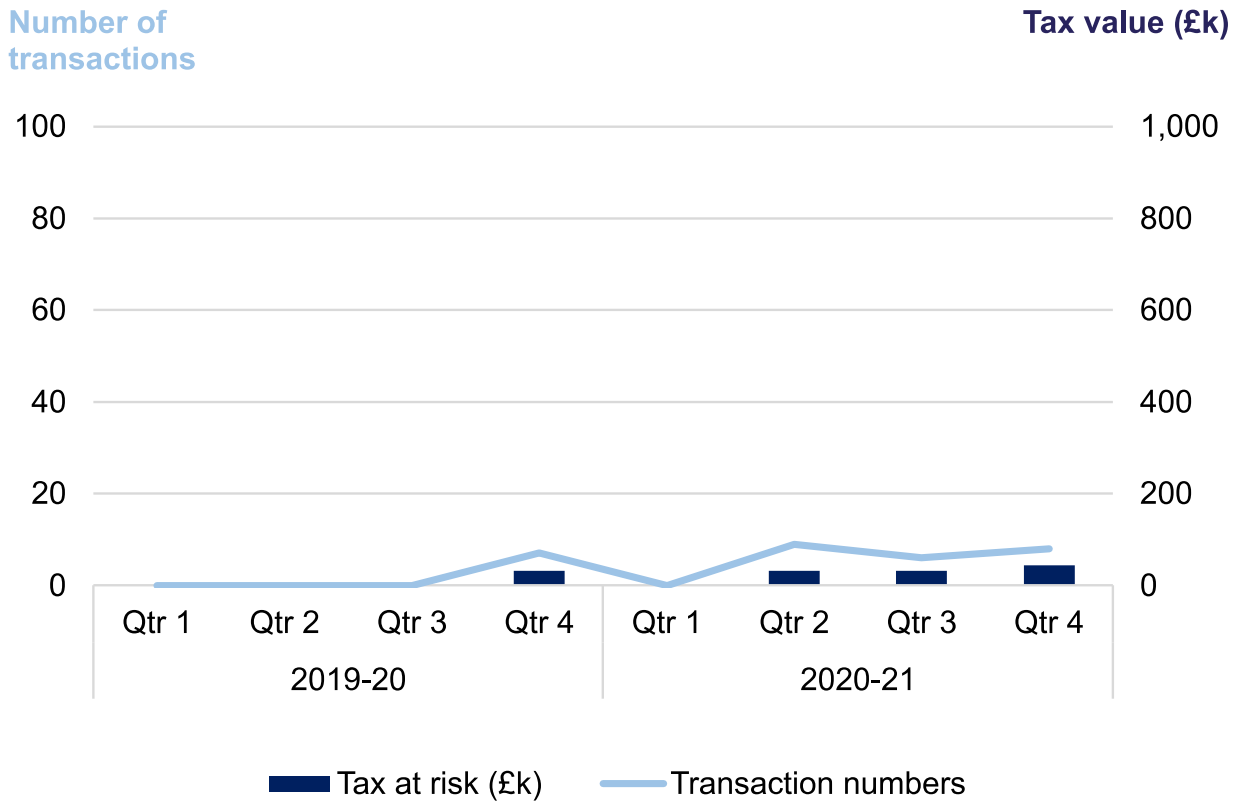
More reasoning for the trend in this data in the context of the WRA's approach and objectives is given in the annual report.

Chart 9: LTT risk 1 - companies buying residential property



Related content in main body of report

Chart 9a: LTT risk 1a - residual activity around companies buying residential property



Related content in main body of report

Please see the commentary under chart 8.

Data are available for 3 years for this tax risk and for both the count of transactions (shown by the line, left hand axis) and tax at risk (shown by the bars, right hand axis). Following a sustained fall in 2019-20, the general risk was mitigated. However, some residual activity in 2020-21, which can be attributed to a specific type of transaction is now shown separately in chart 9a. This risk can be seen to be generally minimal over the course of the year.

