



Llywodraeth Cymru  
Welsh Government

REPORT

# Welsh Revenue Authority: Annual Report and Accounts 2021 to 2022

Our performance, financial, and governance activities at the Welsh Revenue Authority (WRA).

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## Chair's Overview



This report shows the strong progress we have made, in line with our **Corporate Plan 2019 to 2022**, despite the difficulties of the past 2 years. We are a young organisation and have coped with the flooding that closed our office, the constraints of the pandemic and the consequent changes in our ways of working. These changes have been considerable – we have, for example, had to work remotely for around half the time that we have been in existence as an organisation.

This report covers the final year of our Corporate Plan 2019 to 2022. The year has seen the beginning of the recovery from pandemic constraints, the steady improvement in some of our key performance indicators and the reduction in

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vacancies across teams, following the end of a recruitment freeze from the previous financial year.

The year has also seen a key milestone: we passed the £1 billion mark for revenues raised, all contributing to the funding of Welsh public services.

I'm proud of what has been achieved in this chapter in the WRA's history. Our initial ambitions to do tax differently are being realised, through our innovative approach, and we now see evidence that this is the right way to raise revenue in Wales, for the benefit of Wales.

**Kathryn Bishop**  
**Chair of the WRA**

# Performance Report (with Chief Executive's Overview)



As Kathryn explains, this annual report and accounts marks the third and final year of our **Corporate Plan for 2019 to 2022**. When we set out to deliver our Corporate Plan, we couldn't have imagined what the years ahead had in store. I'm delighted with what we've achieved working together with taxpayers and their agents along with various partners who have helped us deliver a great tax system for Wales. I'm very grateful for all the support we've had and for the energy and commitment shown by everybody at the WRA.

I'm particularly pleased to see that we have continued to create an engaging

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environment to work together. We have remained in the top three organisations in the Civil Service People Survey throughout the corporate plan period. We've made great strides in learning to adapt to working from home; but it hasn't always been easy, and I recognise the impact that has had on some people's mental health. I'm really proud of the way we have continued to try to support each other throughout.

Our latest annual report and accounts sets out a wide range of data and information about how the Welsh devolved tax system is working. It's great to see our digital channels being used so extensively and I'm pleased that the majority of taxpayers and their agents collaborate with us by filing their returns and making payments so promptly. We appreciate that collective effort.

I'm also happy to report, as you will see from the data, the improvements we've made to repayments response times and how we've begun to improve how we manage debt. It's worth highlighting the fact that the percentage of tax returns completed correctly first time remains nearly identical to previous years, despite the significant increase in transactions and tax paid. Of course, where things have gone wrong, we have continued to recover unpaid tax and it is interesting to see a significant proportion (over 25%) of this additional tax collected is paid voluntarily.

I'm excited to see how we have been able to pick up our work to make better use of data again and we have also been supporting Welsh Government colleagues to explore new tax ideas more than ever before. Along with our excellent operational performance, these two additional areas show the extra value we can create for Wales using our skills, expertise and experience.

**Dyfed Alsop**  
**Chief Executive of the WRA**

# Performance Report part 1: about the WRA

Since 1 April 2018 we've collected and managed the following devolved taxes, designed and made by the Welsh Government for Wales:

- Land Transaction Tax (LTT)
- Landfill Disposals Tax (LDT)

Our overall purpose is to design and deliver Welsh national revenue services and lead the better use of Welsh taxpayer data for Wales. We're proud of our role in collecting vital funds to support services like the NHS and schools in communities across Wales, in a way that is supportive and fair.

## Strategic objectives

To help us deliver our purpose, we have the following objectives which form the basis of our [Corporate Plan 2019 to 2022](#):

- making it easier for people to pay the right tax
- ensuring we're fair
- being more efficient
- enhancing our capability

We also have 2 further areas in which we wish to develop our role in producing longer-term benefits for the people of Wales, recognising their investment in us. We've already made progress against these areas:

- using our operational experience and knowledge, we're supporting Welsh Government to design future revenue services
- we will make the most of our data assets, and work with others holding taxpayer data to enhance the way we share, use and analyse those data, for the benefit of Wales

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## Our people

We're a small and multi-skilled organisation of more than 80 people, with skills and experience spanning 14 different professions.

We want to be an organisation whose collaborative, innovative and kind culture fuels high engagement, continuous learning and inclusion. We believe that having capable people doing jobs that they truly enjoy will translate into everyday excellence in our day-to-day services and innovative and sustainable solutions for the future. By working together across skilled, multi-profession teams, we'll be more than just the sum of our parts and achieve stretching and bold objectives for the benefit of our own learning and our stakeholders.

## Our Approach: working together

We appreciate the vital role partnerships play in our operations. Adopting a partnership-led approach is fundamental to the way we collect and manage devolved taxes in Wales. We refer to this as 'Our Approach'. This Welsh way of doing tax guides everything we do.

In delivering our objectives, we aim to work collaboratively and openly with all our stakeholders to ensure taxes are collected and managed in a way that is supportive and fair and delivers the best value for money for the Welsh public. Both our objectives and Our Approach embody the spirit and sense of the 'Wellbeing of Future Generations (Wales) Act'.

## Performance Report part 2: impact of COVID-19

Last year's [Annual Report and Accounts 2020 to 2021](#) explained that we had refocused and re-prioritised our operations in response to the challenges of

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COVID-19. We chose to focus on recruitment and staff wellbeing, and while it was not possible to restart all our tax risk mitigation activities, for example tax forums, we were able to make improvements in making tax easier and understanding how we can use data to support future tax services in Wales.

For around half of the time that we have been in existence as an organisation, we have delivered our services from home in line with social distancing regulations. While we scored highly for engagement with our people in the annual Civil Service People Survey, we recognise that this has not been ideal, as much of our ways of working benefit from being in person: collaborating, innovating, and building relationships.

We continued to maintain a degree of flexibility, adapting to changing demands as the year progressed. We also maintained recruitment and wellbeing activities, and increased training activity to continue to support our people.

## Performance Report part 3: performance analysis

The table below shows the level of performance against each of our performance measures for the year.

### Summary of WRA performance measures (PM) 2021 to 2022

PM	Indicator	Objective	2022 Target/Aim	2021-22 Performance
1	How well our digital services are used:	Easier Efficient	1.1 98% 1.2 90%	1.1 98.9%, consistently within target range over the year. 1.2 99.4%, consistently above the target range, due in part to less use

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PM	Indicator	Objective	2022 Target/Aim	2021-22 Performance
	1.1 Filing			of cheques during COVID-19 pandemic.
	1.2 Paying			
2	How people find dealing with us	Easier Fair Capable	People find it easy to use our services.	92% of our feedback respondents found our services easy to use.
3	Support people to get their taxes right	Easier Fair Efficient	People get their taxes right.	98.2% of transactions were correct first time.
4	Reduce the scope for tax risks	Easier Fair Efficient	Reducing each individual tax risk.	The number of tax risk cases decreased slightly during the middle part of the year before a rise to an historic high in the fourth quarter. Due to rising transaction values, the value of tax at risk in these cases has risen steadily over the course of the last 2 years.
5	Timeliness:	Efficient	5.1 98%	5.1 98.4%, above target since early part of the financial year, and has generally increased since.
	5.1 Filing	Easier	5.2 90%	
	5.2 Paying	Fair	5.3 Less than 30 days	5.2 90%, generally stable over the financial year, near or within the
	5.3			

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PM	Indicator	Objective	2022 Target/Aim	2021-22 Performance
	Refunds			target range, and up on the previous year as whole.  5.3 95%, generally at around or above 95% over the financial year, highlighting long-term stability following the dip at the end of the previous year.
6	Extent of automation	Efficient	90%	92%, remained within target range over the course of the financial year.
7	How our people feel	Capable	Top 25% of Civil Service organisations for engagement.	Third across over 100 CS employers.
8	Our skill mix	Capable	Maintain breadth of professions and develop our Welsh language skills.	14 professions.  73% know some Welsh.  24% are fluent or near to fluency.
9	Diversity	Capable	Be an inclusive organisation which values and involves people regardless of their background or circumstances. Ensure fair and equal treatment to all.	We've made positive progress. Diversity data will be published in our Equality Report in March 2023.

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Our [annual LTT data release](#) contains the detailed data (current and historic) for indicators 1 to 6.

## Objective 1: making it easier

*We will make it easier to pay the right amount of tax.*

We made a concerted effort to make it easier for our taxpayers and their agents to file and pay their taxes correctly.

We carried out different activities to raise awareness of LTT and provided extra support to taxpayers and agents in areas where they need extra help:

- published and promoted the multiple dwellings relief (MDR) quick guide via the [summer operational update newsletter](#) to tax professionals
- produced several educational videos, published on [our YouTube channel](#) which were shared with our agents. These cover both mixed use transactions and MDR
- published the [higher rate checker tool](#) for agents to use – developed internally by our digital team
- developed the [MDR calculator](#) – helps to reduce calculation errors for those entitled to the relief
- redesigned and released an improved LTT calculator – responding to customer feedback and improving the application for mobile devices
- created technical updates on mixed use and derelict properties
- simplified the non-residential/residential guidance, improving the layout, and added help text linking to it from the tax management system, as well as new questions added to the digital tax return
- made updates and preparations to support the end of the temporary change to LTT rates on 30 June 2021

We made further improvements to our tax management system, making it more

accessible. We remain committed to [our accessibility statement](#) enabling people as much as possible to fully use our services.

We continued to provide excellent customer service despite increased demand, with 92% of our feedback respondents finding our services easy to use.

During the early part of 2021 to 2022, we launched the new LDT return. We were pleased with the positive engagement from Landfill Site Operators (LSOs) – which highlighted the value of user research and engagement throughout its development and the benefits arising from the improvements by our digital team. The LDT return creates more opportunities for us to explore how we can use data to mitigate tax risks and helps to ensure all LSOs get things right first time.

## **Helpdesk and tax specialist support**

We put the customer at the heart of what we do. Despite the impact of COVID-19 on our resources, our bilingual helpdesk and tax specialist teams continued to offer high levels of customer service. We continued to invest in learning and development opportunities for our teams to ensure that advice given is accurate and is confidently delivered.

Some of our highlights included:

- receiving almost 7,300 calls through our bilingual helpdesk
- our LTT specialists responding to almost 1,200 technical queries
- our LDT specialists responding to over 200 queries and applications
- providing a tax opinion on 8 of the total number of queries received across LTT and LDT, due to the complexity of these 8 queries
- processing over 800 paper returns, using an upload function we introduced to our SmartSurvey form, to overcome the problem of not being able to access our post for periods due to lockdown restrictions
- approving nearly 2,700 refund applications (includes amendments and

higher rate refunds), working across teams to provide a quick and accurate service

## **Feedback and insights**

We've invested a lot of time in enabling our users to provide feedback on our services to inform our service design. During the year, we received almost 2,000 pieces of feedback through a number of channels.

We use the feedback we receive to continually improve our service delivery, including our tax return, calculator, online forms, and processes as a result of specific feedback, for example simplifying questions, adding in help text, and adding and removing questions to make completing the forms simple. The case studies below, show just some of the improvements we made during the year, using customer feedback and insights.

## **Making it easier case studies**

The following case studies provide examples of what we did to make it easier to pay the right amount of tax.

### **Case study 1: LTT calculator**

The LTT calculator is the most visited page on our website. It's an important service that tells people what amount of tax they would pay on a property or land purchase. We received a lot of feedback from taxpayers and solicitors on this service, more than on any other.

The feedback covered:

- language – that's technical and confusing

- flow – that's not intuitive in places
- user journey – that's difficult to navigate at times

Overwhelmingly, feedback told us that users did not understand the technical language being used.

Our customer team undertook research which included:

- interviewing members of the public who've recently bought properties in Wales
- researching best practice
- exploring other tax calculators
- talking with colleagues to understand how customers use the calculator

Using this research, we built an improved tax calculator, which we released in March 2022.

The updated calculator has a much more user-friendly interface and the language used is considerably easier to understand. Due to improved architecture, it's much faster and smoother than the old version. Overall, the calculator is significantly better and this project has demonstrated the importance of user research and innovative programming.

## **Case study 2: LDT improved digital tax return**

Based on our experience of collecting and managing LDT, we identified several opportunities to improve our digital tax return, to help make it easier for our taxpayers to get things right first time, while ensuring the tax operates fairly.

Over an 18-month period to the end of April 2021, our LDT team worked with colleagues across the WRA on the development of a new digital tax return. We involved our users (landfill site operators) by hosting engagement sessions to introduce the concept, and to gather feedback to refine and shape the tax return.

The early stages of development were undertaken with our development partner, while the later stages of development were undertaken entirely in-house.

The purpose of the new and improved tax return was to:

- help taxpayers submit the right information on more complex areas such as water discounts and fines materials
- enable us to gather more information about the tax so that we can better support our taxpayers and ensure that the right tax is paid at the right time

The return went live in May 2021 and further improvements, based on customer feedback, were rolled out in February 2022 as part of our approach to continuous improvement.

## **Digital filing of tax returns**

Our digital tax management system is designed to provide our users with an easy way to file their tax returns. Each year we make enhancements to the system to improve the user experience and the quality of the data we collect.



**Chart 1: The percentage of Land Transaction Tax returns received on paper, by month received**

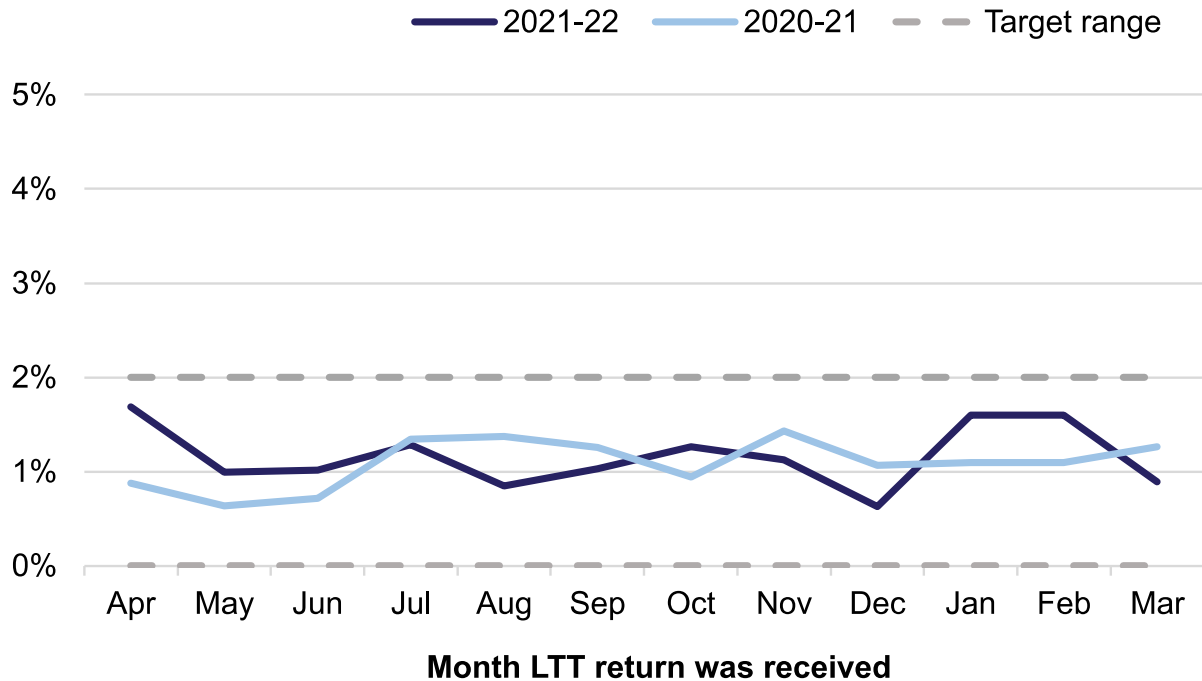


Chart 1 shows the monthly trends in the percentage of total tax returns received on paper for the year, which is one of our main performance measures (PM1). Most of our tax returns are received through our digital tax return system. The levels of tax returns received on paper remained low, and was well within the target of 2% throughout 2021 to 2022.

## Objective 2: ensuring we are fair

*We will be fair and consistent in the way we collect and manage tax, taking proportionate action when people do not meet their obligations.*

## Our approach to managing tax risk

We recognise that some elements of the tax system are more complicated or difficult to interpret than others. Both devolved taxes are self-assessed taxes, so people are responsible for calculating the taxes they owe and submitting their tax returns. People might not pay the right amount of tax at the right time if we do not actively help them to understand how to apply the rules correctly.

We have developed our data analytical capabilities to better understand the information we receive from the 60,000 tax returns submitted by taxpayers and their representatives each year. We also use publicly available data, as well as data securely gathered from partners, such as HM Land Registry.

We combine our data analysis with the learning from queries, operational data, and customer insights work. We use this collective knowledge alongside the ever-increasing expertise across our organisation to spot trends and identify emerging and potential tax risks early on.

We undertake engagement activity, research and tax enquiries to develop a rounded understanding of the tax risks. This engagement activity and the learning from it is vital to understanding why errors occur, so that we can develop effective and targeted solutions. As new risks may evolve and existing risks may change due to a range of factors, such as societal and economic changes, we adopt an ongoing and iterative process in identifying and evaluating tax risks. This provides us with greater learning and knowledge, which in turn should lead to more effective solutions in helping people get their taxes right first time.

As we identify and learn more about particular tax risks, we will trial different activities to attempt to reduce the risk, and as a result help more people get their taxes right first time in future. This might include targeted activities to raise awareness and educate people or making changes to our guidance and our tax

system to reduce the scope for errors before returns are filed with us.

We've also developed ways of supporting people to correct their tax returns if they've made a mistake. In those few instances where people try to evade paying the full amount, we've put in place mechanisms to quickly identify them and use our powers to ensure that the right tax is paid.

Our approach helps more people to pay the right tax at the right time and reduces the scope for errors, tax avoidance and evasion. A more detailed explanation of how we manage 'tax risk' and measure our performance in respect of this approach can be found in our [2019 to 2020 Performance Report](#).

