



Llywodraeth Cymru
Welsh Government

REPORT, DOCUMENT

Welsh Revenue Authority: Annual Report and Accounts 2022 to 2023

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

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Glossary

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Chair's overview



I'm delighted to introduce our 2022 to 2023 Annual Report and Accounts.

I became Chair part way through the year and even in that short time have been struck by the amount of change we've seen as an organisation and in the wider economy. I've also been impressed by the commitment and hard work from all the WRA teams in an everchanging landscape. Thanks to my predecessor, Kathryn Bishop, the WRA has strong foundations. Kathryn's leadership saw the WRA develop in to an innovative, collaborative, and kind organisation. I wanted to take this opportunity to recognise her contribution as our first Chair.

This report is an opportunity for us to reflect and celebrate the progress over the

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last year. It also helps us to consider some of the opportunities and challenges ahead.

I look forward to being a part of the continued success of the WRA over the coming year.

Ruth Glazzard
Chair of the WRA

Performance report: Chief Executive's overview



The end of 2022 to 2023 saw us pass the 5 years milestone.

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I find it hard to believe we've been operating that long! 2022 to 2023 was also the first year of delivering our new corporate plan. These things signal us maturing as an organisation; stable, while still evolving and working on new things.

As we continue to evolve post COVID-19, our context has continued to be challenging in unexpected ways. The cost-of-living crisis has made it more important than ever that we're conscious of the needs of others. And as custodians of public money, that we continue to manage our budgets effectively. I'm pleased to report that we managed our budget to within less than a 1% underspend of our agreed allocation last year which is our best performance to date. We've also made improvements to our debt process, provided better support to those in debt, and worked to find ways to prevent debt happening in the first place.

It's fantastic to see our people continue to see the WRA as a good place to work, reflected in our continued position in the top 3 highest scoring organisations in the UK Civil Service People Survey.

We start from a position of trust, and work together with taxpayers and agents across Land Transaction Tax (LTT) and Landfill Disposals Tax (LDT). The support we provide, and changes we make to our systems and processes all aim to encourage the right amount of tax to be paid, first time. We can't make the system work effectively on our own which is why we're so pleased to see growing use of our tax opinion service this year. We welcome this engagement with taxpayers and agents bringing our 'Cadarnhau' principle to life.

We continued to develop our test and learn project with Natural Resources Wales on the use of the unauthorised disposals rate of LDT. We've reached significant milestones this year, including charging and collecting tax from our first cases, all aimed at changing behaviours around the illegal disposal of waste in Wales.

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I hope you enjoy reading this report and learning more about us. I look forward to 2023 to 2024, as we continue to deliver a fair tax system for Wales and support the Welsh Government in its development of new taxes and revenue services.

Dyfed Alsop
Chief Executive of the WRA

About us

We're a non-ministerial department of Welsh Government, formed in 2017.

As a small and multi-skilled organisation of over 80 specialists or professionals we manage 2 devolved taxes:

- LTT is paid when you buy or lease a building or land over a certain price
- LDT is paid when waste is disposed of to a landfill or elsewhere

Working together with taxpayers and their representatives, partner organisations and the public, we make sure taxes are collected fairly, efficiently and effectively.

Our strategic objectives

The following objectives underpin our [Corporate Plan 2022 to 2025](#):

- making it easy to pay the right tax
- ensuring we're fair
- enhancing our capability
- being efficient

Our corporate plan explains how we've continuously improved to evolve our

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measures of success. Navigating the tensions between our 4 objectives is supported by delivering our Welsh way of doing tax, in partnership, for the benefit of the people of Wales, both now and in the future.

Our people

Our collaborative, innovative and kind culture fuels high engagement, continuous learning and inclusion. Having capable people doing jobs they enjoy translates into excellence in our day-to-day services and creates future-proofed solutions.

By working together as multi-skilled professionals, we're best placed to achieve stretching and bold objectives for the benefit of our stakeholders.

Our approach: working together

A partnership-led approach is fundamental to the way we collect and manage devolved taxes in Wales. 'Our Approach' is a Welsh way of doing tax. It guides everything we do.

By working collaboratively and openly with all our stakeholders we ensure taxes are collected and managed in a way that's supportive and fair and delivers the best value for money for the Welsh public. Our objectives and Our Approach embody the spirit and sense of the Well-being of Future Generations (Wales) Act 2015.

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Performance summary

WRA performance 2022 to 2023 summary

Performance indicator	Objective	2025 Target/Aim	2022-2023 Performance
How people find dealing with us	Easy Fair Capable	As many as possible find it easy to use our services	Just under 92% of people find it easy to use our services.
Support people to get their taxes right	Easy Fair Efficient	People get their taxes right	Nearly 98% of transactions were correct first time, down marginally on the previous year.
Reduce the scope for tax risks	Easy Fair Efficient	Reducing each individual tax risk	The number of tax risk cases decreased over the course of the financial year, dropping markedly from the high at the end of the previous year.
Timeliness: a) Filing b) Paying c) Refunds	Efficient Easier Fair	a) 98% b) 98% c) 95% (100%) processed in 30 (60) days or less	a) Nearly 99%, above target for the whole year, with a marginal increase towards the end. b) Almost 97%, a marginal increase over the course of the financial year, approaching the target range, and

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Performance Objective 2025 Target/Aim indicator**2022-2023 Performance**

up on the previous year as whole.

c) Over 95% of cases were processed within 30 days, near or above 95% over the course of the last 2 financial years, highlighting long-term stability in the measure.

Over 99% of cases were processed within 60 days, with a marginal increase over the year.

Timeliness of Fair
handling debt

90% of debts paid within 30 days of becoming one, and 98% within 90 days

Nearly 91% of transactions that were in debt were paid within 30 days of becoming a debt, fluctuating near the target range over the course of the year.

Nearly 97% of transactions that became a debt were paid within 90 days.

Payments made Easy
correctly first time

Maximise payments made correctly first time

Almost 95% of payments were made correctly first time, up marginally over the course of the last 2 years.

Extent of Efficient
automation

98% of transactions completed without requiring manual intervention

Over 92% of our transactions required no intervention, on an increasing trend through the year.

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Performance indicator	Objective	2025 Target/Aim	2022-2023 Performance
How our people feel	Capable	Top 25% of Civil Service organisations for engagement	We ranked in the top 3 of Civil Service organisations for employee engagement in 2022.
Our skill mix	Capable	Maintain breadth of professions and develop our Welsh language skills	We currently employ people from across 14 different professions. 80% know at least some Welsh. 14% are fluent or near to fluency.
Diversity	Capable	Be an inclusive organisation which values and involves people regardless of their background or circumstances	According to our annual People Survey 93% of our people stated that we're a fair and inclusive organisation - the highest recorded score in the Civil Service for 2022.

We continued to harness our successful ways of working with high levels of employee engagement, promoting equal treatment and supporting our people to be healthy mentally and physically, as we explain in our performance analysis, and remuneration and people report.

As we set out in our [corporate plan](#), we're reviewing hybrid working arrangements, developing our measures around skills, and continuing to learn, making considered decisions and becoming more sustainable.

Our [annual LTT data release](#) has the detailed data (current and historic) for the more complex indicators.

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Performance analysis

This year we've seen a lower-than-average number of transactions subject to LTT, standing at a little under 60,000. This reflects a downturn in house sales in the last quarter of the year, following the significant rise in the year before, as the market recovered following the COVID-19 pandemic.

In LDT, over 1 million tonnes of waste was disposed of at authorised landfill sites in Wales, up slightly from the year before. Just under half of this was disposed of at the lower rate of LDT, with a further third disposed of at the standard rate, while the remainder was under a form of relief.

We believe most taxpayers want to pay the right amount at the right time. Our approach is to work together with taxpayers and agents to create the right environment for people to do this.

This year we reviewed our approach to tax risk. The review provided insight to make us more efficient and identified areas we want to develop further over the coming years.

Investing resources into tax risk mitigation

Tax risk mitigation provides support and education to help taxpayers and agents get tax right first time.

We were increasingly seeing our taxpayers coming to us directly for multiple dwellings relief (MDR) rather than through an agent. So, we amended the language in our forms and included help text to make them more accessible.

As MDR was an area where people were making mistakes, we also made these changes to prevent this:

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- changed the tax system and the MDR amendment form to ask more questions and provide more help text. This helps to support taxpayers to self-assess if they're eligible for MDR.
- developed an MDR calculator to help taxpayers and agents calculate tax

Our multiple dwellings relief (MDR) calculator has already been accessed over **26,000** times this year.



Around a quarter of MDR claims were incorrect because the taxpayer was not entitled to MDR. These claims were also difficult to check because of a lack of information and often needed more detail to verify the claim. This was burdensome on the taxpayer and us. Now, less than a fifth of MDR amendments and claims are incorrect and we don't have to go back and forth for more information when making checks. This makes it easier and more efficient for taxpayers and us.

We've continued to build capability within our other tax risk areas for our people, taxpayers and agents. For example, we've produced quick guides, refined our guidance and put more help text into our forms and tax returns to better direct taxpayers and agents.

We're disappointed that we were not able to restart webinars and tax forums this year as we hoped, due to resources. However, we've set up 6 webinars in April 2023. We'll use these to ask for feedback on what other topics our users would like training on. We're looking forward to working with and supporting taxpayers and agents again in this way.