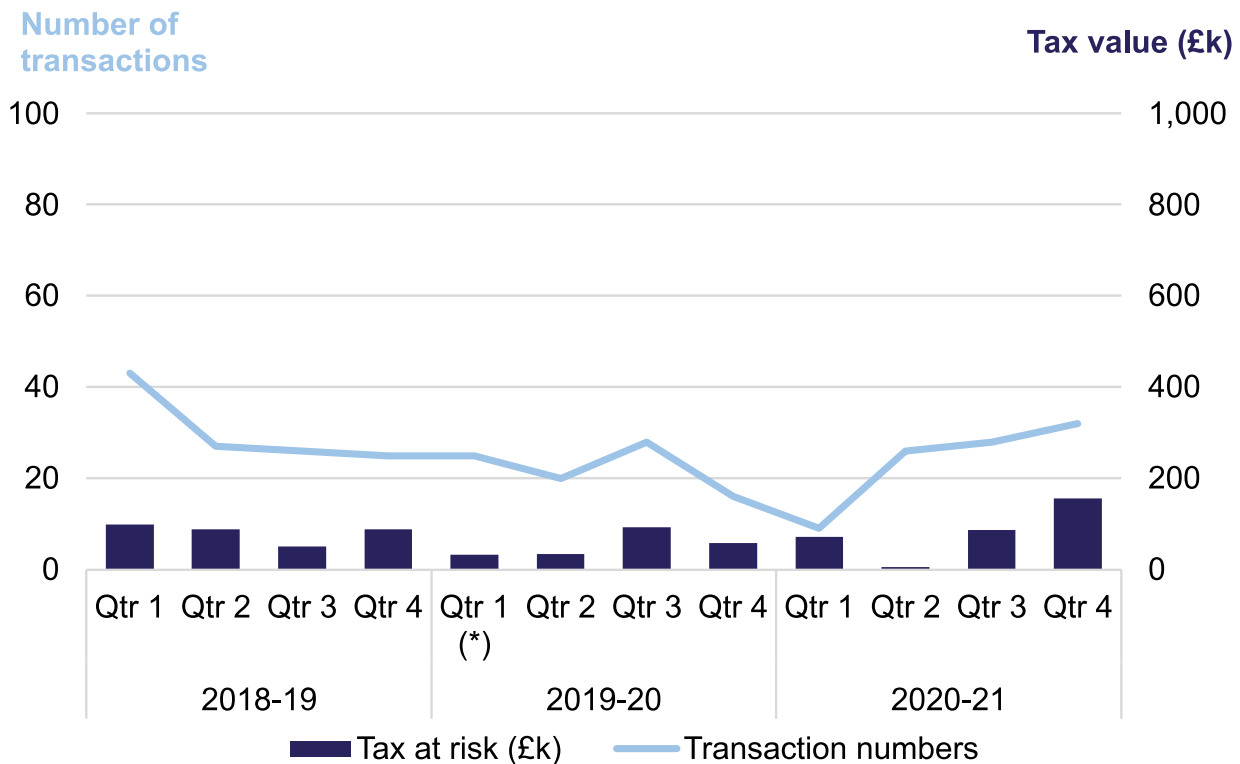
More reasoning for the trend in this data is given in the context of the WRA’s approach and objectives is given in the annual report.

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Chart 10: LTT risk 2 - outstanding tax return