## **Tax risk performance data**

In 2021 to 2022 we collected more tax and managed higher volumes of transactions than ever before. We continued to see the same percentage of transactions that are right first time (98.2% in 2021 to 2022 versus 98.3% in 2020 to 2021).

At the same time we made improvements in areas, such as:

- debt prevention
- tax refunds
- higher rate repayments

And of course, continued to support taxpayers and agents at a challenging time.

Our tax risk work seeks to identify the small number of cases where things may have gone wrong. We have the data and collective knowledge we have built up to identify emerging trends and patterns which can indicate a particular tax risk, and to learn as much as we can about the risks so we can target our activities most effectively.

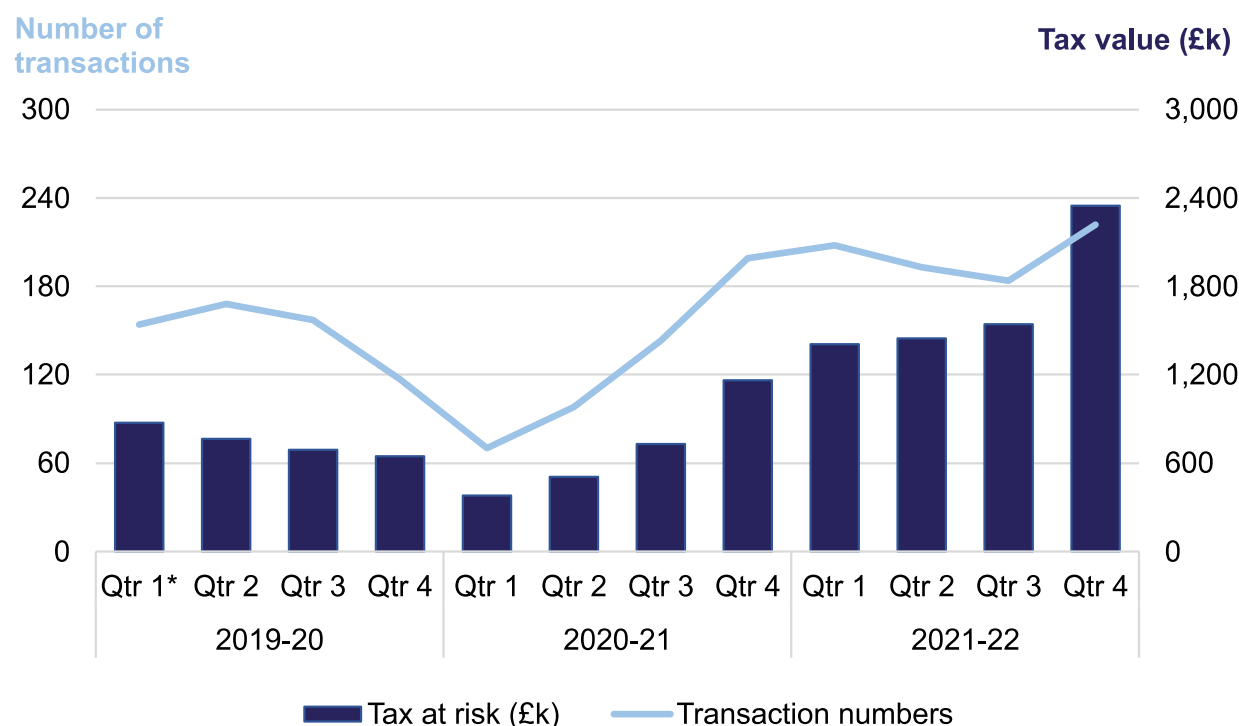
However, the significant fluctuations in transactions during 2020 to 2021, as a result of the impact of COVID-19 on the property market have made it more difficult to identify and measure trends around tax risk. Whilst we started to explore some new, emerging risks during 2021 to 2022, our main risks continued to be those we reported on in 2020 to 2021.

The scale of our mitigation activities across the year was less than we would have undertaken in normal times. We developed new guidance and educational products on several key tax risk areas, and during quarter 4 we started to make changes to the tax system and released updated calculators to further help taxpayers get things right first time and reduce tax risk.

We believe this activity has had a positive impact, with the number of tax risk cases decreasing slightly in the middle part of the year. However, we saw a rise to a 4 year high in the fourth quarter. It's too early to tell what caused this latest rise and what actions we need to take next. However, we have started to collect and analyse more data in one of the main tax risk areas, and we will address this in 2022 to 2023.

Due to rising transaction values, the value of tax at risk in these cases has risen steadily over the course of the last 2 years.

**Chart 2: Number of transactions and total tax in LTT risks 1 to 5**



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

The first of our Performance Measure (PM4) charts above shows the change in tax risk across the 5 main LTT risks during the year:

- tax treatment of different types of property
- LTT risk in relation to a specific relief (a), where '(a)' represents the first of our tax risks that involves a LTT relief. Future tax risks involving other LTT reliefs will be categorised as '(b)', '(c)', and so on
- company buying residential property, and the related residual risk around companies buying residential property
- outstanding tax return
- disagreeing with LTT calculator

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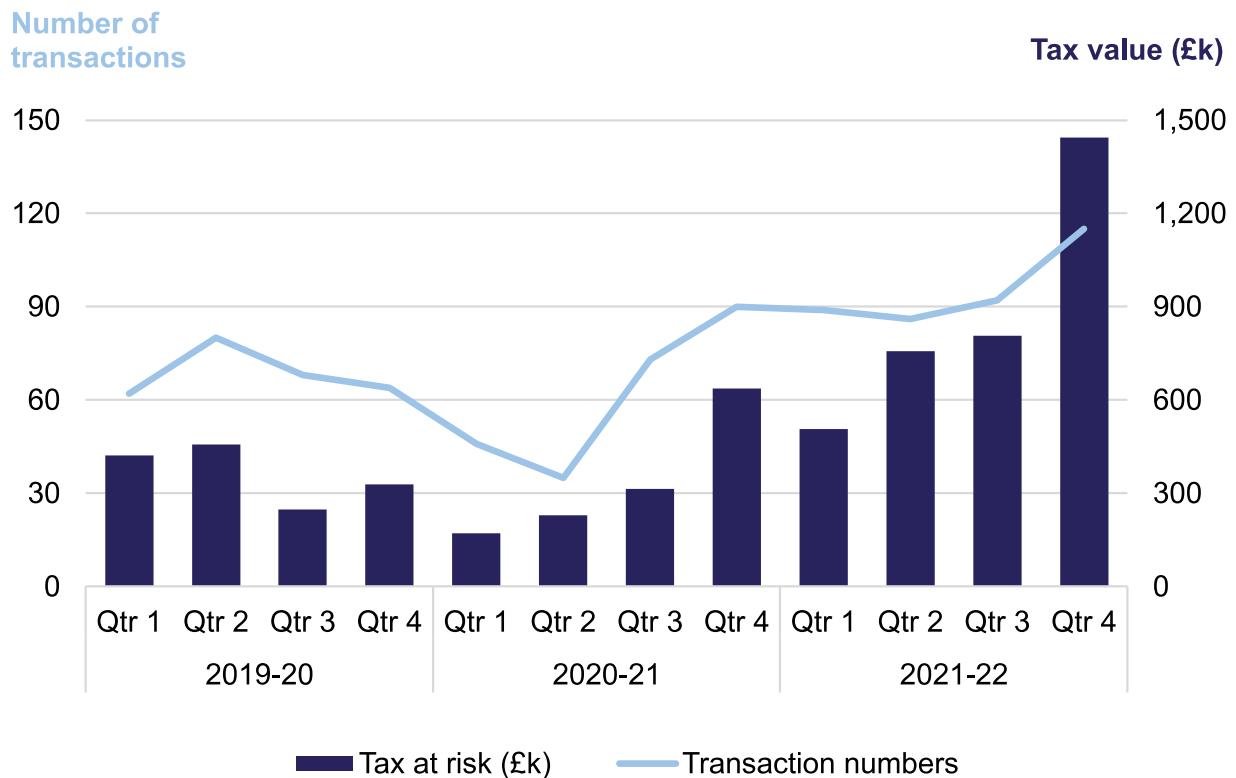
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We include in this report individual charts for ‘tax treatment of different types of property’ and ‘LTT risk in relation to a specific relief (a)’. This is because there is a more material change in these risks and activity in the year for us to reflect on. Our [annual LTT data release](#) contains the performance charts for all our LTT risks for the period 2021 to 2022.

For the chart above, we’ve used a bigger scale to fit all the tax risks in. For the individual tax risk charts below, we’ve used a smaller scale, given the lower values at an individual risk level. This smaller scale has been used consistently across all the individual tax risk charts.

**Chart 3: LTT risk 4 - tax treatment of different property types**



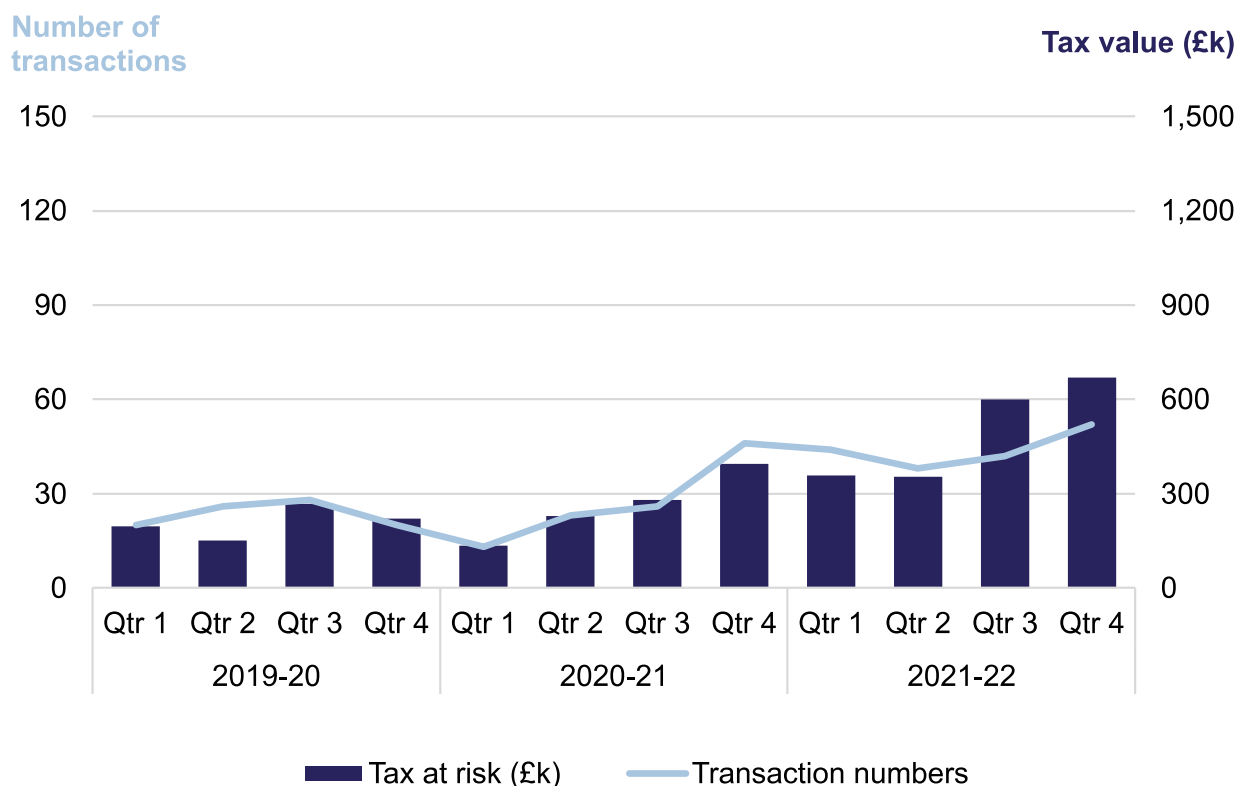
The first individual PM4 chart for LTT risk 4 – tax treatment of different property

types, shows that the number of tax risk cases remained steady during the first 3 quarters of the year, with a rise in case numbers during quarter 4.

During the year, we continued to engage with agents and taxpayers on this risk. We developed some quick guides, as well as improvements to our technical guidance. We produced educational material and issued operational updates about this risk.

In quarter 4, we released an update to our tax system, to introduce new questions in relation to this risk area, alongside new help text. With these digital changes, alongside the wider communication and education work, we hoped to see a reduction in this risk. But this has not been the case. We're in the process of analysing the underlying data to understand why this risk has increased further and what additional actions we can take to reduce it in 2022 to 2023.

**Chart 4: LTT risk 5 - in relation to a specific relief (relief a)**



The above PM4 chart shows LTT risk 5 – in relation to a specific relief (a). There is a similar pattern here to LTT risk 4, although there are fewer cases and lower levels of tax at risk. Nonetheless during the year we focused on education and awareness activity to help to manage this risk area. This included education videos and quick guides. Towards the end of 2021 to 2022, we also released a new calculator to help reduce the scope for people to make errors when claiming this relief.

We have seen improvements in the element of this particular risk that has arisen from amendments that add the relief to the return after it was first submitted. These improvements arose from digital changes we made to our amendment form and have helped us to collect more data to gain a better understanding of



this risk. We're in the process of looking at how we can make similar changes to the main tax system during 2022 to 2023 for returns that include this relief at the first submission.

## **LTT Performance Measure 3 – total tax risk**

Performance Measure 3 shows the total number of all transactions that fell within one of the tax risks we identified during the year, added to any transactions where the tax return was later corrected. In some cases, the correction led to additional tax being paid or refunded. In others, there was simply an administrative error, however the value of tax reported on the return was correct.

Of all transactions received, this accounted for 1.8%. As such, we believe that at least 98.2% of transactions were correct first time during 2021 to 2022. In 2019 to 2020 we established an initial baseline of at least 98.3% of transactions that we believed were correct first time, and in 2020 to 2021 the figure was also 98.3%. Overall, the level of tax risk has remained broadly similar year on year.

We expect the figures under this measure to fluctuate year on year as we continue to identify new tax risks and reduce existing tax risks. Given the impact of COVID-19 on transactions and operational activities, we still believe it's too early to draw any conclusions or comment on these figures.

We will continue to track the figure over time to look at how effective we are at identifying tax risks and then reducing them. We believe that, with time, we will see an increase in the numbers of people getting things right first time through our approach to managing tax risk.

## Analysis of our tax risk work – LDT Risks

We adopted a similar approach to managing tax risks for LDT. We focused on supporting people to pay the right tax first time and identified potential tax risks so that we could carry out mitigation activities to reduce the scope for errors. As we have far fewer taxpayers for LDT, we tailored our approach to each taxpayer.

We combine our knowledge with information and expertise from our partner organisation, Natural Resources Wales, to provide more bespoke support to our taxpayers, which enables us to take a more tailored approach to managing tax risks.

We're unable to report on the impact of our tax risk activity for LDT in the same way that we do for LTT because we only work with 17 landfill site operators. As a tax authority, we have a legal obligation to protect the confidentiality of taxpayers so we cannot provide data for tax risk cases on such a small pool of taxpayers.

We have continued to work closely with Natural Resources Wales to identify potential tax risks across the industry in relation to certain types of waste. Whilst we have seen some reduction in this risk across Wales, some risk remains. As a result, we continue to work with taxpayers to improve their awareness and education, and in some cases, we have undertaken formal enquiries to check the accuracy of tax returns.

The improvements we continued to make to the LDT tax return system during 2020 to 2021 went live in May 2021. The updated LDT tax return system has helped taxpayers get their taxes right first time, and further reduced the tax risks we've identified. The system collects more data than before, helping us to ensure greater fairness and consistency across the operation of this tax.

## **LDT on unauthorised disposals**

Despite the impact of COVID-19, we have made good progress in enhancing our approach to sharing information and evaluating potential cases with Natural Resources Wales, developing policies and investigating potential cases.

As a result of that work, we began issuing notices to potential taxpayers during 2021 to 2022, with plans in place to incrementally increase our operational activity from 2022 onwards.

## **Preventing and tackling tax avoidance or evasion**

Whilst most people want to pay the right tax at the right time, we recognise that some seek to pay less through tax avoidance or evasion. As part of the way we manage tax risk, we've reduced opportunities to avoid or evade paying tax, making it harder to do so.

During the year, we continued to:

- develop our partnerships with other law enforcement agencies
- enhance our intelligence sharing processes, developing a new dedicated webpage and disclosure facility
- use our own data and intelligence, as well as data and intelligence from our partners, to identify potential cases
- use our powers, including tax enquiries, to investigate potential cases and worked with other law enforcement agencies to share intelligence on those cases
- reduce the scope for evasion through implementing our tax risk management plans, for example, the release of our new LDT digital system collects more data and information to help identify risks early
- increase awareness of potential tax risks through early engagement and

communications. We also produced a factsheet which highlights the importance of early disclosure of tax avoidance and evasion

## **Additional tax collected**

Given that it takes time to reduce tax risks and that not all tax risks are capable of being mitigated easily, we worked with taxpayers and their agents to put things right, either collecting additional tax due or refunding tax overpaid in error. And where appropriate, we used our formal enquiry and assessment powers to investigate cases of non-compliance to recover underpaid tax.

From these various tax correction activities during the year, we collected over £1.6 million additional tax from tax risk cases, through amendments to tax returns and in relation to missing tax returns. This was drawn from 2 broad categories: tax recovered from tax risk and voluntary disclosures.

## **Tax recovered from tax risks**

We recovered just over £1.3 million from cases that fell within one of our tax risks or from other direct interventions. We collected most of this tax from cases that fell within the main LTT and LDT tax risks we reported above.

## **Voluntary disclosures**

We collected a further £290,000 of tax from other amendments to tax returns. These amendments were not in relation to our tax risks, or any direct intervention by us, such as a prompt letter or formal enquiry. However, some of these amendments have been influenced by other educational and engagement activities, which we explain under making it easier.

## **Tax refunded due to errors**

We refunded around £164,000 to taxpayers because of errors we identified in their tax returns which caused them to overpay tax. We identified these errors through our tax risk profiles and helped them to correct the errors so that they paid the right tax.