Our bilingual helpdesk continues to give high levels of customer service,

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confidently delivering advice, guidance and direction to the relevant tools and guidance. Where transactions need more technical advice, there are clear escalation routes to tax specialists. There were 61 escalations from the helpdesk to the LTT technical specialists from November 2022 (when we started collecting this data) to April 2023.

We're pleased to give a number of tax opinions during the year and welcome the use of this service. This use of our helpdesk and tax opinion service are good examples of taxpayers and agents taking their responsibilities seriously and working to ensure they get tax right.

Nearly **98%** of LTT transactions were right first time – achieved by working together with taxpayers and agents.



A similar approach is used with LDT. Because of the smaller numbers of taxpayers and the recurring nature of our relationship with them, we assign a dedicated Customer Relationship Manager (CRM) to work closely with the Landfill Site Operators (LSO). Our partnership with Natural Resources Wales also means we and LSOs access the best support on specialist waste and environmental expertise.

We're delighted to be restarting site visits to LSOs this year as we were not able to do this during COVID-19. These have been successful in highlighting potential issues that we've been able to address with LSOs in real time and resolve.

One of our CRMs said:

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“ “It’s been brilliant to be able to get back out there and get up to date with what’s going on, what’s been happening with the site and get to know new personnel. This has all helped us to understand the potential issues and has re-energised our relationships with the LSOs”. ”

Calculation services – right first time

Getting financial transactions right first time is one part of the whole. Having the tax return submitted at the right time and having the tax owed paid at the right time completes this picture.

Timeliness of filing remained above **98%** this year with average of nearly **99%** of returns received in 30 days.



Timeliness of payment has remained near to target of 98%, but generally just below with an upward trend from June 2022. On average this year almost 97% of returns were paid in 30 days.

In line with our corporate plan, we’ve also developed a new indicator to measure our aim of maximising payments made correctly first time. This indicator measures the proportion of settled LTT returns in which only a single payment is needed.

Chart 1 presents this as the percentage not paid correctly first time, as it’s easier to see the variation this way around. It shows a downward trend over 2021-2022 and 2022-2023 in transactions not paid correctly, with an overall average of just

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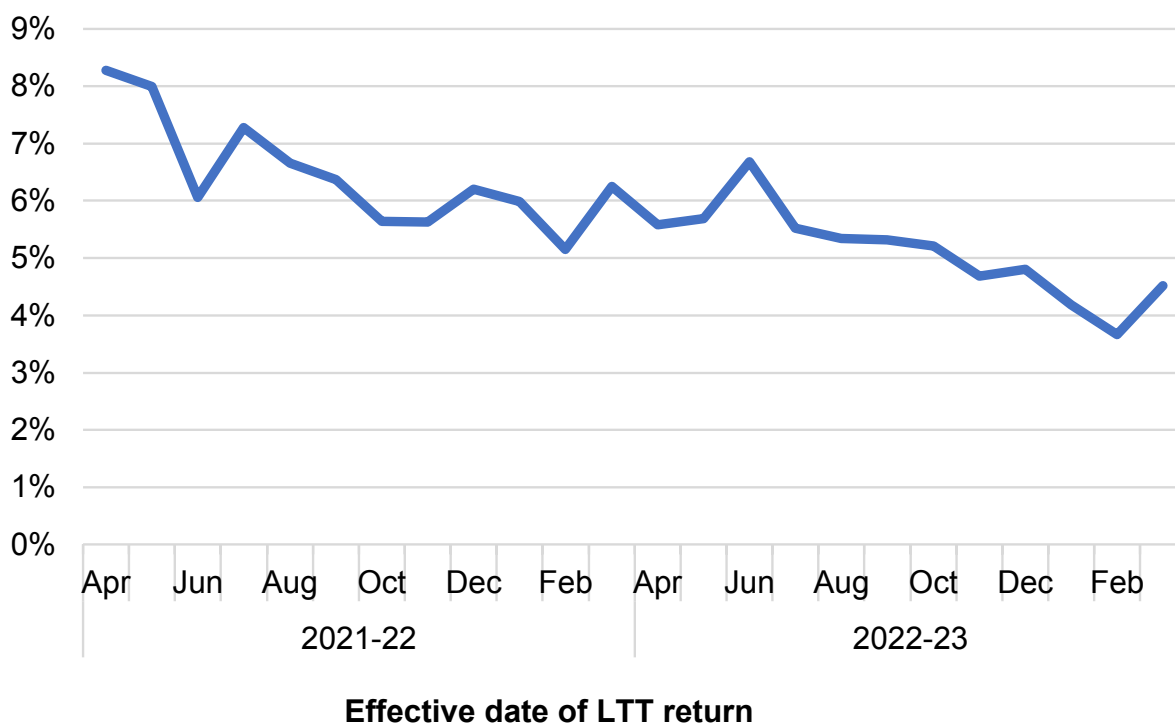
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over 5% that were not settled in one payment during 2022-2023.

Chart 1: The percentage of transactions not paid correctly first time, by month transaction was effective

Percentage of transactions not paid correctly first time



Debt

Where an LTT payment is not received within 30 days of the transaction, it becomes a debt. During 2022-2023, just over 90% of these debts were

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successfully collected within a further 30 days, with the figure above 90% in 7 of the 12 months. And nearly 97% of these debts were collected within 90 days of it becoming a debt.

Occasionally, the monthly collection rate dropped below 90%, and one occasion below 80%. This was due to the suspension of collection over Christmas. Performance returned to more normal levels in January.

More generally, the number of debt cases this indicator measures against reduced towards the end of the year. This follows the timing of our improvements to avoid cases getting into debt in the first place. While this is a welcome development, it'll likely lead to more variation in future trends due to small number effects.

During this year, we committed significant resources to:

- improve the debt process
- provide better support to those taxpayers in debt
- find ways to prevent debt happening in the first place

Although the percentage of our taxpayers in debt was not very large, we wanted to help taxpayers avoid getting or staying into debt by:

- mapping out the debt process and identified processes that could be streamlined to improve things for the taxpayer
- continuing to recognise where extra help and support is needed for vulnerable taxpayers, and used this to adapt our communication style to ensure they understood the situation and what action they needed to take
- establishing clear processes to make it easier to guide taxpayers through the debt process
- automating how we calculate interest on debt. This provides taxpayers and their agents with an accurate up-to-date debt figure at the touch of a button.

Examples of how we've improved our debt process

Upon discovering that the number of letters being issued to taxpayers could cause confusion we amended our letters and processes. For example, issuing one letter per household (if they lived at the same address) instead of letters going to multiple people separately about the debt.

We started calling taxpayers earlier (at day 31, when their tax liability is becoming a debt). This enables taxpayers to pay and reduce the interest owed. Since introducing this we've seen that taxpayers pay earlier in the process.

A 'day 22' letter was also trialled, to prevent debt happening. This proved to be successful in encouraging taxpayers to pay on time, within 30 days. Our aim is to roll this out over 2023 to 2024.

Timeliness of WRA repayments

The other side to debt is the speed at which we make repayments.

Higher rate repayments

When you buy a property that does not immediately become your main residence, you pay a higher rate of LTT. If you sell your previous main residence within 3 years and the new property becomes your main residence, you're usually entitled to claim back the higher rate element of the tax paid. We aim to minimise how long it takes to make repayments once they're approved.

This year we paid over 95% of higher rate repayments in 30 days of the claim being made. This is in our target range of 95% to 100%. The average time taken over that period was 7 days.

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Performance dropped marginally below 95% in 3 of the 12 months, but it's worth noting that in all 12 months, at least 98% of cases were then paid within 60 days. And in most cases where the target was not met, delay was often due to a wait for further information from the taxpayer. As such, we believe this aspect of our repayment service is functioning efficiently and fairly.

Other repayments

Our Corporate Plan 2022 to 2025 refers to performance on all repayments, not just those associated with higher rates. And while the higher rate returns account for around 80% of all repayments, the other 20% of cases are still important to us.

These 20% of refunds are really varied. For example:

- tax may be repaid if an error is discovered, and tax is reduced on a transaction
- we may receive a double payment for a transaction
- we may receive money meant for another body, such as HMRC

As a result, we open cases of many types to handle repayments. Sometimes there will be multiple repayments to one taxpayer, and we need to open a case for each repayment. Other times there will be many different cases opened for a single transaction, and they can cover other things we need to look at, not just repayments.

This makes it very difficult to check the time taken to make these individual repayments. We do not have this challenge with higher rate repayments because we have a single case type which lets us join up the data.

We can create a sample of transactions with only one case type open and a single repayment present. This can be used to measure average times for all

non-higher rate repayment cases.

We did this and our sample covers around two-thirds of the repayments, and at least 40% in any given month. It's therefore suitable for internal monitoring to ensure we remain efficient and fair in our approach. We couple this with a review of our complaints to ensure we meet expectations around repayment times. For transparency, we've included the sample in our [annex](#).

Given the bias in this sample and that different case types can be simpler than others and occur in batches at different times, month-on-month change in this indicator is unlikely to be representative. We've concluded that a published comparison against a target related to this data is unhelpful and will distract from our aim to keep repayment times low for all case types.

As a result, we're moving away from extending the target to also cover these non-higher rate repayment cases. Instead, we'll use sample data around non-higher rate repayment cases to provide an indicator to inform our internal decision making.