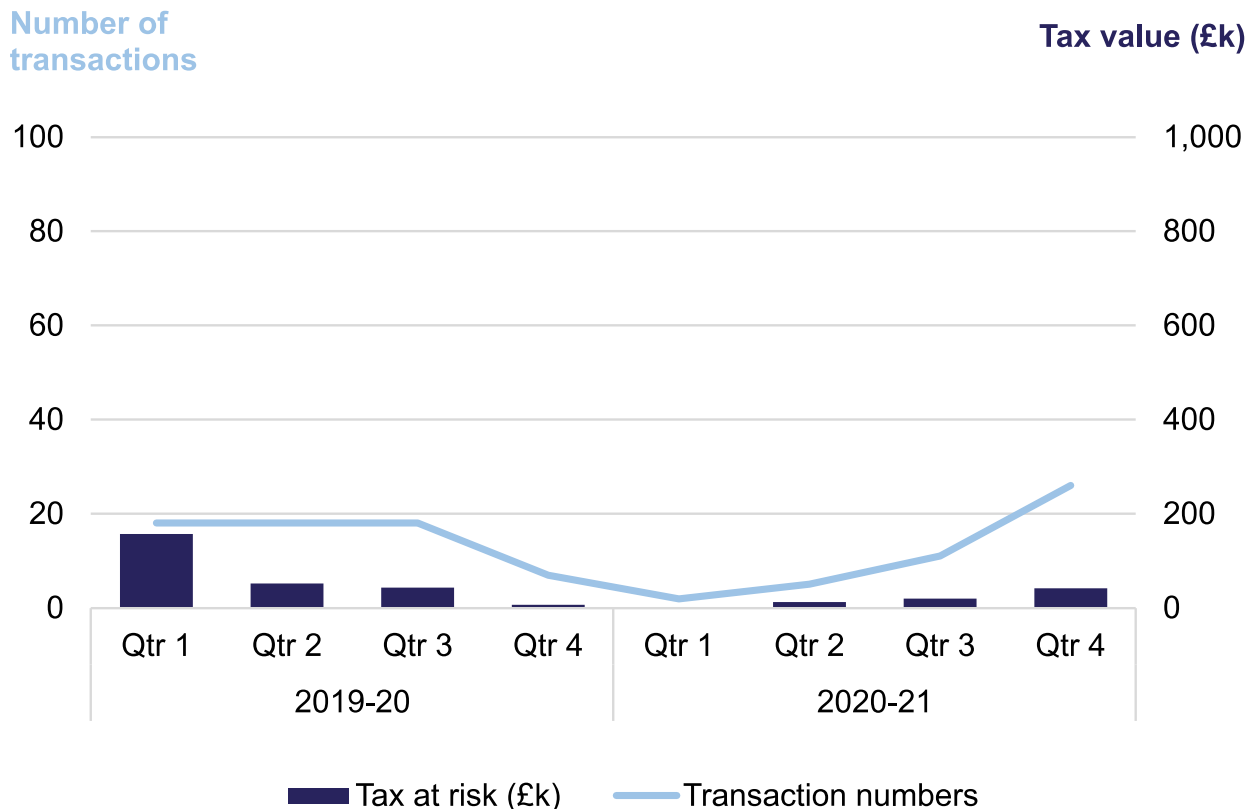
(*) large outlier replaced with mean value of tax at risk

Please see the commentary under chart 8.

Data are available for 3 years for this tax risk and for both the count of transactions (shown by the line, left hand axis) and tax at risk (shown by the bars, right hand axis). There was a general fall in transactions during the first two years from an early peak, into the first quarter of 2020-21. Since then, the risk has grown mainly in line with increasing numbers of transactions as coronavirus (Covid-19) lockdowns eased in the latter part of the year. The tax at risk has been affected by a few larger unrepresentative transactions over the 3 years but largely tracks the numbers of transactions for this risk (ignoring the particularly large outlier referred to in quarter 1 2019-20).

More reasoning for the trend in this data is given in the context of the WRA's approach and objectives is given in the annual report.

Chart 11: LTT risk 3 - disagreeing with LTT calculator



Please see the commentary under chart 8.

Data are available for 2 years for this tax risk and for both the count of transactions (shown by the line, left hand axis) and tax at risk (shown by the bars, right hand axis). The count of transactions was generally flat in 2019-20 until a drop in the last quarter and the first quarters of 2020-21. Since then, cases have increased again, partly (but not solely) in line with increasing numbers of transactions as coronavirus (Covid-19) lockdowns eased in the latter part of the year. The tax at risk has remained relatively low over 2020-21 following a fall over 2019-20, although there has been a marginal increase towards the end of the year in keeping with the increase in transactions for this risk.