Identifying and acting to reduce tax risks will mean that fewer errors are made across the entire tax system and less tax will need to be collected or refunded to correct errors – effectively more people will be paying the right tax first time through our approach.

## **Penalties**

We have charged penalties where taxpayers have either filed their tax returns late, paid late, or made an error in their tax returns. We apply penalties to ensure that everyone is treated on the same fair basis. We charged just over 2,000 penalties amounting to a total of just over £500,000.

As noted in the 2020 to 2021 performance report, due to the impact of COVID-19 on our resources at a time of increased demand on our services during quarter 4 of 2020 to 2021, some cases where a penalty was likely to be due, were yet to be assessed and therefore were not included in that year's figures. Those penalties that were then later assessed have been included in this year's report.

## **Reviews and appeals**

A total of just under 120 new requests for a review were submitted to the WRA.

If a taxpayer does not accept our operational team's decision or the subsequent decision of our Review Officer, then they can also appeal to an independent body, the First Tier (tax) Tribunal. The Tribunal notified us of 6 new appeals.

## **Objective 3: being more efficient**

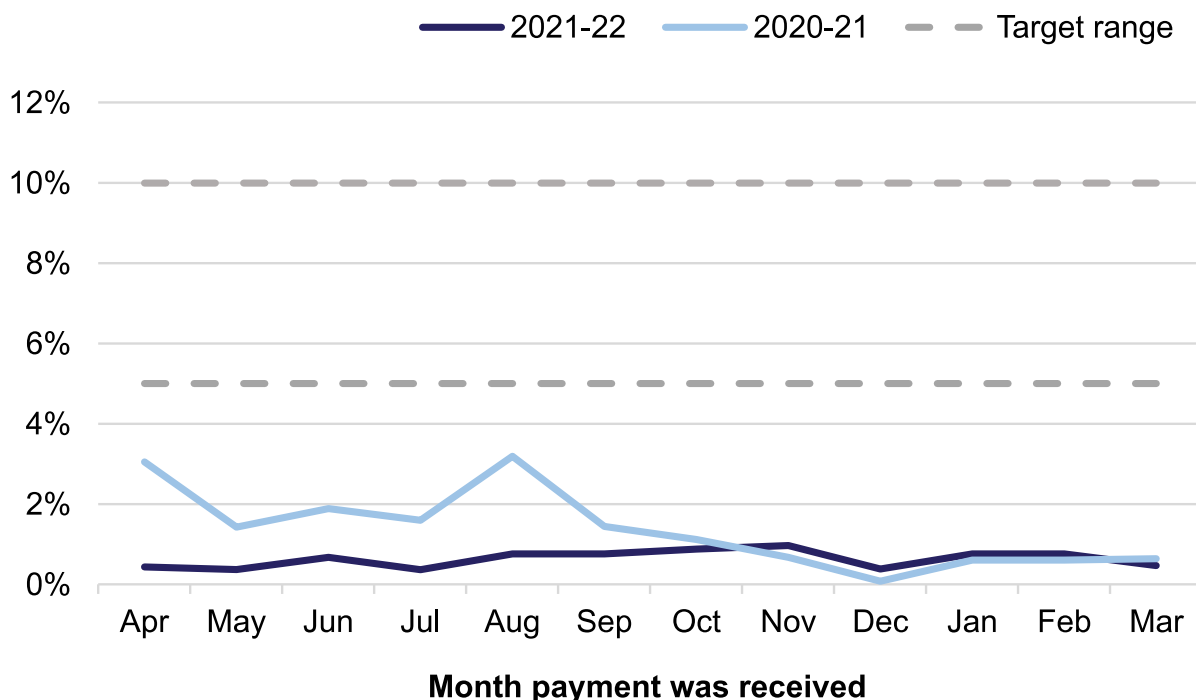
*We will deliver in a way that is sustainable and delivers value for money.*

To be efficient and effective as an organisation, we designed our processes to be digital end-to-end as far as possible.

Reducing the number of people who pay us by cheque is an indicator of how efficient our services are and is one of our key performance indicators.

Chart 5 shows the monthly trend in the percentage of payments received by cheque. Following a notable fall in this measure over the course of previous years, the percentage of cheques received represented fewer than 1% of the total payments received each month over the course of the whole of 2021 to 2022, well below the target range.

**Chart 5: The percentage of payments received by cheque, by month received**

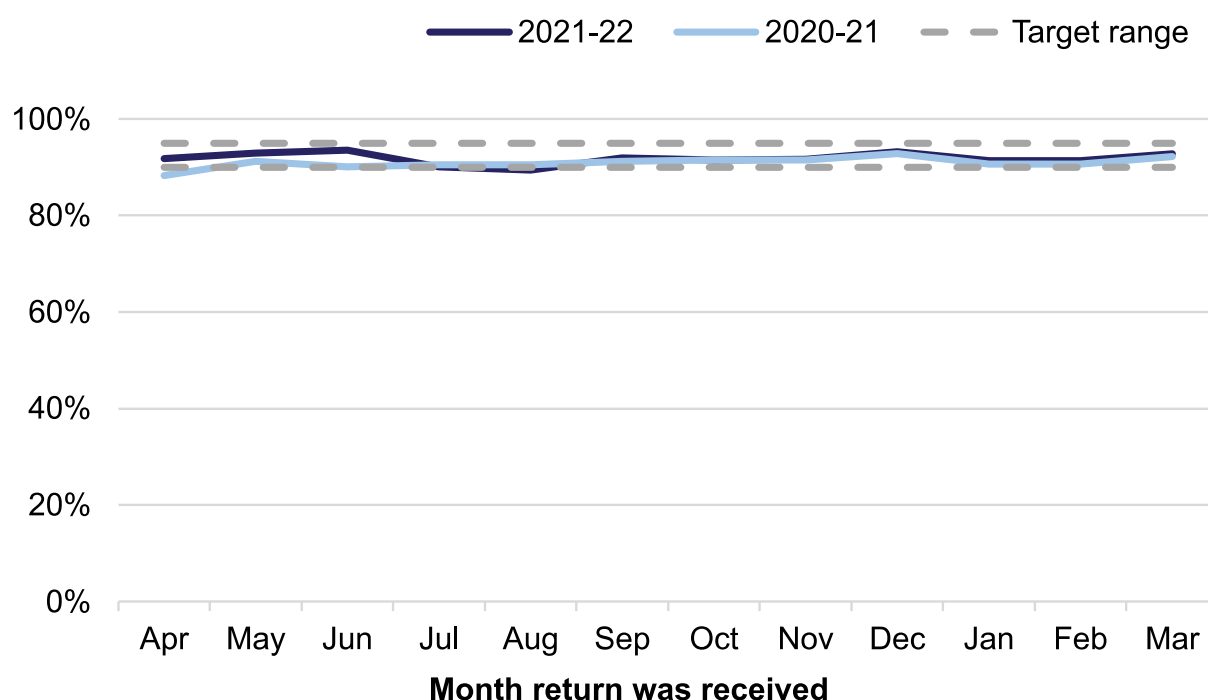


## Automation

In our [Corporate Plan 2019 to 2022](#), we explained that automation was an important way for us to continue to be efficient.

Chart 6 shows the monthly change in the percentage of transactions that were processed automatically through to initial payment. It remained within the target range throughout the year.

**Chart 6: The percentage of transactions that are processed automatically through to initial payment, with no manual involvement, by month received**



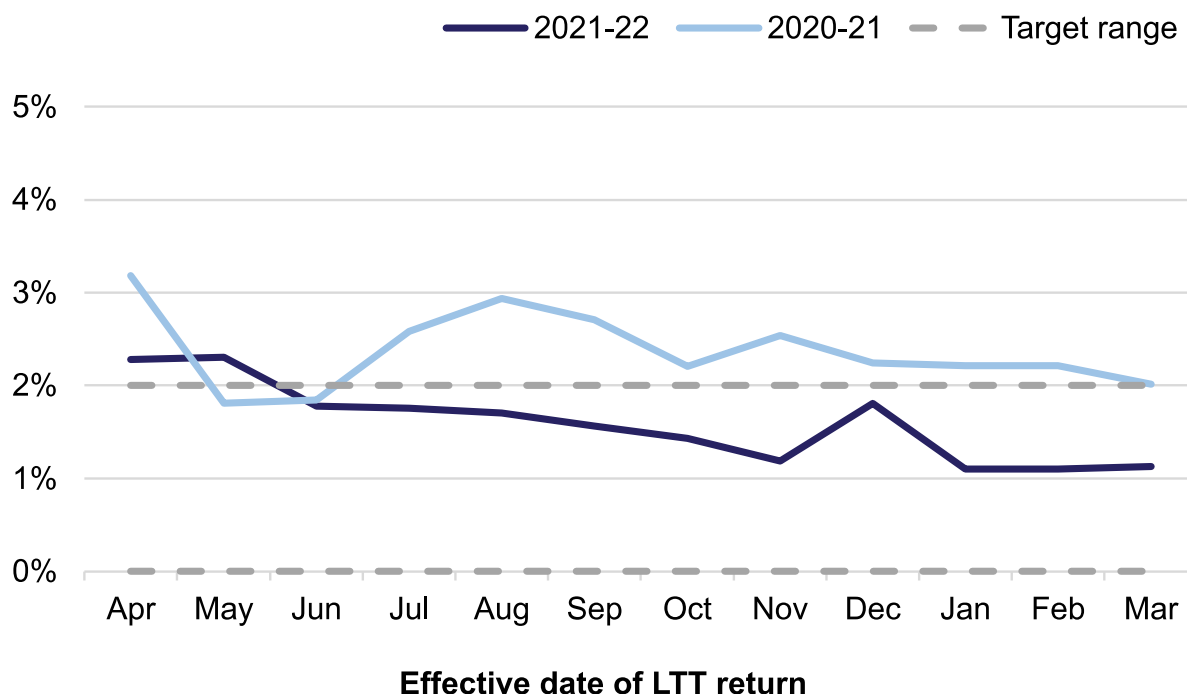
This only includes initial submission and payment (if relevant) and not future action the WRA might undertake to manage tax risk.

## Time taken to file

Chart 7 shows the monthly trend in the percentage of returns filed more than 30 days after the effective date. This figure has fallen over the course of the financial year, having entered the target range early on in the year.



**Chart 7: The percentage of Land Transaction Tax returns received outside 30 days, by month transaction was effective**



## Preventing debt

We analyse our transactions to establish how many have paid on time compared to the number who pay late, resulting in a debt. Payment is typically due within 30 days of the transaction date for LTT (or the end of the accounting period for the small number of LDT transactions, which are not included in this analysis). Previously we excluded transactions that had been amended or resulted in a refund, because this sometimes impacted the closure dates we use in our calculations. However, we have managed to resolve this issue over the course of the year and the data now covers all LTT transactions.

Of the transactions that we received, around 96% were paid on time. This is a

good indication of our ability to prevent debt and is at a similar level to the previous year.

For the remaining 1,560 transactions that were paid late or remain as debts, we can measure our impact in recovering the debt within a further 30 days after they become a debt (effectively 60 days from the transaction date). We have a target (Performance Measure 5.2) of 90 to 95% of debts paid within 30 days of cases becoming a debt.

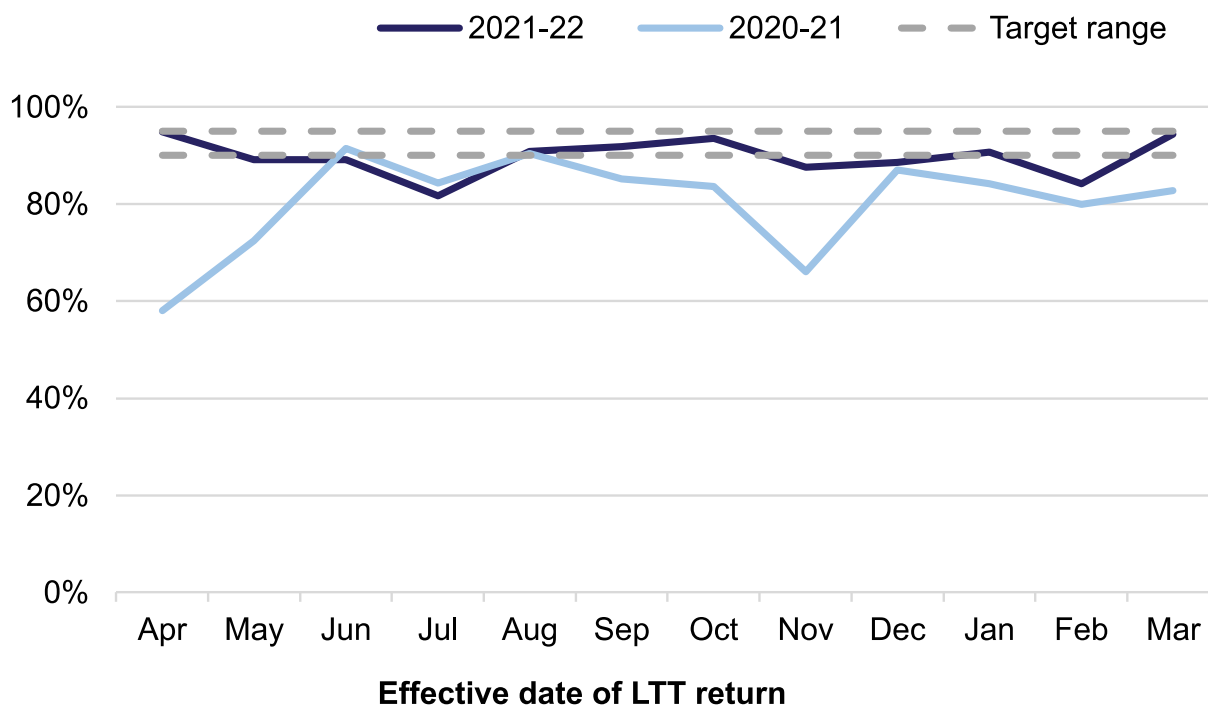
We restrict our analysis to those cases where the tax return was received within 60 days of the effective date as it would be impossible to meet this target for those received later than 60 days after the effective date.

We use the term 'manageable' to describe the debt in these cases. The large majority (1,340) of our debts are manageable.

## **Time taken to pay debts**

Chart 8 shows the monthly trend in the percentage of transactions counted as manageable debts that are collected within 30 days of them becoming a debt. The measure remained relatively stable during the financial year, remaining within or near the target range of 90 to 95% for most of it, apart from a slight drop in the summer and towards the end of the year. This represented an overall improvement over the previous year where there was more marked variation and figures were generally below the target range.

**Chart 8: The percentage of manageable Land Transaction Tax debts collected within 30 days, by month transaction was effective**



As a result of feedback we received, we undertook a full review of our debt process end-to-end, looking for improvements to the process and its interaction with taxpayers. We worked internally and externally looking for best practice in debt management and enforcement, to come up with a range of findings and recommendations. As a result of this review, we implemented several improvements.

We changed internal processes to focus more on early engagement with taxpayers who fail to pay. The early engagement concentrates on debt not yet established and ensures that we prevent the debt increasing.

We also streamlined many processes including those that offer support directly to those in financial difficulty, ensuring we put in the right support at the right

time.

In order to ensure fairness with all taxpayers, we also made progress in our debt enforcement work, utilising improved processes such as earlier, direct contact, and upskilling team members to provide the right support at the right time.

We also tested new ways of collecting tax from those who have chosen not to pay, working closely with our debt enforcement partner to pursue cases through the courts.

The review will continue into 2022 to 2023 with the aim of implementing more of the findings, for example, making it easier for taxpayers to pay, refining and improving how we communicate with taxpayers, and enhancing our offer to those who require our support.

## **Time taken to pay LTT Higher Rate refunds**

We approved and made around 2,250 higher rate refund payments during 2021 to 2022, compared to 1,600 repayments in the previous year. We anticipated this increase in refund processing as the taxpayer has a 3-year period to make a repayment claim. This meant that during 2021 to 2022 we processed our 5,000th higher rate refund since we first started to collect LTT.

To measure our performance we calculate the number of days it takes to process each of our higher rate refunds. During 2020 to 2021 we made changes to our systems which enabled us to measure our process from the time a refund request was received, giving us a fuller understanding of our performance. In previous years, we were only able to measure this indicator from the point the refund was approved.

Both measures are covered in Charts 9a and 9b for context, with the headline measure being that based on date of request, which is a fairer reflection of

customer waiting time.

Chart 9a shows the monthly trend in the average number of days taken to process a refund on both bases, and also includes a count of refunds made in each month. From the chart we can see that the number of refunds we processed varied over the last financial year, although was more stable than in previous years, with peaks reflecting similar peaks in overall levels of transactions.

The average number of days to process a refund has remained relatively stable and on a slight downward trajectory since recovering from a high at the end of the previous year, where, **as reported last year**, a combination of factors led to slower processing times. This stability is consistent with completing recruitment to the relevant team within the organisation and the implementation of improved processes.