We'll apply detailed knowledge of the repayments made in each month when considering this indicator to ensure continuing efficiency and fairness.

Our approach to managing tax risk

We work from a position of trust and work together with taxpayers and agents to prevent tax risk across both LTT and LDT. But we also recognise that some taxpayers and agents will make mistakes. And a few may look to evade or avoid paying the right amount of tax.

This year we've worked to improve how we:

- identify and assess tax risk and made good progress with our main LTT tax

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risk profiles

- identified potential new risks that we'll start to develop and work on over 2023 to 2024
- conducted over 40 independent reviews. These are reviews of decisions we have made on penalties and assessments which are requested by the taxpayer under our review and appeal process.

These reviews affirmed our decision in over 25 cases, varied the decision in a few cases and in 11 cases the penalty was withdrawn after new information was provided to the reviewer by the taxpayer.

This year we've seen 4 cases reach final hearing at the tax tribunal. This was a positive step in testing the legislation. It provided further understanding of our processes and helps us to create a fairer tax system. We've been successful at tribunal, and we've also seen a case where part of the taxpayer's appeal was upheld by the tribunal.

We've received positive feedback from the tribunal. One judge commented that the closure notice was very clear and described each penalty specifically and clearly and what was required by the taxpayer. The judge further commented that our audit trails during the enquiry were very detailed, and every aspect of the case was documented well.

We've learnt from our experiences at tribunal and improved our processes. For example, we now ask for information earlier where we consider reasonable excuse in penalty cases.

Improved how we identify and assess tax risk

We're using our data more effectively to develop and refine traits around the tax risks we see. This makes it easier and more efficient to ensure the right tax has been paid.

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On LDT, we've furthered our understanding of the data collected on the new tax return rolled out last year. And we've used the data to better identify risks and the movement of customers between landfill sites.

In LTT, we've identified over 600 cases in our tax risk profiles. This has varied by quarter, as shown in the chart below.

In chart 2 below, the amber line represents the total cases at risk in this profile, with the red line showing the numbers within this total where risk is more certain, measured on the left-hand axis. The bars show the equivalent amounts of tax at risk, measured on the right-hand axis. The difference between the 2 lines and the amber element of the bars represents cases where there's less certainty in the risk.

This year, we worked to create more certainty around tax risk by changing our risking process. We did this by working with taxpayers and agents to gather information upfront to understand the transaction further and assess the risk.

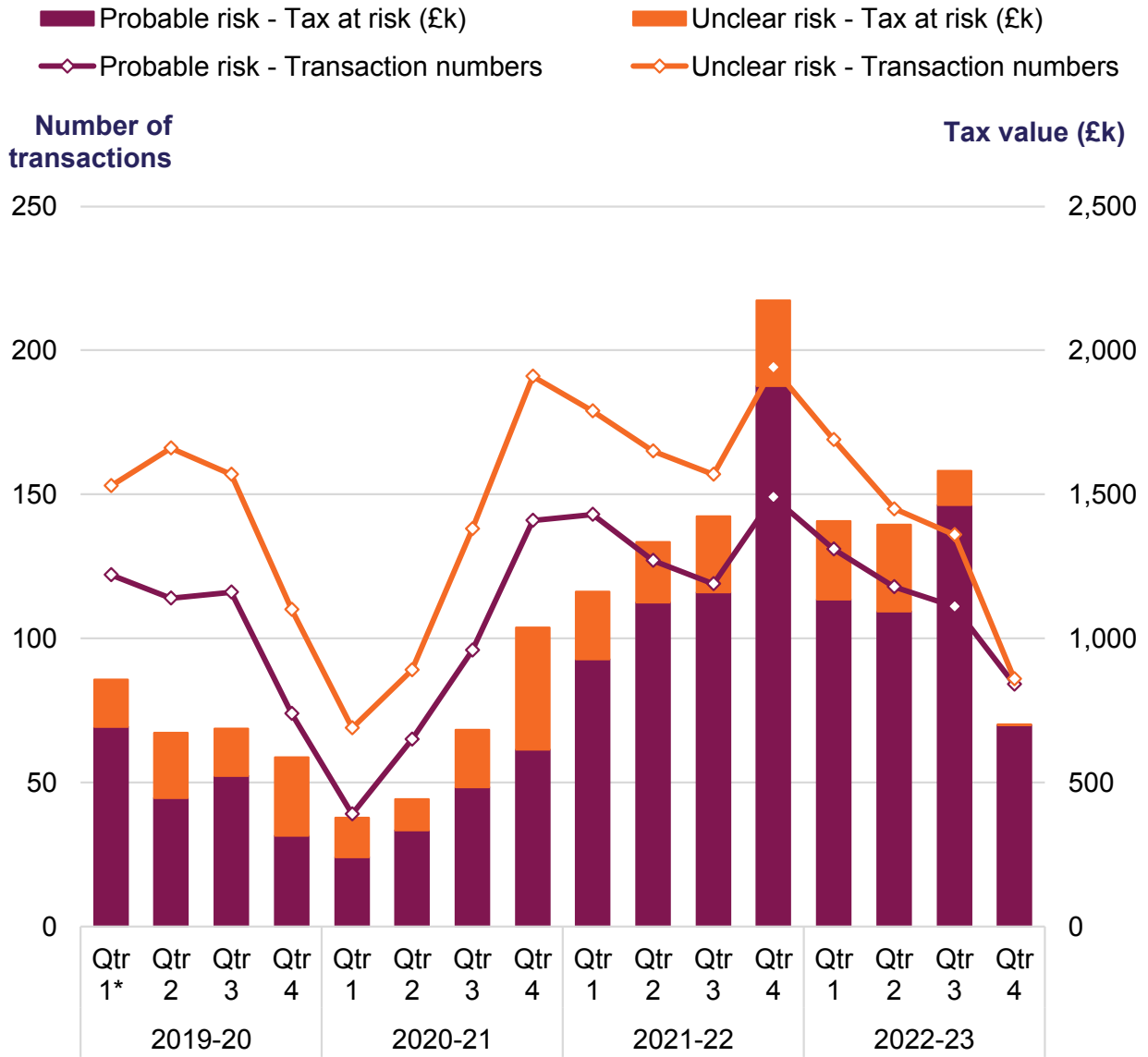
This has resulted in enquiries being opened where we have more certainty that there is a risk or error. This is a lot less burdensome for us, agents and taxpayers. The chart shows this success, particularly in the last 2 quarters of 2022-2023.

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



Made good progress with our main tax risk profiles

Compared to the numbers of LTT transactions submitted this year, the overall level of risk across our main LTT tax risk profiles has dropped marginally

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compared to last year. However, there's an interesting variation on a quarter-by-quarter basis and a degree of complexity when considering the whole picture, as set out below.

We've seen a substantial reduction in our main tax risks. The chart above shows that at the end of last year, there was a marked rise in high-risk cases to a historic high, which was partly explained by a real increase in risk, and partly by an increase in transactions as the housing market recovered from the effects of COVID-19. But in the first 2 quarters of this year, the level of risk decreased from that peak. The decrease stalled in quarter 3, with a significant drop in the fourth quarter to a 2 year quarterly low.

It's important to point out that some of this fall is due to a general decrease in transactions compared to previous years, particularly in quarter 4. But there's still a significant fall over the year compared to transactions.

This decrease in tax risk reflects the work we've put in to support our taxpayers get the tax right, and the work of agents and taxpayers to ensure their tax affairs are correct. It's by working together that we achieve nearly 98% right first time.

This 'right first time' figure is slightly lower than last year's figure of 98.2%. But there's a good news story behind that. This figure was lower because this year we identified and contacted almost double the number of taxpayers than in a typical year to revise their tax returns downwards. This work identified that some taxpayers had incorrectly overpaid their LTT, following changes to the rates in October 2022. This is an example of us working to get the right amount of tax (even if that means it's not right first time). It's in keeping with our approach to tax.

The data for several risk profiles is included in the chart showing total tax at risk in the previous section. A similar series exists for all the contributing tax risks, and here we show the largest 2 of these. We publish similar results for all our key profiles in an [annex to our annual statistical release](#), covering all of our

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performance measures.