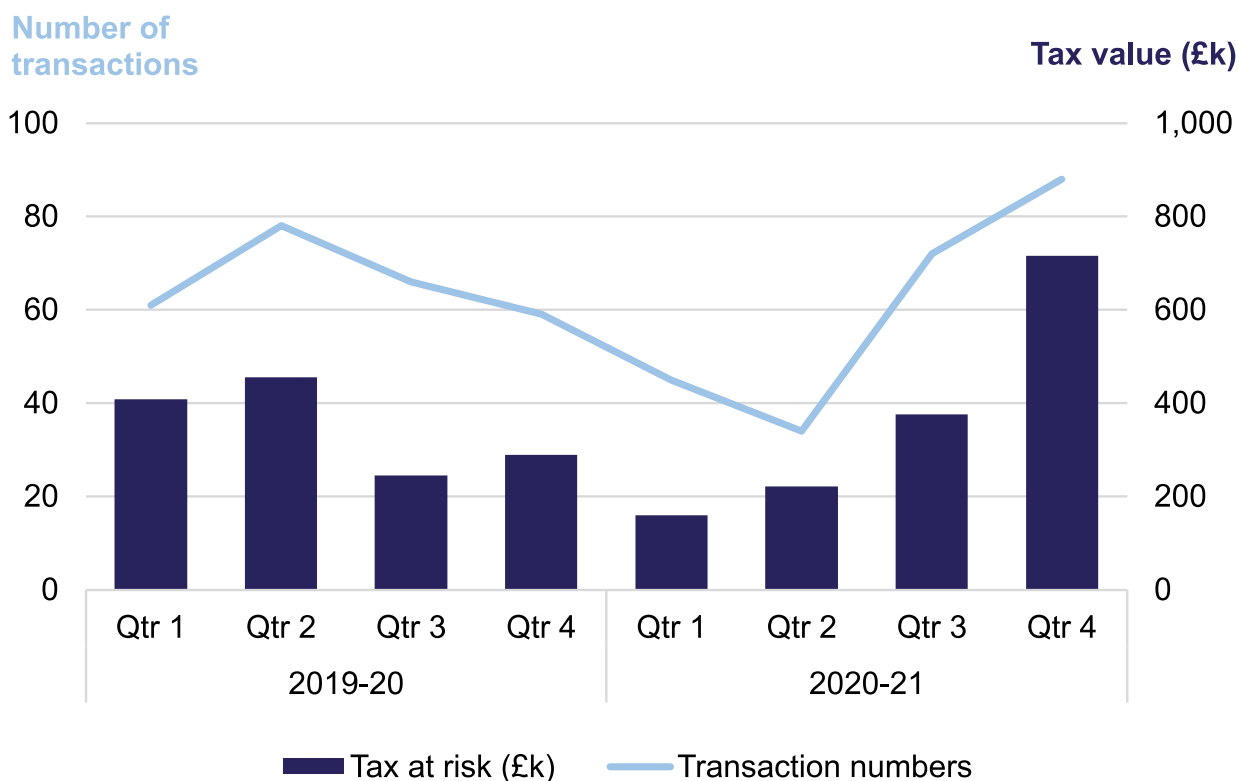
More reasoning for the trend in this data is given in the context of the WRA's approach and objectives is given in the annual report.

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Chart 12: LTT risk 4 - tax treatment of different property types



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Please see the commentary under chart 8.

Data are available for 2 years for this tax risk and for both the count of transactions (shown by the line, left hand axis) and tax at risk (shown by the bars, right hand axis). The count of transactions at risk is the highest for this risk and after a period of reducing numbers during 2019-20 and early 2020-21, there has been a marked increase in numbers in the second half of 2020-21, in excess of the numbers that might be expected as coronavirus (Covid-19) lockdowns eased. Tax at risk follows a similar pattern with the figure in quarter 4 2020-21, the largest seen over the two years.