**Chart 9a: The number of and average days to pay Land Transaction Tax higher rate refunds, by month of approval**

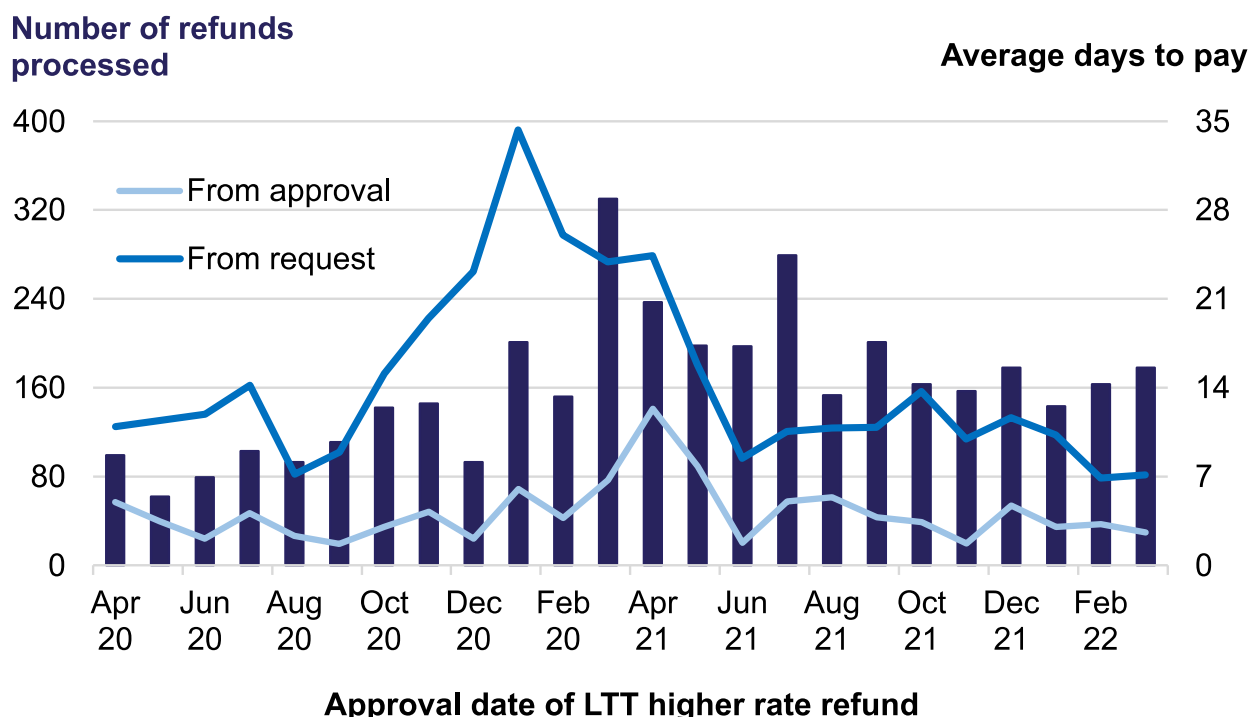
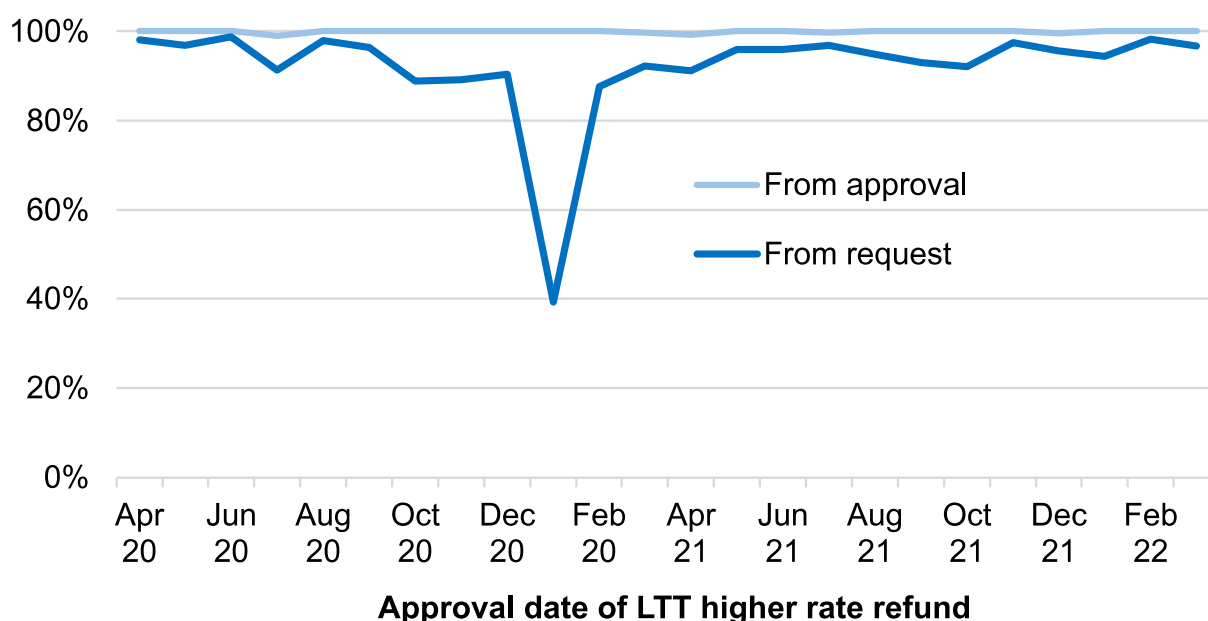


Chart 9b focuses on the monthly trend in the percentage of payments made within 30 days on both bases. The measure remained at around or above 95% over the whole of the financial year 2021 to 2022, peaking towards the end of the year and again highlighting long-term stability following the issue already mentioned at the end of the previous year.

**Chart 9b: The percentage of Land Transaction Tax higher rate refunds paid within 30 days, by month of approval**

Percentage of refunds completed within 30 days



## Objective 4: enhancing our capability

*We will develop individual and collective capability.*

### Engagement

Having highly engaged people is important to us as it increases both our people's happiness and their motivation to do their best to achieve our objectives.

For our people to be engaged, we:

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- provide interesting roles with high levels of autonomy
- offer Living Wage salaries and fair benefits
- prioritise and support our people's wellbeing

Maintaining engagement during such a challenging time has taught us a lot. We learnt that using a 'preferred by most' approach to engagement was not suitable for how we now work. Instead we supported our people better by treating everyone as an individual and appreciating that individual, family and community situations were not static.

Specifically, in 2021 to 2022, we prioritised or introduced the following activities to engage our people:

- kept our people involved and informed with weekly all-staff calls and updates
- ensured all our people were having structured, frequent wellbeing conversations with their line managers
- promoted maintaining positive working relationships by encouraging our people to invest time in informal and social time with their colleagues
- our staff-run Wellbeing Committee dedicated time to running events to support our 5 wellbeing aims (connecting with others, being active, learning new skills, giving to others, and being mindful)
- encouraged our people to share their experiences, challenges and ideas
- reduced core working hours to give our people more flexibility about when they start and finish work, to allow for caring responsibilities, and provided support, counselling and special leave
- reviewed how best to support our changed business priorities and teams with reduced numbers of staff, supporting our people to move temporarily to different roles

Many of these activities were a response to the ongoing impact on our people of living and working through a pandemic, but we expect to retain many of these features as part of our support for a longer-term move to hybrid working.



As part of our response, we continuously reviewed equipment needs and working conditions for staff working partly from an office location, when that was safe and where they could not work at home, for wellbeing, business or practical reasons such as a lack of space.

We also continued prioritising recruitment to roles that had been filled temporarily or been vacant the longest, and saw our vacancy rate – which had been high due to temporarily pausing recruitment during 2020 to 2021 – greatly reduce.

Having prioritised the wellbeing of our people, and considering how difficult the year had been, we were very pleased to have maintained our high employee engagement levels. Some highlights from our 2021 Civil Service People Survey were:

- being rated third out of more than 100 Civil Service employers
- being rated in the top 10 for areas such as having interesting and challenging work, being involved in organisational decision making and change, having confidence in senior managers, supportive line management and collaborative teams, and a working culture that supported raising concerns and treating people fairly
- 87% of our people would recommend the WRA as a great place to work
- 87% of our people are satisfied with their total benefits package (+42 percentage points compared to the UK Civil Service as a whole)
- 99% of our people reported having the technology needed to connect and collaborate with their colleagues
- 97% of our people reported their manager trusts them to do their job effectively from home

Other indicators include:

- 100% of our people earn above the Living Wage Foundation's Living Wage
- 93% of our people have permanent contracts and none of our people have

zero-hours contracts

## Skills

To encourage a learning culture and ensure we have the skills we need as an organisation, we sought to bring in a wide variety of professions, and created interesting opportunities for promotion, learning and development. Despite our small size, staff were loaned into and out of the organisation as well as continuing to support apprenticeships.

We measure our performance in this area by looking at the professions, development, and Welsh language skills of our people.

Some achievements and indicators during the year were:

- 14 different professions represented across our organisation
- 17 staff joined us, around a third from other civil service organisations, and around two thirds from a variety of public and private sector employers
- 10 people took up a permanent new role within the WRA or another civil service employer

As part of our commitment to the Welsh language, we launched our first Welsh Language Strategy in October 2020. As part of our strategy, we issued survey in August 2021, which found that 73% of our people understand some Welsh, with 24% fluent or almost fluent. We'll monitor this in future years to measure progress.

Learning and development continued to be mostly online during 2021 to 2022, as with the previous year, to support working from home when it was required due to COVID-19, and to support hybrid working as we started to return to the office. All our people took part in training during the year, and we invested £82,000 of our budget into formal training.

We continued to identify skills gaps through a formal learning needs analysis each year and have provided training in areas such as cyber security, equality and diversity, Welsh language and line manager development.

## Diversity

For our people to feel included and respected, we aim to maximise the opportunity for everyone to innovate, collaborate, and be involved in the decisions we make. We also work to create and maintain an inclusive culture where everyone feels valued and able to achieve their potential.

As with previous financial years, we have continued to see equality feature more prominently across the organisation. We have continued to enhance our people's understanding of equality through a mixture of training and raising awareness and understanding.

Equality featured at Tîm Arwain and Board sessions, including the introduction of the Socio-Economic Duty in Wales. We've also continued enhancing our internal digital capability to maximise accessibility of our services, making several improvements to better support customers during the pandemic.

Our annual People Survey provides several indicators of how successful our people believe our approach to be:

- ranking third out of over 100 civil service organisations under the theme of 'inclusion and fair treatment' in the 2021 Civil Service People Survey
- 82% of our people believe that the WRA is committed to creating a diverse and inclusive workplace
- 93% of our people agree that the WRA respects individual differences, such as cultures, working styles, backgrounds and ideas

Measuring and publishing data on diversity is difficult in an organisation of our

size. We do not publish data which could reveal an individual's or a small group of individuals' identities, to protect their privacy.

This means we cannot publish data on groups of fewer than 10 people, so we're unable to publish most of our diversity data. An area we can publish is the **gender balance of our people**.

Our annual **equality report** includes data that is large enough to make public and provides a narrative where this is not the case. It also includes our progress against our strategic equality objectives. Our next equality report (2021 to 2022) will be published in March 2023.

## Design objective

*Our aim is to be a trusted partner for the design of end-to-end revenue services, whether the services are to be delivered by us or others. Working across Welsh Government on new and existing revenue services, we can draw on our experience and expertise in customer insight, operations, data, digital technology, organisation design, legal and policy to support the design of systems, policy and legal frameworks in an integrated way that works well for end users and meets Welsh Government objectives.*

During 2021 to 2022 we supported those in wider Welsh Government on the design and implementation questions arising from several Programme for Government commitments. For example we worked closely with colleagues in wider Welsh Government on the **public consultation on a proposed local variation to land transaction tax (LTT) rates for second homes**, short term holiday lets and, potentially, other additional residential properties.

We also supported colleagues in Welsh Government in consideration of the possibility of a visitor levy for Wales, particularly exploring the possible options for collecting and managing such a tax.

We look forward to continuing to work closely with wider Welsh Government teams throughout 2022 to 2023 to deliver for Wales and its people.

## Data objective

*Our aim is to maximise the value of Welsh taxpayer data. Working across government we want to explore effective and secure ways of sharing, using and developing data – turning that data into an asset for Welsh taxpayers. Initially we aim to explore the potential use of the data we hold and how to make it available to relevant partners, bearing in mind legal aspects of data-sharing.*

Following the announcement of a proposed local rate of LTT, we partnered with the Centre for Digital Public Services (CDPS) on a 12-week proof of concept to investigate how we could deliver on a geographically varied property tax through a land and property data platform, at the same time taking the opportunity to consider if we can create a platform that might be the foundation for wider uses, for the benefit of Wales.

The ability to present more localised solutions means the precise location of land and property, for example the drawing and identifying of boundaries, will become more important. In addition, the characteristics of a given property, from its use through to its owners and its status, has the potential to be a valuable source of information both to citizens and across government.

In January 2022, we started work on a Land and Property Data Platform proof of concept to:

1. Create a high-level mapping of current Welsh property data including understanding the data flows and data maintenance processes.
2. Define options for delivery of anticipated policy requirements, for example local rates of LTT.
3. Define options that deliver point 2 above but also allow for extensible wider

use.

4. Propose ongoing options for governance and engagement.

In April 2022, we completed this 12-week proof of concept. The project team worked in the open and details of their work are available on the [Land and Property Data Project GitHub site](#), where you can also find information on how the project is progressing.

## **Publishing LTT and LDT data**

We also published detailed data on LTT and LDT to a defined timetable, in line with the Code of Practice for Statistics.

During 2021 to 2022 we continued to develop the way we published data to include more accessible formats, and alongside this work we were pleased to achieve [National Statistics accreditation](#) for our statistics.

## **Wellbeing, charity and the environment**

### **Wellbeing**

Our wellbeing strategy is aligned with the National Health Services' '5 Ways to Wellbeing' as we recognise that the workplace plays a significant role in people's lives and is a good place to develop and practice healthy habits.

We supported our people with access to training and assistance on how to work from home and signposted advice in areas such as working from home with children, mental health, personal safety, and personal finance. This support has been ongoing and will continue; it will adapt as our circumstances do.

We supported people to return to the office, for wellbeing or business reasons, and recognising that everybody has different needs.

## Charity

We first established a charity of choice in October 2018 and hold annual discussions as to what it should be for the following year. During 2021 to 2022 our chosen charity was **FareShare**, the UK's longest running food redistribution charity.

Raising money for our charity of choice is about looking out for the wellbeing of others. It also supports the overall wellbeing of our people.

## Environment

We're committed to protecting the environment and support **Welsh Government's Net Zero Strategy**. We recognise the impact that the important work we do in collecting and managing LDT has on the environment.

## Review of our charter

**Our Charter** sets out the shared values, behaviours and standards which enable us to work together with taxpayers, their representatives and stakeholders to deliver a fair tax system for Wales.

Our Charter, published in 2018, applies to everyone we work with, including our partners; for example, Natural Resources Wales. It incorporates the spirit and sense of the Wellbeing of Future Generations (Wales) Act.

Understanding how we could effectively deliver the values in Our Charter

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provided the basis for developing **Our Approach**, which sets out a Welsh way of doing tax.

Our Charter values are at the core of how we've supported the people who use our services. Below we summarise our performance against each of the values in our Charter. We provide examples of this throughout the Annual Report.

## WRA Charter performance 2021 to 2022

Value	What we have done
<b>Secure:</b> protect all information and respect confidentiality.	<ul style="list-style-type: none"><li>• See the section on Information Management and Cyber Security in our <b>governance statement</b> for further details of what we have done during the financial year.</li></ul>
<b>Supportive:</b> create guidance and provide support when you ask for help. Build and use effective digital services.	<ul style="list-style-type: none"><li>• We continued to improve our website and digital services.</li><li>• We made several changes to our services based on what people told us, and more information is provided under the Performance Report section on our objective of <b>making it easier</b>.</li></ul>
<b>Fair:</b> be honest in our dealings with each other and create a level playing field so all taxpayers are treated equally. Tackle evasion and avoidance, use powers consistently and proportionately.	<ul style="list-style-type: none"><li>• We continued to manage task risk ensuring fairness and consistency across the tax system.</li><li>• We supported people to put things right when errors were made. Where people tried to evade or avoid paying the full amount, we've identified these cases and taken steps to ensure that the right tax was paid.</li><li>• More information is provided under the Performance Report section on our objective</li></ul>

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## Value

## What we have done

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of **ensuring we are fair**.

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**Engaging:** support the Welsh public to understand devolved taxation and work together to develop it for the benefit of Wales.

- We've changed the way we've engaged to meet the challenges of remote working and social distancing.
- We've used online videos and improved guidance to engage with our users.
- We've engaged with stakeholders across government at virtual conferences and events, ensuring our position and the opportunity we provide in tax devolution are understood.

**Responsive:** listen to each other's points of view and be open in our conversations, act on feedback and advice given. Treat each other with respect.

- Listening to and responding to feedback continues to be important in developing and enhancing our services. More information is provided under the Performance Report section on our objective of **making it easier**.
- We considered the wellbeing of our people and the support required to deploy our staff flexibly to meet the changing needs of the organisation. More information is provided under the Performance Report section on our objective **building capability**.

**Bilingual:** confidence to conduct our business in Welsh and English.

- We continue to offer a bilingual service in Welsh and English.
- We continued to offer our digital services in both Welsh and English.
- We encouraged our staff to use the Welsh language, and gave staff time to undertake funded training.

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## Value

## What we have done

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**Accurate:** work together to get things right and correct them if we need to, and share accurate data and information, taking reasonable care to avoid mistakes. Keep accurate records.

- Our section on [ensuring we are fair](#) in the Performance Report explains more about our work managing tax risks.

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**Efficient:** respond quickly to each other, submit returns and process requests on time. Identify ways we can improve the service.

- Our section on [being more efficient](#) in the Performance Report explains more about how we have continued to provide efficient services; for example, on refunds, and the improvements we have made in the past year.
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# Management of the Welsh Revenue Authority

## Our Board

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### Name

### Position held

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Kathryn Bishop

Non-executive Chair

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Jocelyn Davies

Non-executive Member

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Dyfed Edwards

Non-executive Deputy Chair

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Mary Champion <sup>[1]</sup>

Non-executive Member

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Name	Position held
Rheon Tomos <sup>[1]</sup>	Non-executive Member
Jim Scopes (from January 2022)	Non-executive Member
Dyfed Alsop	Chief Executive
Sam Cairns	Chief Operating Officer
Rebecca Godfrey (until August 2021)	Chief Strategy Officer
Melissa Quignon-Finch (from September 2021)	Chief People and Communications Officer
Lucy Robinson (until April 2021)	Staff Elected Member
Karen Athanatos (from October 2021)	Staff Elected Member

## Notes

[1] Mary Champion and Rheon Tomos were appointed for an interim period of 14 months, due to public appointments being suspended across Welsh Government because of COVID-19, before being appointed permanently through open competition in January 2022.