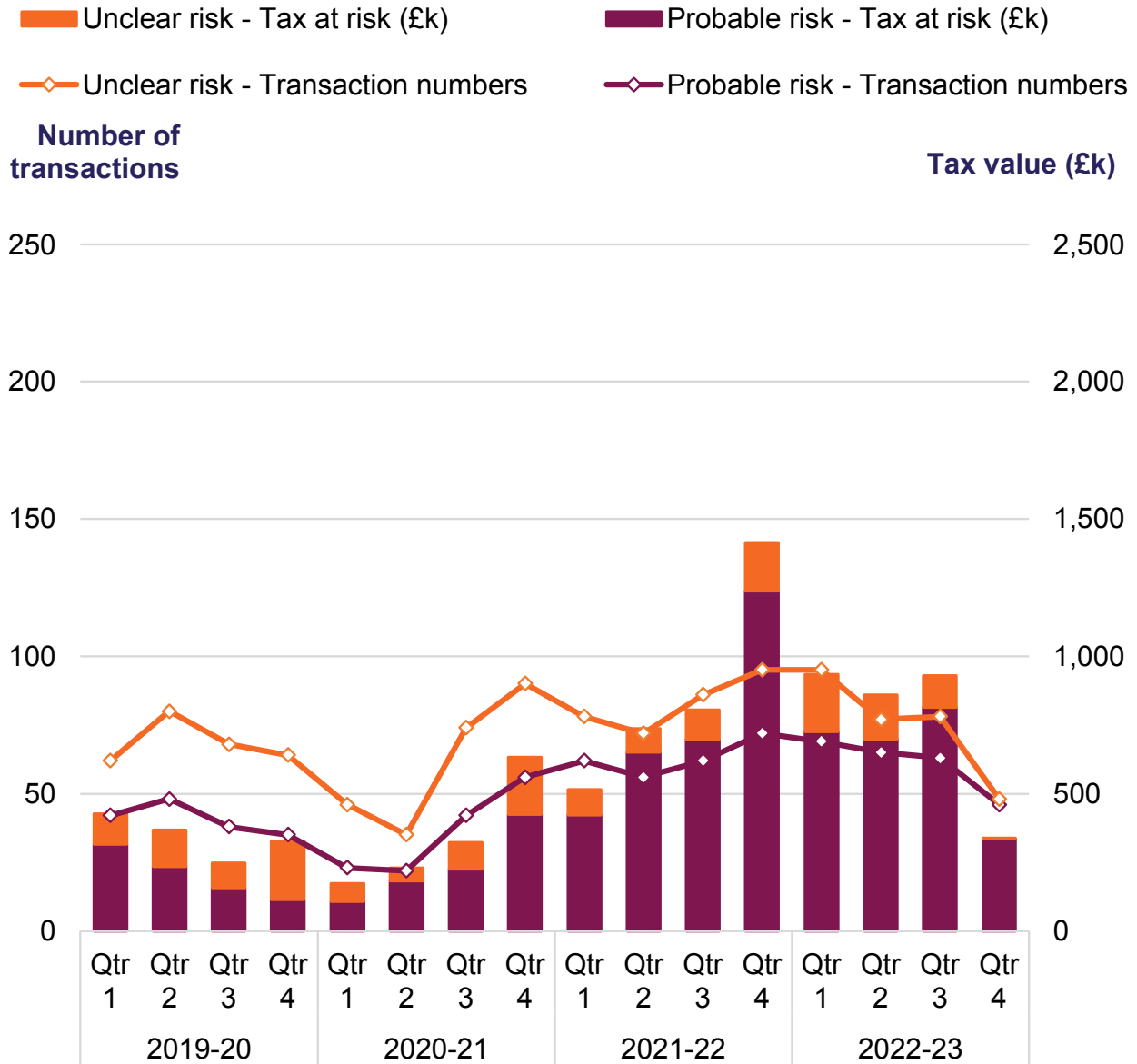
The biggest risk is tax treatment of different property types, which accounts for over half of the total. Despite this, there are slight variations in the patterns that presents for each risk, as shown in the chart below.

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



As this tax risk is complex, taxpayers and agents may find it difficult to show the correct tax position. To make things easier, we've:

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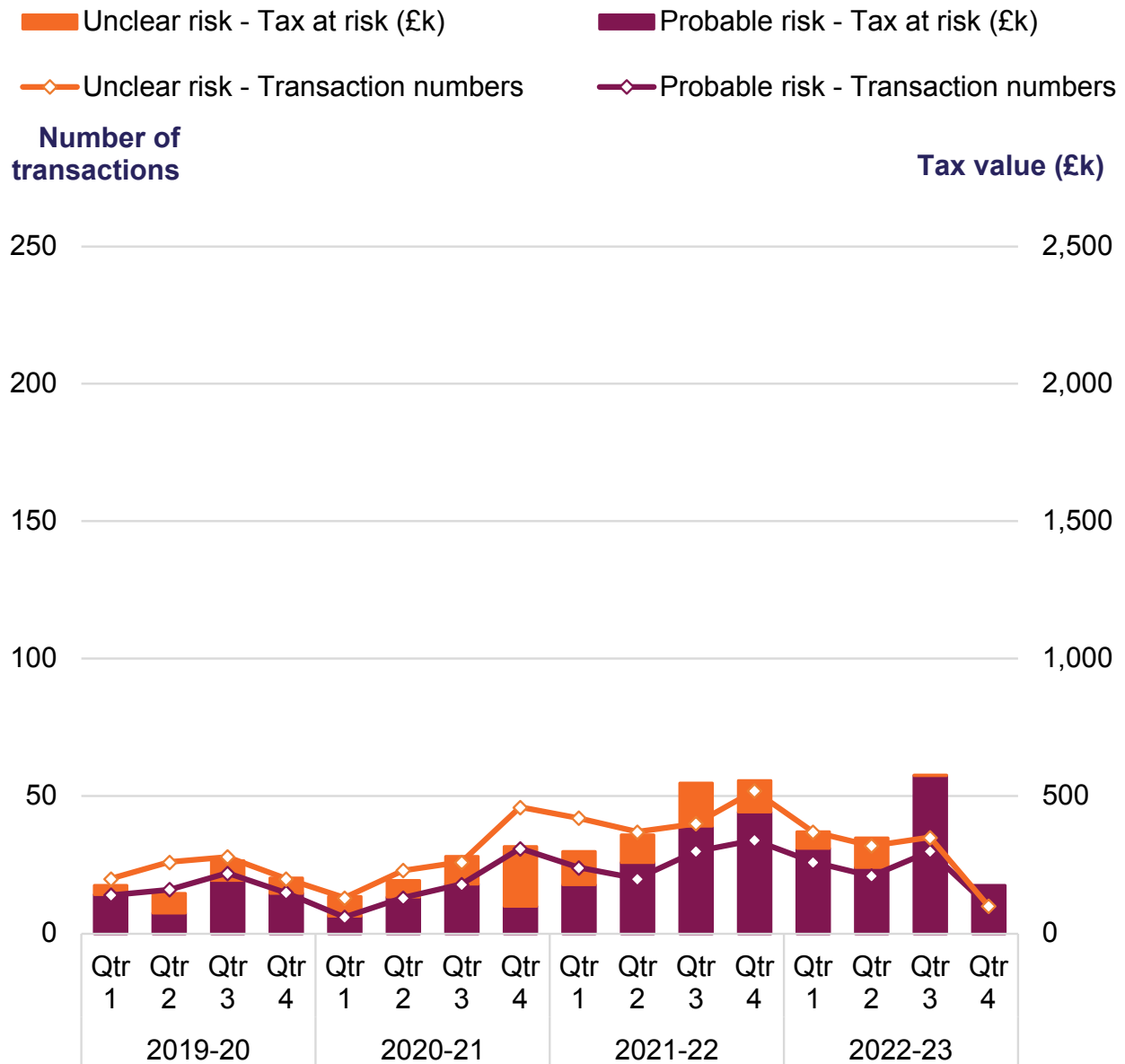
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- improved our guidance and updated our Tax Management System
- built capability in our teams so that they better support taxpayers and agents where needed
- worked with agents to increase their understanding and knowledge where we've identified mistakes

The second largest risk is in relation to a specific relief (relief a). The chart below shows how this has varied by quarter, and while there's a similar drop overall, there was an increase in quarter 3 before a very significant drop in quarter 4. The quarter 3 figure is interesting and is mainly due to a significant increase in cases submitted with the relief claimed, not in the risk itself. That same phenomenon didn't happen in quarter 4, with total claims down, both in the risky and valid cases.

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



Promoting our tools and guidance has helped in controlling and mitigating risks. With queries in these areas our helpdesk ensures that taxpayers and agents have all the necessary information to assess the tax correctly. Our helpdesk

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does this by asking if they're aware of the help available and advising them on how the tools and guidance will help them. Our Tax Management System has an Operational Update Board that all registered taxpayers and agents can access. We update this in real time when we see a risk arising to know when to provide help and guidance.

In LDT, we've made progress against risks such as water discount and site restoration. For example, this year we've been fine tuning our approach to water discounts, and we continue to see a growing success with LSOs meeting the conditions of their water discounts. We're proud to be leading the way in some of this work, and we're sharing our experiences with other tax authorities.

Tax recovery - LTT

Tax recovery is the process of recouping the shortfall when the tax that was self-assessed is proven incorrect and more tax is due. We track this by adding amended tax values in closed tax recovery cases and summarising these by quarter when the amendment is made. This need not and is unlikely to tally with the quarter in which the risk is realised.

Occasionally, a risk case results in a reduced tax figure. In these instances, we separate and record the tax we pay back to the taxpayer. The latter includes cases that hit a risk profile where tax appears to be overpaid at the outset or where new information comes to light during the enquiry, reducing tax.