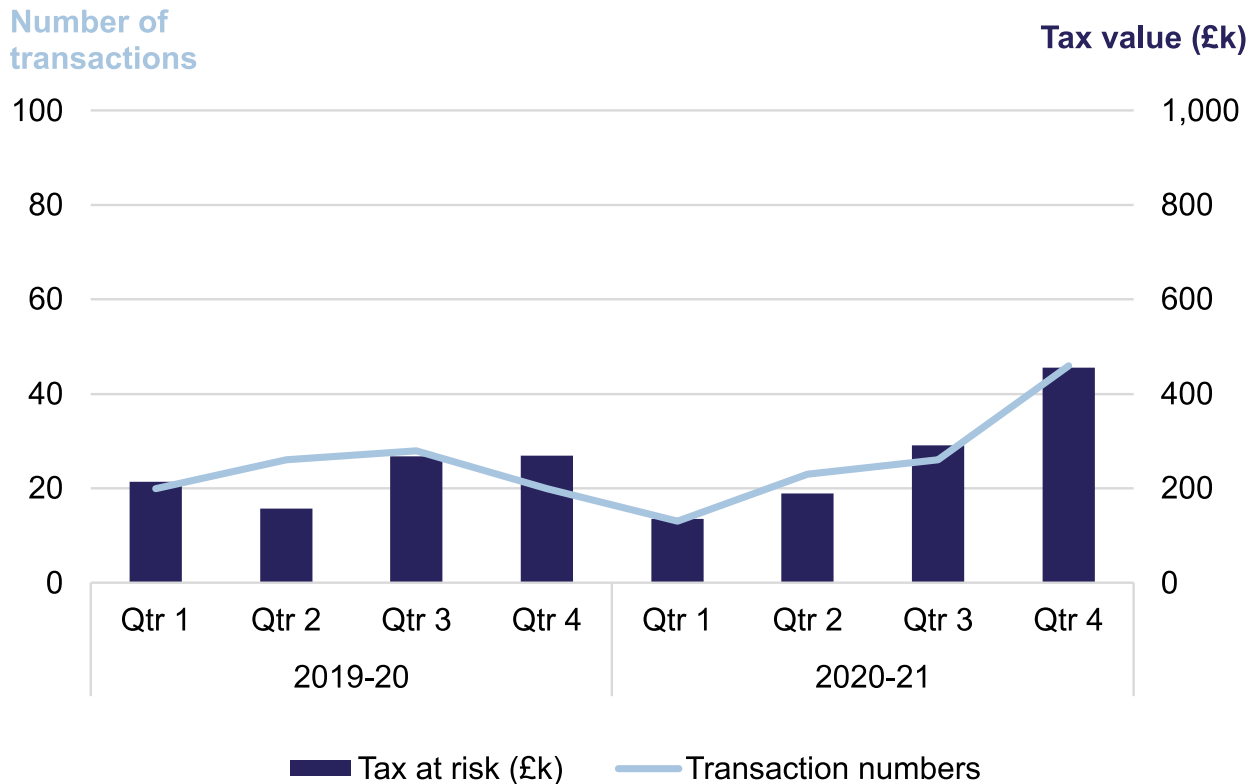
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Chart 13: LTT risk 5 - in relation to a specific relief (relief a)



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Please see the commentary under chart 8.

Data are available for 2 years for this tax risk and for both the count of transactions (shown by the line, left hand axis) and tax at risk (shown by the bars, right hand axis). The count of transactions at risk was relatively flat during 2019-20 until a drop in early 2020-21, in line with the reduction that might be expected as coronavirus (Covid-19) impacted. Since the lockdowns eased, the numbers have risen, broadly in line with the rise in general transactions, although the rise in quarter 4 is a little steeper than that. Tax at risk follows a similar pattern with the figure in quarter 4 2020-21 being the largest seen over the 2 years.

More reasoning for the trend in this data is given in the context of the WRA’s approach and objectives is given in the annual report.

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