## Our Tîm Arwain (Executive Committee)

Name	Position held
Dyfed Alsop	Chief Executive and Accounting Officer
Sam Cairns	Chief Operating Officer
Rebecca Godfrey	Chief Strategy Officer
Robert Jones	Chief Finance Officer
Melissa Quignon-Finch	Chief People and Communications Officer
Jo Ryder	Chief of Staff
Neil Butt	Interim Chief of Staff (covered maternity leave November 2020 to January 2022)

## Financial Report

### Resource Accounts

We receive an annual funding allocation from the Welsh Government to cover our expenditure. We set an expenditure budget each year based on the activities we plan to undertake to deliver our corporate plan, functionally split into the following broad areas:

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- staff costs, including learning and development
- operational costs of collecting the taxes, enforcement action and data intelligence
- corporate running costs, such as human resources (HR), information and communication technology (ICT), facilities, governance, and legal advice
- business change to ensure continual improvement to both digital systems and operational processes to support new processes and tax legislation change

Funding allocated to our organisation and drawn down from the Welsh Government is set out in the table below.

## Funding allocated and drawn down from the Welsh Government

Funding Stream	2021-22 Funding Allocation £000	2021-22 Funding Drawn £000	2020-21 Funding Allocation £000	2020-21 Funding Drawn £000
Revenue	6,496	6,226	6,196	6,541
Capital	65	65	175	175
<b>Total Funding Allocation</b>	<b>6,561</b>	<b>6,291</b>	<b>6,371</b>	<b>6,716</b>

For 2021 to 2022, the WRA received an allocation of funding of £6,496,000 for revenue expenditure from the Welsh Government (2020 to 2021 £6,196,000) and £64,500 for capital (2020 to 2021 £175,000).

Funding Drawn is the actual cash received in year from the Welsh Government;

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while the Funding Allocation is the amount awarded to us to cover essential running costs and to finance system and business process improvements that contribute to the reduction of the risk of tax loss.

Funding Allocation differs from Funding Drawn as we only call down the funding required to pay costs as they fall due. Allocated Funding includes costs for expenditure which the WRA is liable to spend but has not yet paid (for example, trade and other payables).

## Expenditure for 2021 to 2022

	2021-22 £000	2020-21 £000
Staff costs	4,536	4,430
Other related staff costs	82	139
Other operating costs	1,440	1,490
Depreciation	31	31
Amortisation	63	804
Net operating expenditure	6,152	6,894

During the year, the WRA raised taxes on behalf of the Welsh Government as set out in the table below.

## Devolved taxes

	2021-22 £000	2020-21 £000	2019-20 £000
Land Transaction Tax	402,245	210,510	260,281
Landfill Disposals Tax	45,334	31,719	36,926
Total taxes and revenues	447,579	242,229	297,207

## WRA Annual Accounts 2021 to 2022

The WRA processed just over 68,800 LTT returns, (2020 to 2021: 53,600).

Of these returns:

- 56% resulted in a tax liability requiring payment (2020 to 2021: 46%)
- this generated a net revenue income of £402.24 million in LTT for the Welsh Consolidated Fund (2020 to 2021: £210.51 million)

These numbers should be considered in the context of the coronavirus (COVID-19) pandemic which had a significant impact on the number of property transactions and tax due during 2020 to 2021, the subsequent recovery in activity which peaked in the first half of 2021 to 2022, continued above average numbers of transactions in the latter half of 2021 and rising transaction values in line with recent increases in house prices. In particular, the increase in the percentage of tax returns with a liability is due in part to rising transaction values and in part to temporary reductions in LTT rates as part of the response to the (COVID-19) pandemic, which mainly impacted on 2020 to 2021 revenues.

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We also processed higher rate LTT refunds with a value of £24.23 million (2020 to 2021: £15.95 million).

Penalties due to late submission of returns and or late payment of tax resulted in £503,000 (2020 to 2021: £136,000) of additional revenue charged along with late interest charges of £86,000 (2020 to 2021: £130,000).

The WRA paid interest to taxpayers totalling £120,000 (2020 to 2021: £82,000), where the taxpayer received a tax refund. This occurred either as a result of an amendment to a return; or where an application for refund of the higher rate element of LTT was approved following the sale of a previous main residential property within a 3-year period.

## The WRA successfully collected the following net cash amounts

	2021-22 £000	2020-21 £000
Net cash collected	446,121	264,878
Cash remitted to the Welsh Consolidated Fund	440,500	260,400

The remaining cash balance will be held on account and remitted in the next financial year.



# Accountability Report

## Statement of the Accounting Officer's responsibilities

As Accounting Officer of the WRA, the Chief Executive, Dyfed Alsop, is personally responsible for:

- the proper stewardship of public funds
- day-to-day operations and management of the WRA
- ensuring compliance with the requirements of '**Managing Welsh Public Money**'

Under Sections 29(1)(b) and 30(1) of the Tax Collection and Management (Wales) Act (TCMA) 2016, the Welsh Ministers have directed the WRA to prepare for each financial year our resource accounts and tax statement in the form and basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the WRA and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer must comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular must:

- observe the accounts direction issued by the Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts

- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts, as a whole, are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable

In addition, the Accounting Officer must ensure that the tax statement is prepared in accordance with Section 25 of the TCMA to:

- show the amounts receivable from the collection of taxes, penalties and other income; any deductions permitted, and the amounts paid to the Welsh Consolidated Fund
- provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Welsh Government or material transactions that have not conformed to the standards of the authorities which govern them

The duties of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding WRA assets, and are set out in the Accounting Officer's Memorandum, Framework Document and Managing Welsh Public Money.

As the Accounting Officer for the WRA, I confirm that:

- the Annual Accounts as a whole for the period 1 April 2021 to 31 March 2022 are fair, balanced and understandable
- I take personal responsibility for the Annual Accounts and the judgements required for determining that they are fair, balanced and reasonable
- in producing these accounts, I have undertaken widespread consultation, seeking feedback and comment and sought assurance from the WRA Management Board, Audit and Risk Assurance Committee (ARAC), internal auditors and members of the wider staff team

- I have taken all reasonable steps to make myself aware of any relevant audit information, and to establish that our auditors are aware of that information

**Dyfed Alsop**  
**Chief Executive and Accounting Officer**  
**25 July 2022**

# Governance Statement

## Introduction and scope

The TCMA 2016 designates me as the Accounting Officer, and details of my Accounting Officer responsibilities are annexed in the [Interdepartmental agreement between the Welsh Government and Welsh Revenue Authority](#). I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility to manage and control our resources during the financial year.

The statement provides an account of our corporate governance structure, an overview of the risk management arrangements and a description of the main risks faced by the organisation.

## Corporate governance

As a Civil Service non-ministerial government department, the Permanent Secretary of the Welsh Government agrees objectives and holds performance reviews with the Chief Executive.

As Chief Executive, I'm responsible for achieving the objectives and priorities agreed with Welsh Ministers, as set out in the Annual Remit Letter and reflected

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in our Corporate Plan, which was agreed by the Minister for Finance and Local Government

As Accounting Officer, I'm responsible for ensuring that a sound system of internal control is maintained to support the delivery of policies, aims and objectives and for regular review of the effectiveness of the system.

I'm also a member of The Board. Our Board members are collectively accountable for the functions of the WRA. The Board provides leadership and oversight and has overall responsibility for ensuring there is an effective and proper standard of governance within the organisation.

During the year, I met the Minister for Finance and Local Government frequently, alongside officials from the Welsh Treasury, and on 2 occasions alongside the Board Chair. We discussed a range of issues relating to delivery against ministerial objectives, including the development of new policies and strategies.

## **Governance framework**

Our organisational structure, policies and procedures have been established in line with UK Corporate Governance in Central Government Departments. Our leadership structure is consistent with expected senior management roles and responsibilities. We have clear reporting routes to ensure that accountability and key internal controls are in place.

## **Overview of the governance framework**

The Board and its committees, Audit and Risk Assurance Committee (ARAC) and the People Committee, have key roles in governance and assurance, scrutiny, development discussions, assessment of current risks and performance monitoring. The Board committees are chaired by non-executive

Board members and attended by relevant members of Tîm Arwain. The committees report directly to the Board, with all minutes being made available to Board members. An overview of the activity of the Board and its committees during the year is set out below.

## The Board

The Board consists of:

- 6 non-executive members
- Chief Executive
- 2 executive members
- Staff elected member

Board Ymgynghorwyr (Advisers) include the Director of Welsh Treasury and the following WRA staff:

- Chief Finance Officer
- Chief of Staff
- Head of Legal
- Head of Communications

During the year, the Board reaffirmed its decision to meet formally 6 times in the year, and to have shorter meetings in most other months. During the early part of 2021 to 2022, due to COVID-19, additional meetings were held to discuss organisational reprioritisation and staff wellbeing, giving a total of 15 meetings during the financial year.

The Board held its annual strategy away day in July 2021.

**WRA Board minutes** are available on our website.

## Board performance and effectiveness

Consistent with good practice, the Board undertook its annual Board Effectiveness Review during 2021 to 2022, led by the Chair. It found the standard of performance was good, with improvements over the year in adapting meeting structures and timings to adapt to business need and hybrid working, but did identify some areas which would benefit from further discussion, such as on being a visible leadership presence in the organisation, and in spending the right balance of time on strategic rather than operational matters. Discussions on addressing areas for improvement from the survey continued into 2022 to 2023, with particular consideration given for how to most effectively hold meetings in a hybrid – rather than all at home or all in person – manner.

Additionally, the Chair holds performance reviewing meetings with all Board members on an individual basis in carrying out their roles as Board members. In addition, the Chair themselves is subject to appraisal against agreed objectives by the Permanent Secretary of the Welsh Government, who conducts the appraisal process on behalf of the Minister for Finance and Local Government.

## ARAC

ARAC supports the Board and the Accounting Officer (the Chief Executive) by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the Annual Report and Accounts.

### Number of meetings in 2021 to 2022: 4

**Chair:** Jocelyn Davies

**Members:** including the Chair, 3 non-executive members. The Chair of our Board also has an open invitation to attend meetings. Ymgynghorwyr (Advisers)

of the committee are the Chief Executive, the Chief Finance Officer, the Chief Operating Officer, an Internal Audit representative and the Audit and Risk Officer. Representatives of Welsh Government and Audit Wales also attend regularly.

## **ARAC performance and effectiveness**

The committee undertook a review of its effectiveness during 2021 to 2022. A survey was drawn from the National Audit Office's effectiveness checklist as a guide, with some amendments suited to this committee. The outcome of the previous survey was reviewed and the committee were satisfied that all suggested improvements had been addressed successfully.

Overall, it was agreed that it performed very well throughout the year. The new format of the risk register was a significant improvement, which helped in reviewing and scrutiny, and new members' contributions had a positive impact. The committee felt that it had sufficient skills and experience to fulfil its role.

Several actions were agreed because of the review, including sessions on corporate risks and the applicability of the new risk appetite statement.

## **People committee**

The People Committee was set up to support the Board by providing assurance and scrutiny in relation to the effectiveness of succession planning, recruitment and remuneration for senior staff.

**Numbers of meetings in 2021 to 2022: 3**

**Chair:** Dyfed Edwards

**Members:** including the Chair, the Committee has 3 non-executive members. Each meeting is also attended by the Chief People and Communications Officer and the Chief Executive.

## Highlights in 2021 to 2022

- Agreeing the Senior Civil Service (SCS) pay award for 2021 to 2022.
- Scrutinising and providing advice from experience relating to Tîm Arwain succession planning and planned senior recruitment schemes.
- Assurance, challenge and support on the identified people risks relating to COVID-19 and wider impacts.



## Attendance by Board members at Board and Committee meetings during 2021 to 2022

Board Members	Board	ARAC	People Committee
Number of meetings held	6	4	3
<b>Non-executive members:</b>			
Kathryn Bishop (Chair – Board)	6/6	N/A	3
Jocelyn Davies (Chair – ARAC)	5/6	4	3
Dyfed Edwards (Deputy Chair – Board, Chair – People Committee)	6/6	N/A	3
Mary Champion (from October 2020)	6/6	4	N/A
Rheon Tomos (from October 2020)	6/6	4	N/A
Jim Scopes (from January 2020)	1/1	N/A	N/A
<b>Executive members:</b>			
Dyfed Alsop	6/6	4*	3*

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Sam Cairns	5/6	4*	N/A
Rebecca Godfrey (until August 2021)	2/2	N/A	N/A
Melissa Quignnon-Finch (from September 2021)	6/6	N/A	3*

#### **Staff-elected member:**

Lucy Robinson (until April 2021)	0/0	N/A	N/A
Karen Athanatos (from October 2021)	2/2	N/A	N/A

## **Notes**

\*Attendance as Ymgynghorwyr (adviser)

## **Strategic risk**

The Accounting Officer has specific responsibility for risk management and reporting. The Board has a responsibility to ensure that the systems of risk management are robust and defensible, and it also provides a clear steer on the desired risk appetite within which risks are expected to be managed.

ARAC supports the Chief Executive and Board in looking at risk management and provides advice as well as both assisting and providing scrutiny of Tîm Arwain. A review of the risk appetite policy was completed by Tîm Arwain, recognising a more open approach to delivering services, and the corporate risk register was enhanced in line with the Orange Book: [Orange Book - GOV.UK](#)

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([www.gov.uk](http://www.gov.uk)).

## Summary of key strategic risks

The impact of COVID-19 and home working continued to present risks to staff wellbeing, which we continued to actively manage through staff engagement.

The risks relating to operational capacity, ensuring the right mix of skills, and budget resources, reflected the size and evolving nature of the WRA. We continued to collaborate, innovate, and work flexibly as a team to mitigate these risks so that we could respond to the priorities in taxation in the [Welsh Government's Programme for Government](#).

We were also mindful of the risks of tax evasion and avoidance. We mitigated opportunities for both by developing our intelligence through the use of data and by collaborating with other authorities.

As a digital organisation, the risk to information and security from cyber threats means that governance in this area has remained a priority.

## Internal control

Through completion of an annual Internal Control Questionnaire (ICQ), senior managers provide the Accounting Officer their self-assessments of internal control, governance and risk management arrangements and their thoughts on how effectively controls have operated throughout the year.

The latest exercise provided positive assurances in respect of the key activities and functions undertaken. There were 3 areas where the assurance rating had changed from last year's internal controls questionnaire (ICQ). Two of the ratings were increased to 'substantial assurance'. A summary of actions to be

reviewed after 6 months was agreed. No fundamental control weaknesses were identified during the reporting period.

Assurances were received from Natural Resources Wales in relation to the delegated functions concerning LDT and assurance was sought from the Welsh Government in relation to its provision of HR shared services.

## Internal audit

We appointed the Welsh Government Internal Audit Services (IAS) to deliver a programme of audit work and provide assurance to the Accounting Officer and to the Board, via ARAC, concerning the controls in place to manage risk and the quality and compliance of our service delivery.

The audit programme is risk-based and agreed annually with ARAC and the Accounting Officer. IAS attended ARAC meetings to present reports on progress in implementing the programme and coordinated its wider work with that of Audit Wales.

The Head of Welsh Government's IAS provided an annual opinion and report. The majority audit work was pre-planned and comprised, for the most part, formal audit reviews of operational and policy areas, following a risk-based audit approach. Formal reports were issued on all the audit work completed. Over the course of 2021 to 2022, IAS issued 6 reports, provided advice on data protection, and attended ARAC meetings.

The Audit Plan provided sufficient coverage to give a broad-based opinion on the adequacy and effectiveness of the WRA's risk management, control and governance arrangements.

The audit opinion, based on the results of the audit work during the year, was: "Management can take reasonable assurance that arrangements to secure

governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with moderate risk exposure until resolved.”

We had limited assurance in change management and procurement and I am satisfied with the actions taken to mitigate the risk and that effective progress has been made in implementing a robust framework of governance, risk management and control within the WRA.

## **External audit**

Our organisation is audited by Audit Wales which, on behalf of the Auditor General for Wales, has responsibility for the review and audit of financial controls and the reliability of the financial accounts. Audit Wales issues an audit report and presents its findings to ARAC and the Board. Audit Wales’ report for the year can be found in the Resource Accounts and Tax Statement.

## **Information management and governance**

We’ve taken action to embed a culture of promoting best practice in data and information management in our organisation.

In 2021 to 2022, we achieved this by sharing regular information management updates with staff, reviewing and refreshing our procedures and guidance, and delivering bespoke security and information management training to all staff. This was delivered while our staff were working remotely. All staff who participated in the training were tested afterwards. We set a minimum pass rate of 80%, which everyone achieved.

During the year, no one contacted our Data Protection Officer (DPO) about our

use of their personal data. Also, nobody from the Information Commissioner's Office contacted us about data protection at our organisation.

Home working due to COVID-19 was the default position for most staff throughout the year. It represented a low risk to data and information management due to our existing digital infrastructure, risk assessments, and business continuity plans.

There was an increase in minor information security incidents where no personal data was disclosed. We class these as 'near misses' (see below). We identify and record near misses, as although they do not represent an actual data breach, they enable us to identify risks and issues that we can address to prevent a future data breach from arising.

Our top 3 risk areas that we actively managed during the year were:

- cyber security and resilience
- phishing e-mails
- bulk data breach

Our staff are now used to working remotely, so the focus has changed from 2020 to 2021, when the greater risk was around change in working arrangements.

During the financial year, we had 16 data breaches. All our breaches were minor, so no breaches had to be referred to the Information Commissioner's Office due to the low risk to the data subjects in each case. We also recorded 10 near misses.

## Security incidents 2021 to 2022

Type	2021 to 2022		2020 to 2021	
	Total	Reportable to ICO	Total	Reportable to ICO
Data breach	16	0	16	0
Near miss	10	N/A	2	N/A

Most of our data breaches in the year were due to human error.

We continued to strive for best practice in information governance and measure ourselves against the ICO's Accountability Framework.

We can confirm that appropriate measures are in place to demonstrate compliance with the UK General Data Protection Regulation, and an internal audit provided substantial assurance concerning our information management processes for the second consecutive year.

## Cyber resilience

Our priority is to continually strengthen our cyber resilience against an evolving threat environment. In 2021 to 2022, we produced our first standalone cyber resilience strategy which details how we are developing the ability of our organisation to withstand cyber events and where harm is caused, recover from them quickly.

We follow National Cyber Security Centre (NCSC) guidance regarding IT

infrastructure, devices, data, and applications.