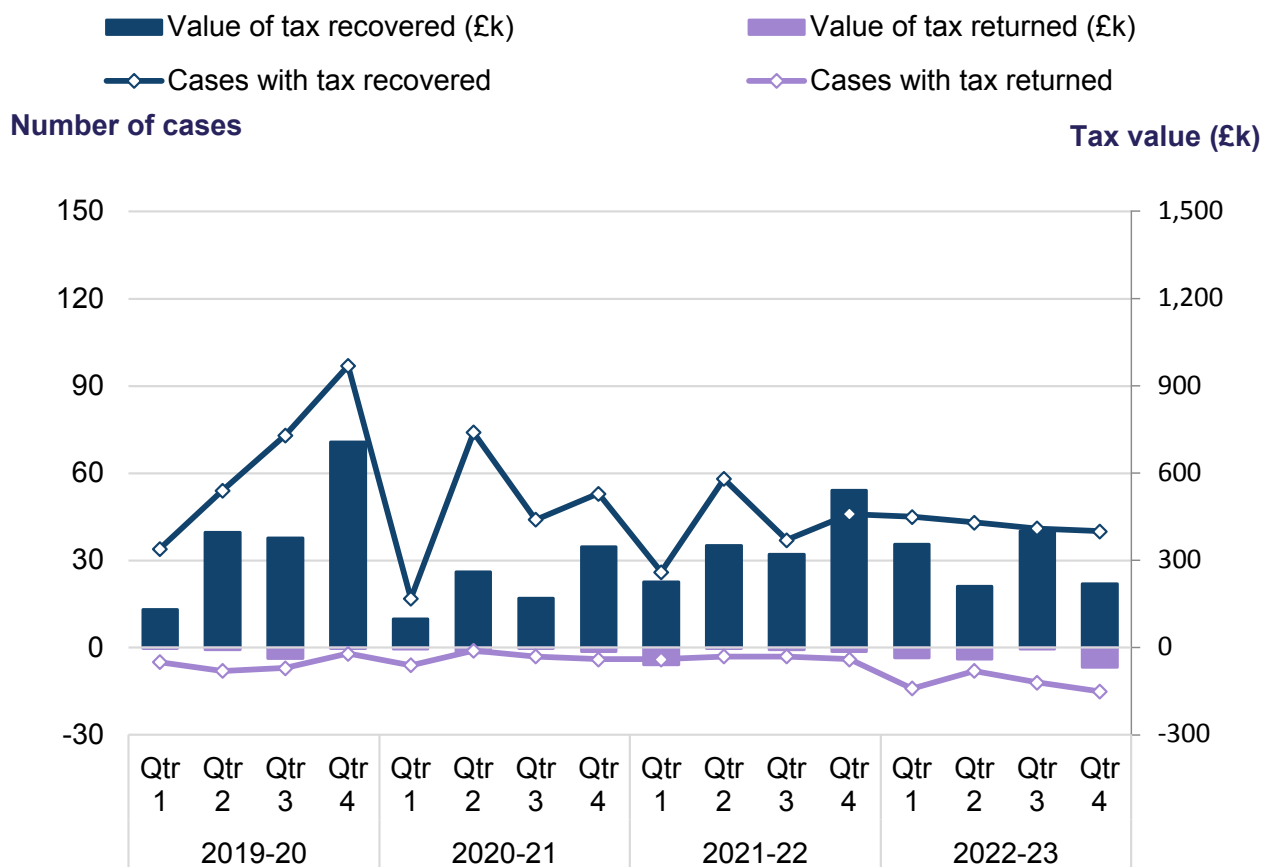
Finally, there are some cases where a tax return is submitted, and a later request is made to amend the tax downwards. Where this request for an amendment to the returns is within a year of the original submission, we're obliged to make the amendment and, if necessary, enquire as to its validity. This impacts on the regular tax risk and recovery statistics.

If a claim for overpaid tax is made more than a year after the submission and we

do not feel it's valid, we may reject it by opening an enquiry into the taxpayer's claim. In cases where we reject the claim, no tax is repaid. We refer to this tax as tax protected. We measure the volume of tax protected after the enquiry is closed. This supports our approach of 'check first, pay later'. This ensures the right of amount of tax is paid at the right time, creating a fair system for all.

Chart 5 shows how tax recovery and tax returned varied by quarter, while chart 6 shows tax protected.

Chart 5: Number and value of cases where LTT tax was recovered or returned



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Chart 5 shows significant tax recovery activity over the last few years, with over £5 million being recovered since 1 April 2019 across 750 cases. Tax returned is unsurprisingly much less but still of some significance and is important to note in our aim to be fair and ensure the right amount of tax is paid.

The tax recovery profile over time is complicated by the fact that the profiles given focus might differ in terms of how hard it's to make a case for applying the higher tax figure. For example, in 2019-2020, most of the activity was around a simpler risk which was then closed off. Since then, many of the recovery cases have been more complex. Despite this, tax recovery this year was almost £1.2 million in total over 170 cases.

Chart 6: Number and value of cases where LTT tax was protected

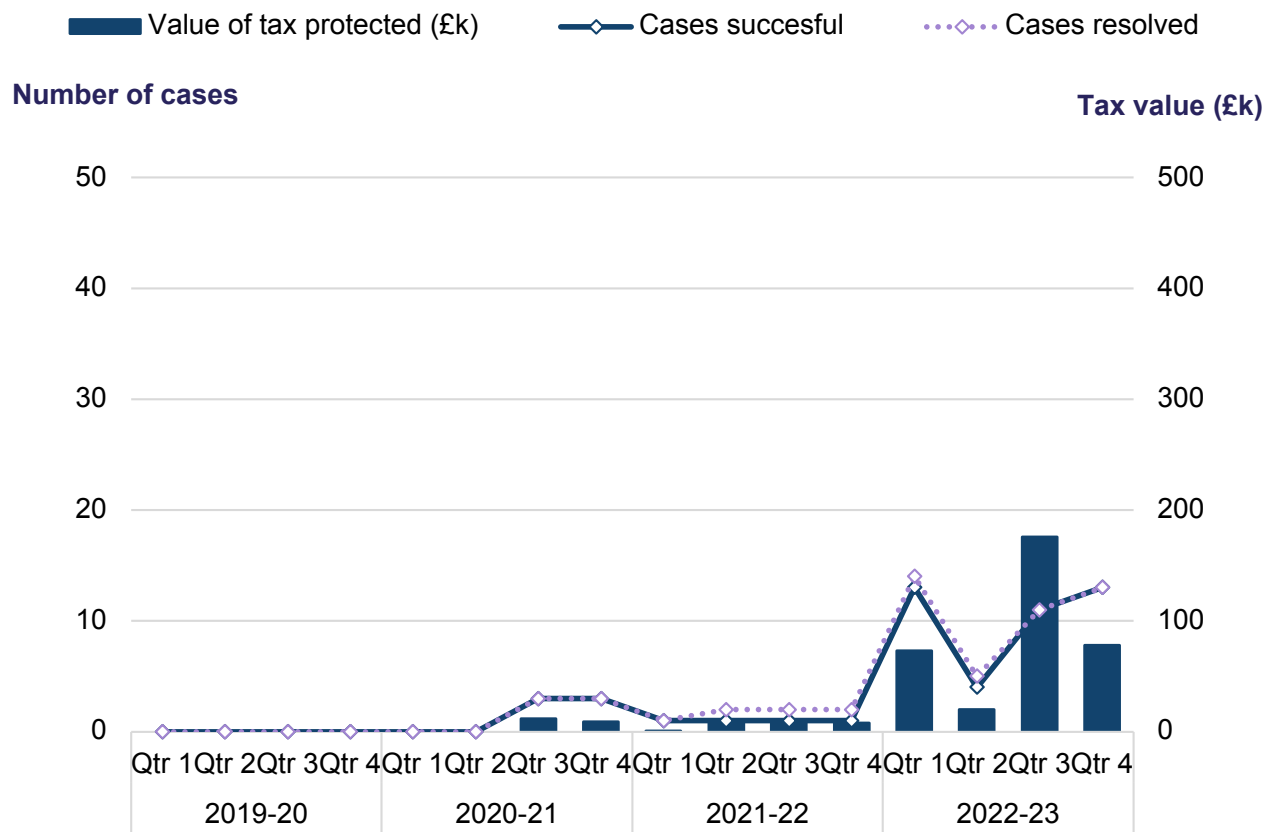


Chart 6 shows that tax protection activity has picked up this year, with over 40 cases closed, protecting nearly £350,000 of tax. Many of the cases relate to claims around property being derelict at the time of purchase, which, if proven, would allow the cheaper non-residential rates to be applied to residential property. Other less specific reasons also sometimes apply.

We use a 'check first, pay later' process. This allows us to ensure the claim's validity by carrying out due diligence and reviewing the information received as part of the claim. Tax is only refunded once we're satisfied that the claim is valid. This ensures that we're protecting tax and not having to recover tax where we later find the claim is incorrect.

We've updated our risking processes to give more certainty around the risk of cases taken forward to tax recovery.

Tax recovery can often be complex, but the results are used to:

- refine profiles
- understand the risk and behaviours
- create a fair tax system for all taxpayers

We take a zero-tolerance approach to evasion and avoidance. Inaccuracy penalties support this approach where the behaviour is determined to be a mistake without taking reasonable care, is careless or deliberate. The amount of the penalty depends on the behaviour of the taxpayer and agents. Mitigation can be applied for helping us with the enquiry, telling us what has happened and for giving us the necessary information to ensure the right tax is paid.

Tax recovery - LDT

We've protected over £1 million in tax through our claim process, and through tax recovery we've collected over £200,000.

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We've worked closely with our LSOs on some difficult and complex cases. As a result, we see some of these working their way through the appeals process. We're pleased to be working productively and jointly with our LSOs, even when we don't agree on the right amount of tax, to go through the legitimate processes to resolve this. This is part of our commitment to 'Our Approach': Cydweithio, Cadarnhau and Cywiro.