We adhere to Welsh Government aligned ISO27001 and ISO27002 security standards and principles. Assurance of our security operations and posture is provided by the Welsh Government.

To support our cyber resilience:

- all our digital infrastructure and software were tested, as part of an annual process, using an independent National Cyber Security Centre (NCSC) accredited third party
- we continued to work with key partners such as the NCSC, Microsoft, HMRC, the Welsh Government and the University of South Wales Cyber Security Centre to review and improve cyber security risks
- all staff received cyber security training
- a special security briefing was delivered in March on the heightened threat level to UK organisations
- we renewed our Cyber Essentials Plus certification
- we held key sessions with our Board on the cyber risks to the organisation and how we are responding to them
- security baselines were rolled out on all devices including standards for web browsers
- conducted a disaster recovery exercise in quarter 2
- trialled a security standards letter for prospective suppliers
- implemented a security incident and event management system to manage security logs and incidents
- staff were regularly tested through various phishing simulation exercises and, where necessary, additional training was given
- revised our cyber incident plan



## Freedom of information

We received 8 Freedom of Information requests in the year, all of which were responded to in accordance with the appropriate timescales.

No complaints were received relating to our handling of requests for information and there were no investigations by the Information Commissioner's Office.

## Whistleblowing

We have a Whistleblowing Policy and guidance in place to provide staff with clear details about how to raise any concerns. There is a nominated officer for receiving any disclosures.

Our organisation is also a prescribed person for matters relating to devolved Welsh taxes. This means that a worker in any organisation with a whistleblowing concern relating to devolved Welsh taxes may make a protected disclosure to us. Information is available to external whistleblowers on our website on how to contact us, and how we will respond to any disclosures.

No disclosures were made under either remit during the year.

## Welsh Language Standards

We do not have our own formal Welsh Language Standards. However, we voluntarily comply with Welsh Government Standards where it is both appropriate and proportionate. We continued to deliver activity against our Welsh Language Strategy agreed in 2020. Our activity focuses on culture, learning and development and creating opportunities for our people and customers to use the Welsh language.

## Well-being of Future Generations

We're committed to a sustainable future for the people of Wales. We are not currently subject to the Well-being of Future Generations (Wales) 2015 Act. However, our Approach (which drives all we do) incorporates the spirit and sense of the Act. Also, the work which we have been asked to undertake by Welsh Ministers supports the aims of the Act.

## Conclusion

As the Accounting Officer for our organisation, I confirm that the statements made in this report are correct for the period 1 April 2021 to 31 March 2022. There have been no significant internal control or governance issues. I can also confirm that there are sound systems of internal control in place to support the delivery of the organisation's policy aims and objectives.

**Dyfed Alsop**  
**Chief Executive and Accounting Officer**  
**25 July 2022**

## Remuneration and Staff Report

### Remuneration Report

#### Service contracts

Our employees are civil servants. The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis

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of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances in which appointments may be made otherwise.

The senior officials covered by this report hold appointments which are open-ended, either with us directly, or with their home Civil Service departments if they are on loan to the WRA. Early termination, by the WRA or by those home departments, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at the [Civil Service Commission website](#).

## Remuneration policy

The remuneration of members of the SCS is not delegated, unlike the remuneration of staff below SCS. This means that the WRA implements SCS pay in accordance with the rules set out in chapter 7.1, Annex A of the [Civil Service Management Code](#) and annual guidance produced by UK Cabinet Office, following recommendations from the Senior Salary Review Body (SSRB).

In reaching its recommendations, the SSRB is to have regard to the following considerations:

- the need to recruit, retain, motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's

- departmental expenditure limit, and the government's inflation target
- evidence the SSRB receive about wider economic considerations and the affordability of their recommendations

Further information about the work of the SSRB can be found at the [SSRB website](#).

Our People Committee, chaired by a non-executive member, is responsible for recommending senior pay decisions on an annual basis, or as required. The Committee is responsible for ensuring that remuneration is handled fairly and in line with the Cabinet Office guidance. The Committee has, during the period, chosen to broadly align its approach to that of the Welsh Government, which has some flexibility to operate within the guidance set by the Cabinet Office. For example, we did not make any performance related bonus payments to members of the SCS during 2021 to 2022 or 2020 to 2021.

The remuneration of our employees below the SCS mirrors the approach of the Welsh Government. Further information can be found in the [Welsh Government's Pay Policy](#).

The WRA Board's non-executive members receive fees for duties on behalf of the WRA, such as attendance at Board and Committee meetings. Fees are paid at a daily rate as set out in their letters of appointment and are as follows:

## Non-executive members' fee daily rates

	Daily rate (£)
Non-executive Chair	400
Non-executive Deputy Chair	350

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	Daily rate (£)
Non-executive members	300

Expenses necessarily incurred in carrying out these duties are also reimbursed.

## Remuneration disclosure

The following section provides information about the remuneration and pension interests of the WRA's most senior management, its Board members. This includes both non-executive members and senior officials but does not include the Board's Staff elected member.

Salary covers both pensionable and non-pensionable amounts and includes gross salaries, overtime, recruitment and retention allowances, or other allowances or payments to the extent that they are subject to UK taxation, and any severance or ex-gratia payments. Reimbursement of legitimate expenses directly incurred in the performance of an individual's duties is not included in salary. This report is based on accrued payments made by the WRA and thus recorded in these accounts.

The monetary value of benefits in kind covers any benefits provided by the WRA and treated by HMRC as taxable emoluments.

In order to balance reporting requirements against individual privacy, in most cases we report remuneration figures in bandings of £5,000 (for example £65,000-£70,000).

## Non-executive remuneration

### Fees paid to non-executive members

Non-executive member	Fees	
	2021-22 £000	2020-21 £000
<b>Kathryn Bishop</b> Non-executive Chair	10-15	20-25
<b>Dyfed Edwards</b> Non-executive Deputy Chair	5-10	5-10
<b>Jocelyn Davies</b> Non-executive Member	5-10	5-10
<b>Mary Champion</b> Non-executive Member (from October 2020)	0-5	0-5
<b>Rheon Tomos</b> Non-executive Member (from October 2020)	0-5	0-5
<b>Jim Scopes</b> Non-executive Member (from January 2022)	0-5	N/A
<b>David Jones</b> Non-executive Member (to October 2020)	N/A	0-5
<b>Lakshmi Narain</b>	N/A	0-5

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Non-executive Member (to October 2020)

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In addition to their fees, where non-executive members' work for the WRA necessitates travel and other expenses to attend meetings, they are entitled to reimbursement under the WRA Fee Paid Fees and Expenses Policy. Tax liability arising from the reimbursement is met by the WRA.

Non-executive members are not employees of the WRA and do not receive pension benefits from the WRA.

## Senior officials' remuneration and pension benefits

### Remuneration figures for senior officials

	Salary in bands of £5,000		Pension benefits to the nearest £1,000		Total in bands of £5,000	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
<b>Dyfed Alsop</b> Chief Executive	100-105	95-100	28,000	48,000	125-130	145-150
<b>Sam Cairns</b> Chief Operating Officer	80-85	80-85	32,000	33,000	110-115	110-115
<b>Rebecca</b>	30-35	70-75	11,000	40,000	40-45	115-120

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**Godfrey**

Chief Strategy  
Officer (from  
May 2020 until  
August 2021)

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**Melissa  
Quignon-Finch**  
Chief People  
and  
Communications  
Officer (from  
September  
2021)

45-50

Not  
in post

20,000

Not  
in post

65-70

Not  
in post

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This table is subject to audit.

## Notes

- Benefits in kind were assessed as nil in both 2021 to 2022 and 2020 to 2021.
- No bonuses were paid in 2021 to 2022 or 2020 to 2021.
- The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
- Rebecca Godfrey was on maternity leave from May 2019 through to May 2020, and then from September 2021 onwards, during which time she remained a member of staff but was not an active director. Her annual salary in 2021 to 2022 would have been £80,000-£85,000 (2020 to 2021: £80,000-85,000).
- Melissa Quignon-Finch was appointed as a director in September 2021. Her

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annual salary in 2021 to 2022 would have been £75,000-80,000.

## Senior officials' pension benefits

Senior officials	Accrued pension at pension age as at 31/03/22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/22	CETV at 31/03/21	Real increase in CETV
	£000	£000	£000	£000	£000
<b>Dyfed Alsop</b> Chief Executive	30-35 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	456	421	10
<b>Sam Cairns</b> Chief Operating Officer	20-25	0-2.5	226	201	11
<b>Rebecca Godfrey</b> Chief Strategy Officer	20-25	0-2.5	257	251	3
<b>Melissa Quignnon-Finch</b> Chief People and Communications Officer	5-10	0-2.5	75	62	6

This table is subject to audit. \*CETV = Cash Equivalent Transfer Value.

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## Other staff

### Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has 4 sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

(The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership.

At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of

centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## **Pay multiples**

This section is subject to audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. The WRA did not pay any performance related pay or bonuses in 2021 to 2022 or 2020 to 2021.

The banded remuneration of the highest-paid director in the WRA in the financial year 2021 to 2022 was £100,000-105,000 (2020 to 2021: £95,000-100,000). This was 2.6 times the median remuneration of the workforce, which was £40,100 (2020 to 2021: 2.3 times, £42,660). Using the mid-point of the banded

salary ranges for the highest paid director, this was an increase of 5.1%. Average pay in the organisation decreased by 3.1%.

In 2021 to 2022 and 2020 to 2021, no staff received remuneration in excess of the highest paid director. Remuneration ranged from £21,300 to £100,820 (2020 to 2021: £20,500 to £99,344).

## Lower quartile, median and upper quartile staff remuneration

Year	25th percentile pay	25th percentile pay ratio	Median pay	Median pay ratio	75th percentile pay	75th percentile pay ratio
2021-22	29,430	3.5:1	40,100	2.6:1	57,190	1.8:1
2020-21	28,850	3.5:1	43,760	2.2:1	60,830	1.6:1

Median pay reduced from 2020 to 2021, to 2021 to 2022. This was due to an increase in new employees joining the organisation, many of whom joined at the bottom of their pay scale, following the pause in recruitment implemented in 2020 to 2021 while the organisation focused on responding to the impacts of COVID-19. The WRA's pay policy has staff below the SCS moving through spine points annually, until they reach the top spine points of their pay band, with 3 or 4 spine points in each pay band. Therefore newer staff are more likely to be at a lower point in their pay band.

# Staff Report

## Staff costs

### Staff costs during the period

	Permanently employed staff	Contract and agency staff	Total	Total
	2021-22 £000	2021-22 £000	2021-22 £000	2020-21 £000
Salaries	3,110	195	3,305	3,252
Social security costs	342	5	347	337
Other pension costs	870	14	884	841
Total	4,322	214	4,536	4,430

This table is subject to audit.

Permanently employed staff in this table include staff who are on loan to the WRA from other Civil Service employers, but who remain permanently employed by that Civil Service employer.

Contract and agency staff for the period included a small number of agency staff (4) and fixed-term contracts (6).

Salary includes gross salaries, overtime, recruitment and retention allowances,

and other allowances or payments to the extent that they are subject to UK taxation.

In addition, for contract and agency staff, salary may also include agency fees and VAT at the applicable rate. Social security and other pension costs for contract and agency staff are in some cases included under the figures for salaries because they were invoiced on a gross basis.

Staff costs during the period were lower than expected, due to some roles being recruited later than planned. This was due to changing priorities in the year as the organisation adapted to working during COVID-19.

## **Pension scheme**

The PCSPS is an unfunded multi-employer defined benefit scheme in which the WRA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016.

Details can be found in the Resource Accounts of the [Cabinet Office: Civil Superannuation](#).

For 2021 to 2022, employers' contributions of £878,107 were payable to the PCSPS (2020 to 2021: £763,395) at 1 of 4 rates in the range 26.6-30.3% (in 2021 to 2022 and 2020 to 2021) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every 4 years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £6,298 (2020 to 2021: £5,833) were paid to one or more of the panel of 3 appointed



stakeholder pension providers. Employer contributions are age-related and range from 8-14.75% (in both 2021 to 2022 and 2020 to 2021) of pensionable pay. In addition, 0.5% of pensionable pay is payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees. Employers also match employee contributions up to 3% of pensionable pay.

No persons (in either 2021 to 2022 or 2020 to 2021) retired early on ill-health grounds; the total additional accrued pension liabilities in the year were therefore nil.

## SCS by pay band

### Numbers of members of SCS by pay band

Pay band	31 March 2022	31 March 2021
SCS 2	1	1
SCS 1	3	3

Our organisation does not have any roles at grades SCS3 or SCS4.

## Number of persons employed

### Persons employed (including SCS) - average full-time equivalent (FTE)

	2021-22	2020-21
Permanent staff	67	59
Loan staff	3	6
Fixed term staff	3	4
Total	73	69

This table is subject to audit.

Fixed term staff included roles such as cover for existing staff's parental leave or other time away from their role, or where the requirement for the role was temporary.

In addition to employed staff as above, the FTE for agency staff engaged during the year were:

### Agency staff - average full-time equivalent (FTE)

	2021-22	2020-21
Agency staff	1	2

## Staff composition

We are committed to the principles of equal treatment, and we hold and review equality information on our staff to inform our decision making and review progress. We have policies to ensure equal treatment and consider the impact on recruitment, training, career development and promotion for individuals and groups with characteristics protected by the Equality Act 2010 (for example, disability, age and gender). Oversight of equality in the WRA was provided by the Board and Tîm Arwain during the reporting period, and the Board signed off our [2022 Equality Report](#) in March 2022. While this equality information is reviewed internally, in most cases the breakdown of staff cannot be published because, as a small employer, that would allow individuals or small groups to be identified. An exception to this is our staff gender profile, which is included below.

## Persons employed by gender

	As of 31 March 2022		As of 31 March 2021	
	Female	Male	Female	Male
<b>SCS</b>	2	2	1	2
<b>Other employees</b>	44	31	39	27

Processes that were used or implemented during the period to promote equal treatment included:

- Living Wage employer accreditation
- promoting our 'Happy to Talk Flexible Working' commitment on our recruitment pages, advertising all roles as available flexibly by default

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- Disability Confident – Committed employer status
- guaranteed interview scheme for disabled applicants meeting a role's essential requirements
- 'name-blinding' recruitment applications to remove references to personal details and names of educational establishments
- pro-actively asking all applicants if they require adjustments or alternatives during any recruitment process
- mixed-gender recruitment panels who have all completed training
- training for all staff on disability awareness
- providing Occupational Health and Employee Assistance Programme services to staff who become unwell
- active Wellbeing Group to support the Wellbeing Strategy, arranging a wide range of wellbeing events for staff
- providing all staff with laptops to allow homeworking
- Display Screen Assessments for all staff to identify any adjustments and equipment needed to safely work at home during lockdown
- special leave for working carers and parents who faced disruption due to COVID-19

## Sickness absence

Sickness absence figures are typically expressed as Annual Working Days Lost (AWDL).

**AWDL per staff year** = total number of working days lost across the year / total number of potential staff years.

This is a better representation of true available days lost than other ways of calculating AWDL, because it excludes weekends and public and privilege holidays from the sickness period. Using total staff years also correctly accounts for part-time staff, new entrants and leavers during the period. For example, someone working half the full-time number of hours per week would have a staff

year of 0.5.

The level of sickness absence within the WRA was 10.77 (2020 to 2021: 6.23). This is somewhat higher than the latest Civil Service AWDL figures available (2020 to 2021: 6.1).

The figure for our staff sickness absence includes the extended absences of 6 members of staff following serious illness, which in a small organisation like ours can have a significant impact on AWDL calculations. When their absence is excluded from the calculation, the AWDL per staff year was 3.39 (2020 to 2021: 2.9).

## Turnover

Turnover figures in the Civil Service are calculated in 2 ways:

- **Turnover** = staff leaving the Civil Service as a whole
- **Departmental turnover** = staff leaving the Civil Service or a particular employer

The turnover figure is calculated as the number of leavers within the period divided by the average of staff in post over the period.

In 2021 to 2022, turnover was 5.3% and departmental turnover was 14.7%.

The majority of turnover related to staff joining other civil service employers, many on promotion, as well as lateral moves, loans to other departments, and the end of fixed term contracts.

## Civil Service People Survey

The Civil Service People Survey is a cross-government employee engagement

survey. Each year, around 300,000 civil servants from 100 plus organisations take part.

The Engagement Index is calculated as a weighted average of the responses to 5 questions which have been found to be strong indicators of employee engagement:

- I am proud when I tell others I am part of the WRA
- I would recommend the WRA as a great place to work
- I feel a strong personal attachment to the WRA
- The WRA inspires me to do the best in my job
- The WRA motivates me to help it achieve its objectives

The results can range from 0% to 100%. A score of 0% represents all respondents giving a rating of 'strongly disagree' to all 5 questions. A score of 100% represents all respondents giving a rating of 'strongly agree' to all 5 questions.

## WRA Civil Service People Survey results

	2021	2020
Engagement Index	78%	80%

These scores represent a high level of employee engagement and are significantly higher than the Civil Service median (2021 and 2020: 66%).

Our full results from each year can be found on our website: [WRA People Survey](#).

## Consultancy costs

### Consultancy costs during the period

	2021-22 £000	2020-21 £000
Consultancy costs	155	55

Where there is a permanent need for skilled individuals, we would typically recruit an employee or team to undertake the activities. However, for shorter-term specialist work this is neither practical nor cost effective.

Such work is most cost-effectively undertaken by a specialist consultancy organisation rather than an individual. This approach allows our organisation to buy the expertise and services it needs without unreasonable costs or the commitment of fixed-term contracts. This is particularly important because we are a small organisation, without the capacity to operate the economies of scale available to larger organisations which can in-house more areas of specialist work, and we are still implementing some areas of work for the first time.

There was an increase in the use of specialist consultancy organisations in 2021 to 2022 compared with 2020 to 2021. This was due to **one new project**, looking at the potential for the WRA to support the development of geographically varied property taxes in the future, using a data platform approach. Other consultancy costs were similar to 2020 to 2021, and included contracts for specialist skills relating to cyber security, automated system testing, and network services.

## Off-payroll disclosures

Off-payroll arrangements are those where individuals, either self-employed or acting through a personal service company, are paid gross by the employer.

From 6 April 2017, reforms to intermediaries legislation (known as IR35) came into effect. These changed the rules for off-payroll people working in the public sector and moved the obligation to determine tax status from the contractor to the engager.

All existing off-payroll engagements have been subject to a risk-based assessment. This is to determine whether assurance is required that the individual is paying the right amount of tax. Where necessary, that assurance has been sought.



## Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 or more per day

Number of existing engagements as of 31 March 2022	2
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Of which:

Number that have existed for less than 1 year	0
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Number that have existed between 1 and 2 years	0
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Number that have existed between 2 and 3 years	1
--	---

Number that have existed between 3 and 4 years	1
--	---

Number that have existed between 4 or more years	0
--	---

## All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 or more per day

Number of temporary off-payroll workers engaged during the year ended 31 March 2022	5
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Of which:

Number assessed as not subject to off-payroll legislation	0
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Number assessed as subject to off-payroll legislation and determined as in-	1
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## scope of IR35

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Number assessed as subject to off-payroll legislation and determined as out of scope of IR35	4
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Number of engagements reassessed for compliance or assurance purposes during the year	2
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Number of engagements that saw a change of IR35 status following the review	0
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## Any off-payroll engagements of Board members and/or senior officials with significant financial responsibility (between 1 April 2021 and 31 March 2022)

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Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the financial year.	0
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Total number of individuals on-payroll and off-payroll that have been deemed Board members, and/or senior officials with significant financial responsibility, during the financial year.	13
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## Civil Service and other compensation schemes – exit packages

The table below shows the total number of exit packages agreed and accounted for in 2021 to 2022 (1 payment was made in 2020 to 2021). Due to only 1 payment being made in 2020 to 2021, the exact total cost is not specified, as this could impact on individuals' privacy.

## Number of exit packages during the period

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
	2021-22	2021-22	2021-22	2020-21
<£10,000	0	0	0	0
£10,000 - £25,000	0	0	0	1
£25,000 - £50,000	0	0	0	0
£50,000 -£100,000	0	0	0	0
£100,000 - £150,000	0	0	0	0
£150,000 - £200,000	0	0	0	0
<b>Total number of exit packages</b>	0	0	0	1

This table is subject to audit.

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Redundancy and other exit costs are paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Should the WRA agree early retirements, the additional costs are met by the WRA and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Severance payments are included within other departures shown above. These are paid under certain circumstances to employees, contractors and others outside of normal statutory or contractual requirements, when leaving employment in the public service, whether they resign, are dismissed, or reach an agreed termination of contract.

## **Other employee matters**

The 2 most significant employee matters during this period were that most of our people were working from home – due to both the impact of lockdown measures due to COVID-19, as well as not having a replacement for our head office at Treforest, which was significantly damaged and subsequently closed due to Storm Dennis in 2020 – and the induction of new staff into the organisation.

Keeping our people updated and safe as restrictions on office attendance and social distancing changed continued to be prioritised. This was further complicated by not having a permanent new office base, and so interim accommodation had to be arranged, but has not been as suitable to support our ways of working as our previous permanent office. While our people have been keen to return to in-person working, this has been difficult for our staff due to not having a private office space, particularly those who work with confidential information. We expect a decision on our new location in 2022 to 2023.

Ensuring the successful induction of new people joining the organisation remotely or in a hybrid manner has been a further priority. Adapting our

processes to ensure greater communication pre-joining and a more streamlined induction has enabled us to continue to work collaboratively and inclusively.

Staff safety has remained a priority throughout the period and has been continuously reviewed and maintained through a variety of processes. The use of risk assessments and regular discussion with our people about their health and safety has meant that we were able to ensure the physical safety and wellbeing of our people – regardless of whether they were working from home or attending an office location. A Wellbeing Group is in place and ensured that the Wellbeing Strategy continued to be implemented by adapting this to the remote/hybrid working context. Additional support for staff during the period included ordering additional IT and home working equipment, implementing reasonable adjustments where appropriate, and increased wellbeing activities and regular all-staff and team virtual meetings. Additionally, 3 trade unions are recognised by our organisation to represent employees.

While there have been no whistleblowing complaints received in the period, special emphasis has been given to ensuring that our people understand the routes to reporting and are encouraged to raise any concerns. This has formed part of our regular communications, both WRA-wide and within teams.

14 different professions are represented in our organisation. Significant WRA-wide and profession or role specific learning and development has taken place during the period for all staff, with some roles having been offered on a loan basis – into and out from the WRA – to encourage interchange and knowledge-sharing with other civil service employers.

**Dyfed Alsop**  
**Chief Executive and Accounting Officer**  
**25 July 2022**

## **The Certificate and independent auditor's report**

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# of the Auditor General for Wales to the Senedd

## Opinion on financial statements

I certify that I have audited the financial statements of the Welsh Revenue Authority's Resource Account for the year ended 31 March 2022 under the Tax Collection and Management (Wales) Act 2016. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of the Welsh Revenue Authority's Resource Account's affairs as at 31 March 2022 and of its net operating expenditure for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Tax Collection and Management (Wales) Act 2016.

## Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the

authorities which govern them.

## **Basis of opinions**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report other than the financial statements, other parts of the report that are audited and my auditor's report thereon. Legislation and directions issued to the Welsh Revenue Authority do not specify the content and form of the other information to be presented with the financial statements. The Accounting Officer is responsible for the other information in the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Report on other requirements

### Opinion on other matters

As legislation and directions issued to the Welsh Revenue Authority do not specify the content and form of the other information to be presented with the financial statements, I am not able to confirm that the annual report has been prepared in accordance with guidance.



In my opinion, based on the work undertaken in the course of my audit, the information given in the annual report is consistent with the financial statements.

Although there are no legislative requirements for a Remuneration Report, the Welsh Revenue Authority has prepared such a report and in my opinion, that part ordinarily required to be audited has been properly prepared in accordance with HM Treasury guidance.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- proper accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other

transactions is not disclosed; or

- I have not received all of the information and explanations I require for my audit.

## **Responsibilities**

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Tax Collection and Management (Wales) Act 2016 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the internal auditors and those charged with governance, including obtaining and reviewing supporting documentation relating to the Welsh Revenue Authority's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and the posting of unusual journals.
- Obtaining an understanding of the Welsh Revenue Authority's framework of authority as well as other legal and regulatory frameworks that the Welsh Revenue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Welsh Revenue Authority.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting

documentation to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, the Audit and Risk Committee about actual and potential litigation and claims;
- reading minutes of Board meetings; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Welsh Revenue Authority's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Responsibilities for regularity**

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the

expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.

### **Ann-Marie Harkin**

For and on behalf of the Auditor General for Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

**26 July 2022**

The maintenance and integrity of the Welsh Revenue Authority's website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

# Resource Accounts

## Statement of Comprehensive Net Expenditure

	Note	2021-22 £000	2020-21 £000
Staff costs	2	4,536	4,430
Other staff related costs	2	82	139
Other operating costs	2	1,440	1,490
Depreciation	3.1	31	31
Amortisation	3.2	63	804
Net operating expenditure		6,152	6,894
Total comprehensive expenditure for the year		6,152	6,894

## Statement of Financial Position

	Note	2021-22 £000	2020-21 £000
Non-current assets			
Equipment	3.1	94	69

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	Note	2021-22 £000	2020-21 £000
Intangible assets	3.2	83	137
<b>Total non-current assets</b>		<b>177</b>	<b>206</b>
<b>Current assets</b>			
Prepayments and other accrued income	4	116	112
Cash and cash equivalents	5	868	659
<b>Total current assets</b>		<b>984</b>	<b>771</b>
<b>Current liabilities</b>			
Trade and other payables	6	(909)	(864)
<b>Total current liabilities</b>		<b>(909)</b>	<b>(864)</b>
<b>Total assets less current liabilities</b>		<b>252</b>	<b>113</b>
<b>Taxpayers equity</b>			
<b>General fund</b>		<b>252</b>	<b>113</b>

**Dyfed Alsop**  
**Chief Executive and Accounting Officer**  
**25 July 2022**

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# Statement of Cash Flows

	Note	2021-22 £000	2020-21 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(6,152)	(6,894)
<b>Adjustments for non-cash transactions</b>			
Decrease in trade and other receivables		(4)	28
(Decrease)/increase in trade and other payables		45	(96)
Depreciation and amortisation	3.1, 3.2	94	835
<b>Net cash (outflow) from operating activities</b>		<b>(6,017)</b>	<b>(6,127)</b>
<b>Cash flows from investing activities</b>			
Additions of equipment	3.1	(56)	(66)
Additions of intangible assets	3.2	(9)	(107)
<b>Net cash (outflow) from investing activities</b>		<b>(65)</b>	<b>(173)</b>
<b>Cash flows from financing activities</b>			
Funding from Welsh Government		6,291	6,716

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	Note	2021-22 £000	2020-21 £000
<b>Net increase/(decrease) in cash and cash equivalents</b>	5	<b>209</b>	<b>416</b>
Cash and cash equivalents at the beginning of the period	5	<b>659</b>	<b>243</b>
Cash and cash equivalents at the end of the period	5	<b>868</b>	<b>659</b>

## Statement of Changes in Taxpayers' Equity

	General Fund £000
<b>Balance as at 31 March 2020</b>	<b>291</b>
<b>Changes in taxpayers' equity 2020-21</b>	
Revenue funding from Welsh Government	6,541
Capital funding from Welsh Government	175
Total comprehensive expenditure for the year	(6,894)
<b>Balance as at 31 March 2021</b>	<b>113</b>
<b>Changes in taxpayers' equity 2021-22</b>	
Revenue funding from Welsh Government	6,226

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	<b>General Fund £000</b>
Capital funding from Welsh Government	65
Total comprehensive expenditure for the year	(6,152)
<b>Balance as at 31 March 2022</b>	<b>252</b>

# Notes to the Resource Accounts

## 1. Statement of accounting policies

### 1.1 Basis of accounting

These accounts are prepared in accordance with:

- a direction issued by Welsh Ministers, in accordance with Section 29(1)(b) of the Tax Collection and Management (Wales) Act 2016
- the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury
- International Financial Reporting Standards (IFRS) adapted or interpreted for the public sector context
- the accounting policies detailed in subsequent notes

The WRA has considered the impact of standards and interpretations which have been issued but not yet effective. It is not expected that these will have a material impact on the financial statements.

The financial information contained in the statements and in the notes is rounded to the nearest £000.

## **1.2 Accounting convention**

These accounts have been prepared under the historical cost convention, modified according to the requirements of relevant accounting standards and subject to the interpretations and adaptations of the Financial Reporting Manual standards. Expenditure has been accounted for on an accrual basis. Accounting for funding has been set out in AP1.7.

## **1.3 Going Concern**

These accounts have been prepared on the basis of “going concern” as the WRA is a non-ministerial department of Welsh Government and receives its revenue funding from them to meet its liabilities. WRA expects to remain in existence for the foreseeable future.

## **1.4 Use of Judgement**

In preparing these financial statements, management has made judgements that affect the application of the accounting policies and the reported amounts of assets, liability and expenses. Actual results may differ from these estimates and are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following:

No right of use assets exist within the WRA. The office space allocated to the

WRA for use is directed by the Minister alone.

## **1.5 Annual Leave Accrual**

Staff annual leave accrual is accounted for within Other Staff Costs. Only the movement in year is charged. The accrual is a calculation to reflect the annual leave owed or owing to staff at the year end.

## **1.6 Value Added Tax (VAT)**

The WRA is registered for VAT and recovers some elements of VAT for business services and contracted out services. Other goods and services expenditure is recorded inclusive of VAT in accordance with the HMRC internal government VAT manual.

## **1.7 Funding**

The WRA receives funding from the Welsh Government (known as the Grant Allocation) to finance its revenue and capital expenditure. In accordance with FReM, these amounts are recorded as financing rather than income and are credited to the General Fund. The FReM also confirms that this financing is to be accounted for on a cash basis which we have complied with.

## **1.8 Cash and cash equivalents**

Cash and cash equivalents solely comprise the balances WRA holds with the Government Banking Service.

## 1.9 Segment reporting

IFRS 8 requires entities to disclose information about their operating segments and geographical areas. The WRA operates in one segment and exclusively in Wales. No additional reporting is therefore considered necessary.

## 1.10 Leases

For 2021-22 the WRA is not part to any lease arrangements as lessor or lessee under IAS17. The implementation of IFRS 16 in the public sector has been delayed until April 2022 due to COVID-19. In 2022 to 2023, the WRA will review its contractual and non-contractual arrangements to establish whether a lease exists as defined.

## 1.11 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another. IFRS 7 requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. As the WRA is directly funded by Welsh Government, the only financial instruments within the accounts are financial assets in the form of trade and other receivables and financial liabilities in the form of trade and other payables. The WRA is not considered to be exposed to any significant level of credit, liquidity, or interest rate risk.

## 1.12 Non-Current Assets

### Equipment

Equipment is carried at fair value. Depreciated historic cost is used as a proxy for the fair value of these assets.

All equipment purchased directly by the WRA costing £5,000 or more is capitalised.

Depreciation is provided for in the month following acquisition and is calculated to write off the value less estimated residual value on an equal instalment basis over its expected useful life as shown below.

### Expected useful life of equipment

Equipment category	Expected useful life
ICT Equipment	3 years
Other Equipment	5 years

### Intangible Assets

As no active market exists due to their bespoke nature, intangible assets are stated at historic costs and amortised on a straight-line basis over the estimated useful life or term of the licence. Amortisation is provided for in the month after the asset is acquired, as set out below.

## Expected useful life of intangible assets

Category of Intangible asset	Estimated useful life
Licences and software	3 years

## 2. Expenditure

### Expenditure during the period

	2021-22 £000	2020-21 £000
<b>Staff and related costs</b>		
Wages and salaries	3,232	3,120
Pensions costs	884	841
Social security costs	347	337
Agency costs	73	132
	<b>4,536</b>	<b>4,430</b>
<b>Other staff related costs</b>		
Training and development	82	71

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	2021-22 £000	2020-21 £000
Travel and subsistence	4	2
Other employee related expenses <sup>[1]</sup>	(4)	66
	<b>82</b>	<b>139</b>
<b>Other operating costs</b>		
Administration and other office costs	61	68
Board and related costs	42	60
External audit fee	31	30
ICT related costs	987	1,038
Internal audit fee	16	15
Other professional costs	303	279
	<b>1,440</b>	<b>1,490</b>
<b>Amortisation and Depreciation</b>	94	835
<b>Total comprehensive expenditure for the year</b>	<b>6,152</b>	<b>6,894</b>

Further analysis of staff and related costs is provided in the [Staff Report](#).

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## Notes

[1] This is shown as a credit in 2021 to 2022 as the movement in the employee benefits accrual was a reduction of £10,000 (increase of £54,000 in 2020 to 2021).

## 3. Non-current assets

### 3.1a Equipment

	ICT equipment £000	Other equipment £000	Total £000
<b>Cost or valuation</b>			
Cost at 1 April 2021	159	11	170
Additions	56	0	56
<b>At 31 March 2022</b>	<b>215</b>	<b>11</b>	<b>226</b>
<b>Depreciation</b>			
Depreciation at 1 April 2021	95	6	101
Charge for the year	29	2	31
<b>At 31 March 2021</b>	<b>124</b>	<b>8</b>	<b>132</b>
Net book value at 31 March 2021	64	5	69
<b>Net book value at 31 March 2022</b>	<b>91</b>	<b>3</b>	<b>94</b>

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## 3.1b Equipment

	ICT equipment £000	Other equipment £000	Total £000
<b>Cost or valuation</b>			
Cost at 1 April 2020	93	11	104
Additions	66	0	66
<b>At 31 March 2021</b>	<b>159</b>	<b>11</b>	<b>170</b>
<b>Depreciation</b>			
At 1 April 2020	66	4	70
Charge for the year	29	2	31
<b>At 31 March 2021</b>	<b>95</b>	<b>6</b>	<b>101</b>
Net book value at 31 March 2020	27	7	34
<b>Net book value at 31 March 2021</b>	<b>64</b>	<b>5</b>	<b>69</b>

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## 3.2a Intangible assets

	Licenses £000	Software £000	Total £000
<b>Cost or valuation</b>			
Cost at 1 April 2021	130	2,531	2,661
Additions	0	9	9
Disposals	(66)	0	(66)
<b>At 31 March 2022</b>	<b>64</b>	<b>2,540</b>	<b>2,604</b>
<b>Amortisation</b>			
Amortisation at 1 April 2021	79	2,445	2,524
Charge for the year	21	42	63
Disposals	(66)	0	(66)
<b>At 31 March 2022</b>	<b>34</b>	<b>2,487</b>	<b>2,521</b>
Net book value at 31 March 2021	51	86	137
<b>Net book value at 31 March 2022</b>	<b>30</b>	<b>53</b>	<b>83</b>

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## 3.2b Intangible assets

	Licenses £000	Software £000	Total £000
<b>Cost or valuation</b>			
Cost at 1 April 2020	66	2,488	2,554
Additions	64	43	107
<b>At 31 March 2021</b>	<b>130</b>	<b>2,531</b>	<b>2,661</b>
<b>Amortisation</b>			
Amortisation at 1 April 2020	59	1,661	1,720
Charge for the year	20	784	804
<b>At 31 March 2021</b>	<b>79</b>	<b>2,445</b>	<b>2,524</b>
Net book value at 31 March 2020	7	827	834
<b>Net book value at 31 March 2021</b>	<b>51</b>	<b>86</b>	<b>137</b>

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## 4. Prepayments and other accrued income

### Prepayments and other accrued income at the end of the period

	2021-22 £000	2020-21 £000
Prepayments and other accrued income	116	112
Balance at 31 March	116	112

## 5. Cash and cash equivalents

### Cash and equivalents at the end of the period

	2021-22 £000	2020-21 £000
Balance at start of period	659	243
Net change in cash and cash equivalent balances	209	416
Balance at 31 March	868	659

All balances are held with the Government Banking Service.