Where we've wanted to implement changes, we've worked with LSOs to understand the impact on their business. An example of this is when we wanted to change our Loss on Ignition (LOI) notice. We wanted LSOs to send samples taken for LOI testing to a laboratory within 3 working days and ensure test results are received from laboratories within 14 days of a sample being taken. If not done it would be classed as a missed test unless the LSO had a reasonable excuse.

By gathering feedback from our LSOs, we learnt that this requirement would be difficult for them to meet as the timing of receiving results was outside of their control. We listened to our LSOs and didn't go ahead with the changes.

This year we made significant progress with our work on the unauthorised disposals rate of LDT. An unauthorised disposal is where waste is deposited illegally outside of an authorised landfill site. Through a test and learn process we've worked with Natural Resources Wales to:

- develop case referrals and policies
- issued preliminary notices
- carried out detailed investigations

We've focused on cases causing the most environmental harm or undercutting legitimate waste businesses. We've successfully charged our first 2 cases to the LDT unauthorised disposals rate of tax this year. This is a significant milestone in our work.

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Following this, we'll be reviewing our procedures and policies as part of the test and learn process and will investigate more cases. By bringing these through to charge next year we'll change behaviours and create a fairer tax system for taxpayers.

Automation

It's important that we provide value for money in how we do things and work with taxpayers and agents. The focus on mitigation in 'Our Approach' provides a great example of supporting people to get it right and improving efficiencies for us all. Our measure on automation is also important here.

Automation is measured by the number of transactions received digitally, and paid electronically, with the payment automatically matched to the transaction by our systems. Over 92% of our transactions have met these criteria this year. This is an important measure for us because it increases efficiency for us, taxpayers and agents.

The main reason for the improvements in automation over recent years is due to the reduction of cheque transactions since COVID-19. From February 2023, we've stopped accepting cheque payments altogether. We've probably made all the gains practically possible on digital filing and payment. Further improvements, including changes to the automatic matching of payments, will be needed to reach our overall target of 95% and above for this measure.

Feedback on our services

We're always keen to receive feedback on our services. We welcome feedback to identify what's working, so we can build on that, and what's not working, so we can put it right. Thank you to everyone who took the time to contact us and give feedback this year. We hope this will continue.

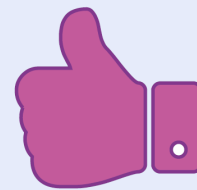
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Examples of feedback received last year include, taxpayers telling us that we did not make it clear enough that penalties and tax payments are their responsibility. In many cases, an agent acts for the taxpayer. We listened to what they said and improved our guidance. We identified 3 areas where more information would be useful and updated these to outline responsibilities for penalties and tax.

During this year, almost **92%** of survey respondents rated our services as easy to use.



Ranging from 85% to 100%, depending on the service that was fed back on. There is an obvious trend over the year in the overall measure, with the data remaining above 85% in each month.

Data platform

This year we continued to explore developing a data platform for land and property for Wales. The aim was to assess how a data platform would support potential geographically varied land and property taxes in Wales, such as proposed changes to introduce regional LTT.

The work completed in the first couple of phases highlighted the opportunities a land and property data platform presented. We documented this in a series of [blogs during the data platform project](#) and provided examples of services that could be developed through our [prototypes for the data platform](#).

Halfway through the year, we reluctantly concluded that we needed to

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reprioritise, and we paused this work due to the fast-emerging financial pressures that we were all contending with and the uncertainty it brought.

Nevertheless, we learnt a lot from this project. From how we could implement any regional variation in LTT for second homes and holiday lets (which are being considered), to the wider benefit this platform could bring to other government policies and public services beyond the WRA.

Our charter review

We reviewed our charter this year to see if the values we chose 5 years ago are still relevant. It's a legal requirement to review the charter at least once in every 5 years.

We engaged a range of people to collect opinions on our charter, primarily whether it's fit for purpose and whether there are any recommendations for improvement.

We spoke to:

- all WRA staff
- WRA Chair and Non-Executive Members
- the Minister for Finance and Local Government
- the Senedd Cymru (Welsh Parliament)
- key stakeholders such as Welsh Government, Natural Resources Wales, Low Income Tax Reform Group, Law Society, Chartered Institute of Taxation
- taxpayers

Whilst no taxpayers completed the quick survey on our charter, we're pleased with the overall level of engagement. The findings resulted in only minor changes and confirmed many of the values are still relevant to us and our

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partners.

Working together to deliver a fair tax system for Wales

We'll work with taxpayers, their representatives and the public to deliver a fair tax system for Wales. We've worked with you to develop a charter which sets out shared values, behaviours and standards which enable us to work together.

WRA Charter performance 2022 to 2023

Values

What we did

Secure: protect information and respect confidentiality.

- See the section on 'Information Management' and 'Cyber Security' in our Governance statement for further details.
-

Supportive: provide support when you ask for help. Build easy to use and effective digital services.

- Continued to improve our guides, forms, and digital services, amending language to make them more accessible and developing a multiple dwellings relief (MDR) calculator.
 - Restarted site visits to our Landfill Site Operators.
 - Improved our debt service by improving the debt process, better supporting taxpayers in debt, and finding ways of preventing debt.
-

Fair: be honest in our dealings with each other. Tackle evasion and avoidance, use powers consistently and proportionately.

- Continued to manage tax risk and develop risk profiles, ensuring fairness and consistency across the tax system, conducting over 40 independent reviews. Where we find people have overpaid tax, we will let them know.
 - 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
-

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Values**What we did**

and taken steps to ensure that the right tax was paid to protect revenue. We've made considerable progress with our work on unauthorised disposals.

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

- Continued to improve guidance and engage with people.
- 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 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.
- 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.

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

- Continue to offer a bilingual service in Welsh and English.
- Continued to offer our digital services in both Welsh and English.
- Encouraged our staff to use the Welsh language and gave staff time to undertake funded training.

Accurate: work together to get things right and correct them if we need to, share accurate data and information, taking

- Our Performance report explains more about our work managing tax risks and how we helped people reduce mistakes with MDR and how we provide helpdesk and tax opinions services. Nearly
-

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Values

What we did

reasonable care to avoid mistakes. Keep accurate records.

98% of the LTT transactions were right first time.

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

- Our Performance report explains more about how we've continued to provide efficient services; for example, over 95% of repayments of higher rates are paid within 30 days, and the improvements we've made in the past year in areas such as automation.
-

We've continued to apply our charter consistently and are confident that it remains easy for people to read, and sets out joint values, behaviours and standards which enable us to work together easily.

Management of the Welsh Revenue Authority

Our Board

- Kathryn Bishop, Non-executive Chair (until October 2022)
- Ruth Glazzard, Non-executive Chair (from October 2022)
- Jocelyn Davies, Non-executive Deputy Chair (from April 2023)
- Dyfed Edwards, Non-executive Deputy Chair (until February 2023)
- Mary Champion, Non-executive Member
- Rheon Tomos, Non-executive Member
- Jim Scopes, Non-executive Member (from January 2022)
- Dyfed Alsop, Chief Executive
- Sam Cairns, Chief Operating Officer (until September 2022)

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- Rebecca Godfrey, Chief Operating Officer (from September 2022)
- Melissa Quignon-Finch, Chief People and Communications Officer (until August 2022)
- Karen Athanatos, Staff Elected Member

Our Tîm Arwain (Executive Committee)

- Dyfed Alsop, Chief Executive and Accounting Officer
- Sam Cairns, Chief Operating Officer (until September 2022)
- Rebecca Godfrey, Chief Strategy Officer (from September 2022)
- Robert Jones, Chief Finance Officer
- Melissa Quignon-Finch, Chief People and Communications Officer (until August 2022)
- David Matthews, Interim Strategy Director (from September 2022)
- Carl Alexis, Chief People and Communications Officer (from November 2022)
- Jo Ryder, Chief of Staff
- Einion Dafydd, Interim Chief of Staff (September 2022 to January 2023)

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:

- staff costs, including learning and development
- operational costs of collecting the taxes, enforcement action and data

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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	2022-23 Funding Allocation £000	2022-23 Funding Drawn £000	2021-22 Funding Allocation £000	2021-22 Funding Drawn £000
Revenue	6,942	6,941	6,496	6,226
Capital	119	115	65	65
Total Funding Allocation	7,061	7,056	6,561	6,291

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Expenditure for 2022 to 2023

	2022-23 £000	2021-22 £000
Staff costs	5,157	4,536
Other related staff costs	113	82
Other operating costs	1,574	1,440
Depreciation	45	31
Amortisation	56	63
Net operating expenditure	6,945	6,152

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

Devolved taxes

	2022-23 £000	2021-22 £000	2020-21 £000
Land Transaction Tax	372,106	402,245	210,510
Landfill Disposals Tax	42,014	45,334	31,719

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	2022-23 £000	2021-22 £000	2020-21 £000
Total taxes and revenues	414,120	447,579	242,229

WRA annual accounts 2022 to 2023

The WRA processed over 59,500 LTT returns (2021 to 2022: 69,000).

Of these returns:

- 59% resulted in a tax liability requiring payment (2021 to 2022: 56%)
- this generated a net revenue income of £372.106 million in LTT for the Welsh Consolidated Fund (2021 to 2022: £402.24 million)

The WRA successfully collected the following net cash amounts

	2022-23 £000	2021-22 £000
Net cash collected	418,600	446,121
Cash remitted to the Welsh Consolidated Fund	422,000	440,500

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

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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

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- 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 2022 to 31 March 2023 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, sought feedback and comment and assurance from the WRA Management Board, Audit and Risk Assurance Committee (ARAC), internal auditors and members of the wider staff team

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- 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
13 September 2023

Governance statement

The TCMA 2016 designates me as the Accounting Officer, and details of my responsibilities are in the [agreement between the Welsh Government and the Welsh Revenue Authority](#).

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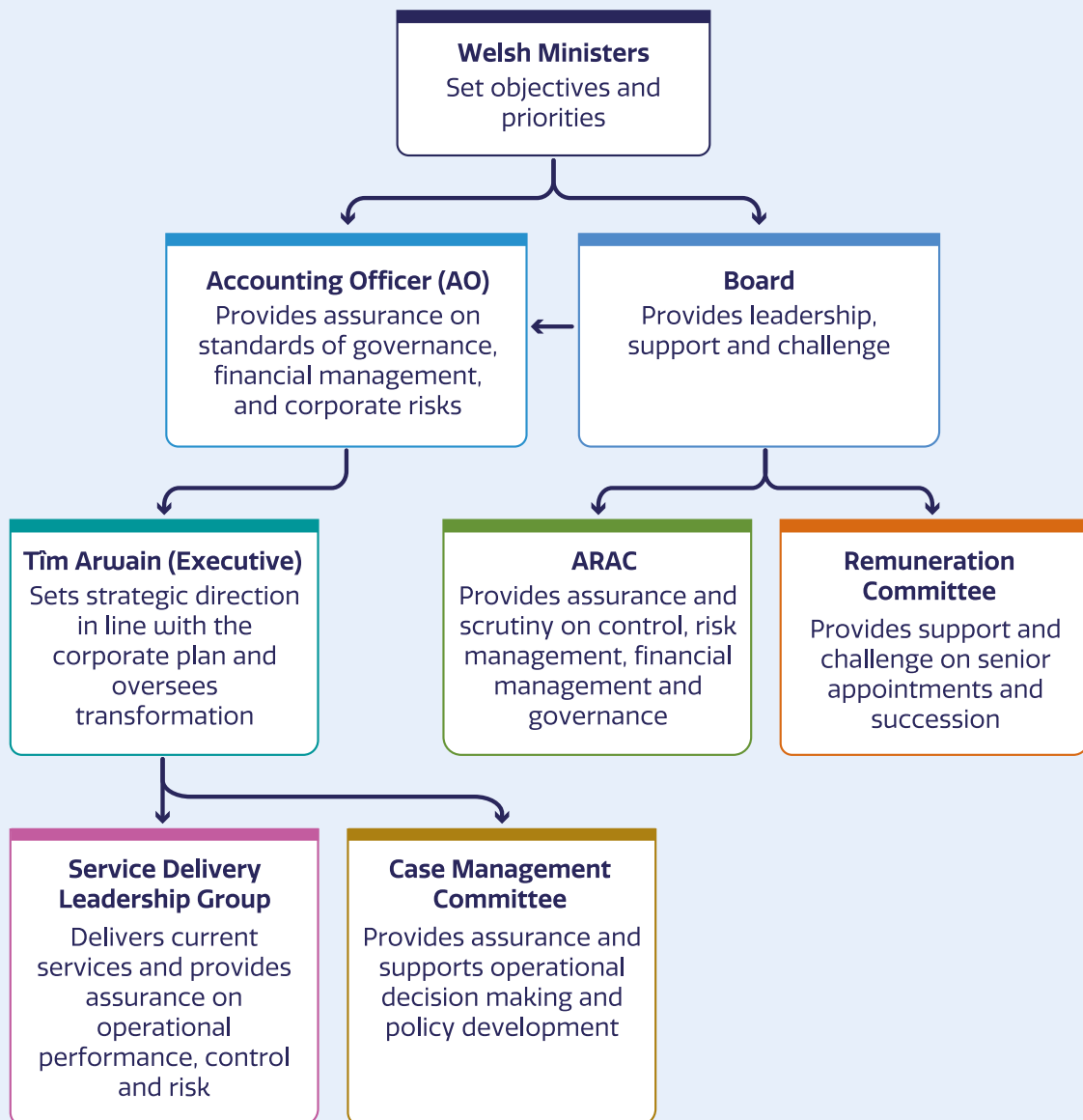
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Our governance framework



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The Accounting Officer is also the Chief Executive (CEO) and is:

- responsible for achieving objectives and priorities agreed with Welsh ministers as reflected in our corporate plan, which was agreed by the Minister for Finance and Local Government
- currently directly responsible for Section 83 of Government of Wales Act 2006
- a Board member

Our Board

Our Board consists of a majority of non-executive to executive members, and includes the Chief Executive and a Staff Elected Member

The Board are collectively accountable for the WRA and provides leadership to ensure an effective standard of governance:

- the functions for devolved taxes we manage are delegated to the CEO
- the CEO delegates through an executive committee structure, taking decisions per the corporate plan
- the Board provides challenge and advice on our strategy, capability and performance and is, alongside the Accounting Officer, supported by:
 - ARAC (Audit and Risk Assurance Committee)
 - Remuneration Committee

ARAC

ARAC scrutinises governance, risk management, the control environment and the integrity of the Annual Report and Accounts.

Number of meetings in 2022 to 2023: 5

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Chair: Jocelyn Davies

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

Ymgynghorwyr (Advisers) of ARAC:

- Chief Executive
- Chief Finance Officer
- Chief Operating Officer
- Internal Audit Representative
- Audit and Risk Secretariat

An attendee of Welsh Government and representatives of Audit Wales also attend ARAC meetings regularly.

Remuneration Committee

This committee (formerly called the People Committee) was set up to provide assurance and scrutiny on the effectiveness of succession planning, recruitment and remuneration.

Number of meetings in 2022 to 2023: 3

Chair: Dyfed Edwards (to March 2023) and Ruth Glazzard (Interim from March 2023)

Members: 3 non-executive (including the Chair) and the:

- Chief People and Communications Officer
- Chief Executive
- Head of Human Resources

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Board and committee meeting attendance

Attendance 2022 to 2023

Members	Board ^[1]	ARAC	People Committee
Non-executive members:			
Executive members:			
Staff-elected member:			
Number of meetings held	4	5	0
Kathryn Bishop (Chair – Board until October 2022)	2	1	2
Ruth Glazzard (Chair – Board from October 2022)	2	0	1
Jocelyn Davies (Chair – ARAC)	4	5	0
Dyfed Edwards (Deputy Chair – Board, Chair – People Committee)	4	1	3
Mary Champion (from October 2020)	4	5	0
Rheon Tomos (from October 2020)	4	4	0
Jim Scopes (from January 2020)	4	1	3

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Members	Board ^[1]	ARAC	People Committee
Non-executive members:			
Executive members:			
Staff-elected member:			
Dyfed Alsop	3	5	3
Sam Cairns (until September 2022)	2	3	0
Rebecca Godfrey (from September 2022)	2	2	0
Melissa Quignon-Finch (until August 2022)	1	1	1
Karen Athanatos (from October 2021)	4	0	0

Notes

[1] Board meetings are held quarterly

Strategic risk: roles

- The Accounting Officer covers risk management and reporting.
- Board ensure that risk management systems are robust and defensible and provide a clear steer on the desired risk appetite.
- ARAC looks at risk management and provides advice. Also assists and

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provides scrutiny of Tîm Arwain.

How we review corporate risks

Tîm Arwain regularly monitor and review corporate risk in line with our risk policy and risk appetite statement. Risk policy is reviewed annually. We follow the principles of the **Orange Book** in its approach to corporate risk identification, evaluation and reporting. New corporate risks are identified by Tîm Arwain from regular strategic reviews. Internal risks are escalated and de-escalated from a new procedure established with our Service Delivery Leadership Group (SDLG). Corporate risks are reported in the corporate risk register and are scrutinised by ARAC and our Board.

Internal control

Senior managers provide the Accounting Officer with their annual self-assessments of internal control, governance and risk management arrangements.

We maintained overall assurance levels. Notable improvements were made in procurement, appraisal and project management using agile working.

We remain assured in governance around our delegated powers. But forging closer links with the Welsh Government and partner organisations remains important to us as we support the Programme for Government in devolved taxation.

There were no areas of weakness identified in the review.

Internal audit

Over 2022 to 2023, the Internal Audit Service (IAS) issued 5 reports, provided advice on data protection, and attended all ARAC meetings.

The Audit Plan gave a broad opinion on the risk management, control and governance arrangements:

“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.” ”

External audit

We're audited by Audit Wales, who are responsible 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. Their report for the year can be found in the Resource Accounts and Tax Statement.

How we manage information and governance

- Actively promote a culture of best practice in data and information management.
- Regularly share information management and security updates with our people.

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- Review and refresh our procedures and guidance.
- Work to best practice on information governance and measure us against the Information Commissioner's Office (ICO) Accountability Framework.

Our people worked remotely for most of the year with a more hybrid mix as the year progressed. This created its own challenges around maintaining our high standards with existing staff and promoting those standards with new recruits.

We've developed a good relationship with the ICO and consult them as needed.