## 6. Trade and other payables

### Trade and other payables at the end of the period

	2021-22 £000	2020-21 £000
Trade payables	(730)	(672)
Other payables	(179)	(192)
Balance at 31 March	(909)	(864)

The majority of the amount in other payables relates to the annual leave accrual.

## 7. Related party transactions

The WRA is a non-ministerial department of Welsh Government. As such, Welsh Government is regarded as the parent department and therefore a related party. The WRA has had a number of material transactions during the year with Welsh Government.

Revenue funding of £6.23 million was received in the year (2020 to 2021 £6.54 million). Capital funding received in year was £64,500 (2020 to 2021 £175,000).

Payments of £4.7 million were made to Welsh Government during 2021 to 2022 mainly in relation to payroll costs, seconded staff and ICT cloud costs (2020 to 2021 £4.7 million).

Neither Board members, senior officers, nor any of their related parties,

undertook any material transactions with the WRA.

## **8. Capital commitments**

There were no capital commitments as at 31 March 2022.

## **9. Contingent assets and liabilities**

There were no contingent assets and liabilities as at 31 March 2022.

## **10. Events after the reporting period**

There are no reportable events after the reporting period

# **The certificate and independent auditor's report of the Auditor General for Wales to the Senedd**

## **Opinion on financial statements**

I certify that I have audited the Welsh Revenue Authority's Tax Statement for the year ended 31 March 2022 under the Tax Collection and Management (Wales) Act 2016. The financial statements comprise the Statement of Revenue, Other Income and Expenditure, Statement of Financial Position, Statement of Cash Flows and related notes, including a summary of accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards



as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the Welsh Revenue Authority's Tax Statement as at 31 March 2022 and of the net revenue for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Tax Collection and Management (Wales) Act 2016.

## Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis on opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Welsh Revenue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information in the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial

statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Report on other requirements**

### **Opinions on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report has been prepared in accordance with Welsh Ministers' guidance.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Welsh Revenue Authority's Tax Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

## **Responsibilities**

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Tax Collection and Management (Wales) Act 2016 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the ability of the Welsh Revenue Authority's Tax Statement to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the body's internal auditors and those charged with governance, including obtaining and reviewing supporting documentation relating to the Welsh Revenue Authority's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, and posting of unusual journals.
- Obtaining an understanding of the Welsh Revenue Authority's framework of authority as well as other legal and regulatory frameworks that the Welsh Revenue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Welsh Revenue Authority.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and Risk Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Welsh Revenue Authority's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.

**Ann-Marie Harkin**

For and on behalf of the Auditor General for Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

**26 July 2022**

The maintenance and integrity of the Welsh Revenue Authority's website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

# Tax Statement

## Statement of Revenue, Other Income and Expenditure

	Note	2021-22 £000	2020-21 £000
<b>Revenue</b>			
<b>Taxes and duties</b>			
Land Transaction Tax (LTT)	2.1	402,245	210,510
Landfill Disposals Tax (LDT)	2.2	45,334	31,719
<b>Total taxes and duties</b>		<b>447,579</b>	<b>242,229</b>
<b>Other income</b>			
Penalties	2.3	503	136
Interest	2.3	86	130
<b>Total penalties and interest</b>		<b>589</b>	<b>266</b>
<b>Total revenue</b>		<b>448,168</b>	<b>242,495</b>
<b>Expenditure</b>			

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	Note	2021-22 £000	2020-21 £000
Interest paid	3.1	(120)	(82)
Revenue losses	3.2	(248)	(119)
<b>Total expenditure</b>		<b>(368)</b>	<b>(201)</b>
<b>Net revenue for the Welsh Consolidated Fund</b>		<b>447,800</b>	<b>242,294</b>

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure.

The [notes that follow the Statement of Cash Flows](#) form part of this statement.

## Statement of Financial Position

	Note	2021-22 £000	2020-21 £000
<b>Current assets</b>			
Receivables	4.1	3,106	2,598
Accrued taxes receivable	4.1	19,600	17,994
Cash	5	12,935	7,314

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	Note	2021-22 £000	2020-21 £000
<b>Total current assets</b>		<b>35,641</b>	<b>27,906</b>
<b>Current liabilities</b>			
Payables and on account balances	6	110	789
Provision for tax at tribunal	7	1,114	0
<b>Total current liabilities</b>		<b>1,224</b>	<b>789</b>
<b>Total net assets</b>		<b>34,417</b>	<b>27,117</b>
Represented by			
<b>Balance due to the Welsh Consolidated Fund</b>	<b>9</b>	<b>34,417</b>	<b>27,117</b>

**Dyfed Alsop**  
**Chief Executive and Accounting Officer**  
**25 July 2022**

## Statement of Cash Flows

	Note	2021-22 £000	2020-21 £000
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>446,121</b>	<b>264,878</b>

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	Note	2021-22 £000	2020-21 £000
Cash paid to the Consolidated Fund		(440,500)	(260,400)
Increase/(decrease) in cash in this period	B	5,621	4,478

## Notes to the Statement of Cash Flows

### A: Reconciliation of new cash flow to movement in net funds

	2021-22 £000	2020-21 £000
Net revenue for the Welsh Consolidated Fund	447,800	242,294
Decrease/(increase) in non-cash assets	(2,114)	22,665
(Decrease)/increase in liabilities	(679)	(81)
(Decrease)/increase in provision for liabilities	1,114	0
Net cash flow from operating activities	446,121	264,878

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## B: Analysis of changes in net funds

	2021-22 £000	2020-21 £000
Increase/(decrease) in cash in this period	5,621	4,478
Net funds at 1 April (opening bank balance)	7,314	2,836
Net funds as at 31 March (closing bank balance)	12,935	7,314

## Notes to the Tax statement

### 1. Statement of accounting policies

#### 1.1 Basis of accounting

These accounts are prepared in accordance with:

- the accounts direction issued by Welsh Ministers, in accordance with section 30(1) of the Tax Collection and Management (Wales) Act 2016
- the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury
- International Financial Reporting Standards (IFRS) adapted or interpreted for the public sector context
- the accounting policies detailed in subsequent notes

The WRA has considered the impact of standards and interpretations which

have been issued but not yet effective. It is not expected that these will have a material impact on the financial statements.

The income and any associated expenditure contained within these statements are those flow of funds which the WRA handles on behalf of the Welsh Consolidated Fund and where it is acting as agent rather than as principal.

The financial information contained in the statements and in the notes is rounded to the nearest £000.

## **1.2 Accounting convention**

The Tax Statement has been prepared in accordance with historical cost convention. Taxes, including repayments, are accounted for on an accrual basis.

## **1.3 Revenue recognition**

### **Taxation**

Taxes are measured in accordance with IFRS 15. They are measured at the fair value of amounts received or receivable, net of repayments. Revenue is recognised when:

- a taxable event has occurred, the revenue can be measured reliably, and it is probable that the economic benefits from the taxable event will flow to the Welsh Consolidated Fund
- a taxable event occurs when a liability arises to pay a tax

Any amendments, including higher rate refunds, are recognised up to the 30 April in the following financial year where they relate to a previous financial year.

## Penalties and interest

Penalties and interest are measured in accordance with IFRS 15. They are measured at the fair value of amounts received or receivable.

Revenue is recognised when:

- the penalty or interest charge is validly imposed and becomes receivable by the WRA

Recognised penalty revenue is reversed in the account:

- when a penalty is cancelled following correction of a tax return arising from a minor error by the taxpayer or agent
- where a penalty is cancelled following review by the WRA
- where on appeal or for other legal reasons, the penalty is cancelled

Where penalty or interest revenue recognised in a previous financial year is later deemed to be uncollectable for reasons other than shown above, this is recorded as an expense at the date it is deemed uncollectable.

The WRA does not recognise the tax gap in the Tax Statement. This is the difference between the amount of tax that should, in theory, be collected by the WRA (the theoretical liability) and what is collected. This theoretical tax liability represents the tax that would be paid if all taxpayers complied with both the letter of the law and the WRA's interpretation of the intention of the Welsh Parliament in setting law (referred to as the spirit of the law).

## Deferrals

A deferral occurs when a land transaction has several stages of purchase price setting and one or more of these stages is due in the future and is conditional on

an event occurring. The WRA does not recognise the tax revenue on these future payments until that event occurs and the additional purchase price is payable. An example of a deferral is where land is purchased with an additional amount being payable once planning permission is obtained; tax revenue is recognised on the additional payment at the point in time when the planning is granted.

## **Enquiries and Tribunals**

In line with FReM, tax revenue, along with tax or penalty refunds arising from enquiry or tribunal cases, is not recognised in the accounts until the decision or judgement is issued. Disclosures in the accounts relating to enquiries or tribunals are only made if they lead to a material financial impact.

## **1.4 Use of Judgement**

In preparing these financial statements, management has made judgements that affect the application of the accounting policies and the reported amounts of revenue, assets, liability and expenses. Actual results may differ from these estimates and are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following:

- the disclosure of contingent liability for refund of higher rate LTT in the accounts is based upon the modelling of the Office of Budgetary Responsibility and their judgements. We do not yet have adequate data available to it to model an accurate valuation of future refund liability

## 1.5 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another. IFRS 7, Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The only financial instruments within the accounts are financial assets in the form of receivables and financial liabilities in the form of payables. Because of this there is no exposure to significant liquidity, interest rate risk and foreign currency risk.

## 1.6 Taxpayer confidentiality

The WRA takes taxpayers' confidentiality seriously and will not disclose any taxpayer confidential details within the Financial Statements which are prohibited under Section 17 of the TCMA 2016 unless there is an over-riding legal requirement to do so.

## 1.7 Receivables

The FReM does not require the WRA to determine impairments in accordance with IFRS 9: Financial Instruments, as the standard relates to financial instruments. Taxes arise from statute and not a contract, however impairments have been measured applying the credit loss model set out in IFRS 9. The impairment model in IFRS 9 is based on the premise of providing for expected losses, applying information available and considering the probability of collection.

The value of WRA receivables is reviewed individually at each reporting period date to determine whether there is any indication of impairment. If such an



indication exists, the values in the Statement of Financial Position are reported after impairment to reflect the amount that is likely to be collected.

Revenue losses occur when the WRA formally ceases collection activity. The vast majority are driven by individual and business insolvencies. Revenue losses are made up of remissions and write-offs. Remissions are debts capable of recovery where the WRA has decided not to pursue the liability on the grounds of value for money. The WRA only writes-off debts that it considers to be irrecoverable when there is no practical means for pursuing the liability.

Further accounting policies are explained under the relevant notes.

## 2. Revenue and other income

### 2.1 Land Transaction Tax

	2021-22 £000	2020-21 £000
<b>Residential</b>	271,822	152,092
<b>Non-residential</b>	130,423	58,418
<b>Total Land Transaction Tax</b>	<b>402,245</b>	<b>210,510</b>

The taxable event for LTT is the purchase of land or property. Higher residential rates of LTT are payable on the purchase of additional properties in Wales. The higher rate is repayable to the taxpayer where the taxpayer's main residence is sold within 3 years of the purchase of the additional property.

As at 30 April, the value of higher rates transactions for 2021 to 2022 was

£140.36 million (2020 to 2021 £92.98 million). This figure has been reduced for higher rate refunds of £24.23 million (2020 to 2021 £15.95 million) that are now treated as main residential rates where taxpayers have successfully claimed a refund.

## 2.2 Landfill Disposals Tax

	2021-22 £000	2020-21 £000
Landfill Disposals Tax	45,334	31,719
<b>Total Landfill Disposals Tax</b>	<b>45,334</b>	<b>31,719</b>

LDT is paid when waste is disposed of to landfill and is charged by weight and type of waste.

## 2.3 Penalties and interest

	2021-22		2020-21	
	Penalty £000	Interest £000	Penalty £000	Interest £000
Land Transaction Tax	503	85	136	72
Landfill Disposals Tax	0	1	0	58
<b>Total penalties and interest</b>	<b>503</b>	<b>86</b>	<b>136</b>	<b>130</b>

Penalties are charged on the late receipt of tax returns and late payments or for

other reasons permitted under the Tax Collection and Management (Wales) Act 2016.

Interest is charged on the late payment of tax returns or penalties.

## 3. Expenditure

### 3.1 Interest paid

	2021-22 £000	2020-21 £000
Land Transaction Tax	(120)	(82)
Landfill Disposals Tax	0	0
<b>Total interest paid</b>	<b>(120)</b>	<b>(82)</b>

Interest is payable by the WRA on the repayment of any tax liabilities or penalties.

### 3.2 Revenue losses

	2021-22		2020-21	
	Tax Impairment £000	Debt Written Off £000	Tax Impairment £000	Debt Written Off £000
Land Transaction	(233)	(15)	(119)	0

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<b>Tax</b>				
<b>Landfill Disposals Tax</b>	0	0	0	0
<b>Total revenue losses</b>	<b>(233)</b>	<b>(15)</b>	<b>(119)</b>	<b>0</b>

Revenue losses are made up of debt write-offs and the movement in the provision for tax impairment (see note 4.2).

Write-offs are debts that, following all reasonable action being undertaken and following careful consideration, are deemed to be irrecoverable.

## 4. Receivables and accrued revenue receivable

### 4.1 Receivables due

	2021-22		2020-21	
	Receivables £000	Accrued Revenue Receivable £000	Receivables £000	Accrued Revenue Receivable £000
Land Transaction Tax	3,459	9,359	2,717	10,891
Landfill Disposals Tax	0	10,241	0	7,103
Totals Before Impairment	3,459	19,600	2,717	17,994
Less Impairment (note 4.2)	(353)	0	(119)	0
Total	3,106	19,600	2,598	17,994

Receivables represent taxpayer liabilities where the amounts owed by the taxpayer, including financial penalties and interest, have been incurred in the reporting period, but the amounts have not been received by the balance sheet date.

Accrued revenue receivables represent amounts due in relation to tax returns where the tax liability has been established at the balance sheet date but not returned at the balance sheet date. A manual accrual is therefore made.

## 4.2 Impairment provision

	2021-22		2020-21	
	Land Transaction Tax £000	Landfill Disposals Tax £000	Land Transaction Tax £000	Landfill Disposals Tax £000
<b>As at 1 April 2021</b>	119	0	0	0
<b>Movement in Impairment</b>	234	0	119	0
<b>Balance at 31 March</b>	<b>353</b>	<b>0</b>	<b>119</b>	<b>0</b>

An impairment provision is made when it is probable that tax or penalties due will not be received in full. An impairment is the value of a debt which we consider likely to be non-recoverable in the longer term. Receivables in the Statement of Financial Position are reported after the deduction of the estimated value of impairments. The impairment provision is based on numerous factors, such as situations when unfortunately, a taxpayer is about to go into administration or when legal action has been initiated. The movement in the year reflects the growth in tax volumes and values, irrecoverable penalties and the post-peak COVID period.

## 5. Cash

### Cash balance at end of period

	2021-22 £000	2020-21 £000
Government Banking Service	12,935	7,314
Balance at 31 March	12,935	7,314

The WRA pay funds to the Welsh Consolidated Fund as instructed by Welsh Government. The above balance represents funds received from taxes which were not requested prior to the 31 March.

## 6. Payables and on account balances

### Payables and on account balances at end of period

	2021-22 £000	2020-21 £000
Land Transaction Tax	110	789
Landfill Disposals Tax	0	0
Total	110	789

Payables and on account balances are amounts recorded as owed by the WRA and where payment has not yet been made. Returns can be amended up to twelve months from the filing date. In some circumstances this will result in a repayment. These balances relate to outstanding repayments of tax, penalties or interest, including higher rate refund claims, where the amounts have been established at the balance sheet date as owed.

## 7. Provision for tax at tribunal

### Provision for tax at tribunal at end of period

	2021-22 £000	2020-21 £000
Land Transaction Tax	0	0
Landfill Disposals Tax	1,114	0
<b>Total</b>	<b>1,114</b>	<b>0</b>

As stated in accounting policy 1.3, revenue relating to tribunal cases is not recognised in the accounts until the decision or judgement is issued. The provision has been set up to recognise that the WRA has received payments where the taxpayer has appealed to a tribunal in respect of the tax owed.

## 8. Contingent liabilities

Taxpayers who have paid higher rates on their residential transaction have the right to claim main residential rates on their new main residence where their



previous main residence is disposed of within 3 years of the purchase date of the replacement. The taxpayer is required to submit a claim in order to receive the refund

This potential refund of higher rate tax is disclosed as a contingent liability for the Tax Statement due to the uncertainty of reclaims and their timings. For 2021 to 2022, the estimated amount is £20.0 million (2020 to 2021 £14.4 million) calculated on the basis of guidelines issued by the Office of Budgetary Responsibility.

## 9. Balance due to the Welsh Consolidated Fund account

	2021-22 £000	2020-21 £000
Balance on Welsh Consolidated Fund as at 1 April	27,117	45,223
Net revenue for the Welsh Consolidated Fund	447,800	242,294
Less amount paid to the Welsh Consolidated Fund	(440,500)	(260,400)
Balance due to the Welsh Consolidated Fund	34,417	27,117

## 10. Events after the reporting period

There are no reportable events after the reporting period.

# **Glossary**

## **Amortisation**

The apportionment of the cost of an intangible asset over its useful life.

## **Depreciation**

The apportionment of the cost of a tangible non-current asset.

## **Financial Reporting Manual (FReM)**

HM Treasury technical accounting guide to the preparation of the financial statements.

## **International Financial Reporting Standards (IFRS)**

These are issued by the International Accounting Standards Board and financial statements of Government use these as the basis of preparation for their accounts.

## **Non-current assets (also called fixed assets)**

An asset that is held by the organisation. These can be tangible assets with physical substance or intangible assets – an identifiable non-monetary asset without physical substance; for example, licences and software.

## Payables

Amounts due for payment to suppliers of goods and services at the end of the reporting period.

## Receivables

Amounts owing to the WRA at the end of the reporting period.

## Taxpayers' equity

The net assets of the organisation.

## Welsh Consolidated Fund

The fund used by the Senedd to hold sums voted by Parliament which are then allocated via a Budget Motion.

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