During the year, we had no complaints about our use of personal data to our Data Protection Officer nor the Information Commissioner.

Top 3 risks we actively managed:

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

There was an increase in 'near misses' (minor information security incidents) where no personal data was disclosed. Near misses are recorded. They do not represent an actual data breach but recording them helps prevent a future data breach. We had an increase to 16 near misses.

We had 10 data breaches, a significant improvement on last year (17). As they were all minor, none had to be referred to the ICO due to the low risk to the data subjects.

Most of our data breaches were human errors. A noticeable trend of incidents and data breaches were caused by incorrect information provided to us in tax returns. This caused 2 of the data breaches and 5 of the near misses. We're working with external stakeholders to reduce this.

We confirm that appropriate measures are in place to demonstrate compliance

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with the UK General Data Protection Regulation.

Cyber resilience

- To protect taxpayers and our people, we continuously enhance our cyber resilience.
- We continued to implement our cyber resilience strategy, which covers our ability to withstand cyber events and recover quickly if harm is caused.
- National Cyber Security Centre (NCSC) guidance on IT infrastructure, devices, data, and applications is followed.
- We adhere to Welsh Government aligned ISO27001 and ISO27002 security standards and principles. The Welsh Government and NCSC certified third parties assure our security operations.

To further strengthen our cyber resilience, we:

- security tested our digital infrastructure using an independent NCSC accredited third party
- trained all new and existing WRA people in cyber security awareness
- renewed our Cyber Essentials Plus certification
- rolled out a cyber security standards letter for all prospective suppliers
- held an executive briefing for board members and senior management on evolving cyber threats and how to respond to them
- appointed an NCSC certified third-party cyber incident response company to assist us if we have a major incident
- held 4 board sessions benchmarking the WRA against the NCSC's cyber security for Boards
- conducted a full assurance exercise on our security governance and applied changes as a result
- arranged forensic incident handling training for our key IT people
- obtained internationally recognised certifications in cybersecurity
- continued to test staff through regular phishing exercises as well as promote

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cyber awareness

Freedom of Information

We received 3 Freedom of Information requests. All were responded to on time.

No complaints were received relating to our handling of requests for information and no investigations by the ICO.

Whistleblowing

Our Whistleblowing Policy and guidance provides staff with clear details on how to raise any concerns. There is a nominated officer for receiving any disclosures.

We're also a prescribed person for devolved Welsh taxes. This means that a person in any organisation with a whistleblowing concern about devolved Welsh taxes can 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 during the year.

Welsh language standards

We voluntarily comply with Welsh Government Standards where it's appropriate and proportionate.

We continued to action our Welsh Language Strategy agreed in 2020. We focus on culture, learning and development and creating opportunities for our people and customers to use the Welsh language.

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Wellbeing of Future Generations

We're committed to a sustainable future for the people of Wales. We're not currently subject to the Well-being of Future Generations (Wales) 2015 Act.

Our Approach (which drives all we do) is in the spirit and sense of the act. Also, the work we have been asked to do by Welsh Ministers supports the aims of the act.

Conclusion

As the Accounting Officer for the WRA, I confirm that the statements made in this report are correct for the period 1 April 2022 to 31 March 2023.

There have been no significant internal control or governance issues.

I can also confirm that sound systems of internal control are in place to support the delivery of the organisation's policy aims and objectives.

Dyfed Alsop
Chief Executive and Accounting Officer
13 September 2023

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Remuneration and people 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 based on fair and open competition. The Recruitment Principles published by the Civil Service Commission specify 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 considers:

- the need to recruit, retain, motivate and promote suitably able and qualified

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people to do their responsibilities.

- regional/local variations in labour markets and their effects on the recruitment, retention and promotion of staff
- government policies for improving public services including the requirement 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

See more about the SSRB on 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 needed
- ensuring that remuneration is overseen fairly and in line with the Cabinet Office guidance

The Committee has chosen to broadly align its approach to that of the Welsh Government, which has flexibility to operate within the guidance set by the Cabinet Office. For example, we did not make any performance related bonus payments to SCS members during 2021 to 2023.

The remuneration of our employees below the SCS mirrors the approach of the Welsh Government. For more see the [Welsh Government's Pay Policy](#).

Our Board's non-executive members get 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:

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Non-executive members' fee daily rates

	Daily rate (£)
Non-executive Chair	400
Non-executive Deputy Chair	350
Non-executive members	300

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

Remuneration disclosure

The following provides information about the remuneration and pension interests of the WRA's 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 if they are subject to UK taxation, and any severance or discretionary payments. Reimbursement of legitimate expenses are not included in salary. This report is based on accrued payments made by us.

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

To balance reporting requirements against individual privacy, we mostly report remuneration figures in bandings of £5,000 (for example £65,000-£70,000).

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Non-executive remuneration

Fees paid to non-executive members

Non-executive member	2022-23 £000	2021-22 £000
Kathryn Bishop Non-executive Chair (until 18 October 2022)	5-10	10-15
Ruth Glazzard Non-executive Chair (from 19 October 2022)	5-10	N/A
Dyfed Edwards Non-executive Deputy Chair	10-15	5-10
Jocelyn Davies Non-executive Member	5-10	5-10
Mary Champion Non-executive Member	5-10	0-5
Rheon Tomos Non-executive Member	5-10	0-5
Jim Scopes Non-executive Member	5-10	0-5

This table is subject to audit.

In addition to their fees, non-executive members are reimbursed for travel and

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other expenses under our Travel and Subsistence Policy. We meet the tax liability from the reimbursement.

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

Senior officials' remuneration and pension benefits

Remuneration figures for senior officials

Senior officials	Salary in bands of £5,000		Pension benefits to the nearest £1,000		Total in bands of £5,000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Dyfed Alsop Chief Executive	100-105	100-105	11,000	28,000	110-115	125-130
Sam Cairns Chief Operating Officer (until 30 September 2022)	40-45	80-85	-6,000	32,000	30-35	110-115
Rebecca Godfrey Chief Strategy Officer	45-50	30-35	7,000	11,000	55-60	40-45
Melissa	30-35	45-50	33,000	20,000	65-70	65-70

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Senior officials	Salary in bands of £5,000		Pension benefits to the nearest £1,000		Total in bands of £5,000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22

Quignon-Finch
Chief People
and
Communications
Officer (until 31
August 2022)

This table is subject to audit.

Notes

- Benefits in kind were nil in both 2022 to 2023 and 2021 to 2022.
- No bonuses were paid in 2022 to 2023 or 2021 to 2022.
- 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 for part of the year during 2022 to 2023 and 2021 to 2022. During this time, she remained a member of staff but was not an active director. Her full time equivalent, banded annual salary in 2022 to 2023 would have been £80,000-85,000 (2021 to 2022: £80,000-85,000).
- Melissa Quignon-Finch was appointed in September 2021 and left in August 2022. Her full time equivalent, banded annual salary in 2022 to 2023 would have been £75,000-80,000 (2021 to 2022: £75,000-80,000).

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Senior officials' pension benefits

Senior officials	Accrued pension at pension age as at 31/03/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/23	CETV at 31/03/22	Real increase in CETV
	£000	£000	£000	£000	£000
Dyfed Alsop Chief Executive	35-40 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	509	461	-4
Sam Cairns Chief Operating Officer (until 30 September 2022)	20-25	0	228	223	-5
Rebecca Godfrey Chief Operating Officer/ Services Director	25-30	0-2.5	297	276	-1
Melissa Quignon-Finch Chief People and Communications Officer (until 31 August 2022)	10-15	0-2.5	88	73	12

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 later of age 65 or the member's State Pension Age. 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 pension scheme members are now in the alpha scheme with effect from 1 April 2022. All members who switched to alpha have their PCSPS

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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

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.

Fair pay disclosure

This section is subject to audit.

Reporting bodies must disclose the relationship between the remuneration of the highest paid director in their organisation and the lower quartile, median and upper quartile remuneration of their people.

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 2022 to 2023 or 2021 to 2022.

The banded remuneration of the highest-paid director in the WRA in the financial year 2022 to 2023 was £100,000-105,000 (2021 to 2022: £100,000-105,000).

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This was 2.3 times the median remuneration of the workforce, which was £43,660 (2021 to 2022: 2.6 times, £40,100). Using the mid-point of the banded salary range for the highest paid director, there was no increase in salary for the highest paid director.

Average pay in the organisation increased by 0.5%.

In 2022 to 2023 and 2021 to 2022, no staff received remuneration more than the highest paid director. Remuneration ranged from £23,880 to £102,500 (banded midpoint) (2021 to 2022: £21,300 to £102,500 (banded midpoint)).

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
2022-23	30,610	3.3:1	43,660	2.3:1	63,900	1.6:1
2021-22	29,430	3.5:1	40,100	2.6:1	57,190	1.8:1

People report

People costs

	2022-23 £000	2022-23 £000	2022-23 £000	2021-22 £000
		Permanently	Contract and	Total
				Total

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	2022-23 £000	2022-23 £000	2022-23 £000	2021-22 £000	
		employed staff	agency staff		
		Salaries	3,627	76	3,703 3,305
Social security costs		421	7	428	347
Other pension costs		1,008	18	1,026	884
Total		5,056	101	5,157	4,536

This table is subject to audit.

Those permanently employed in this table include people who are on loan to us from other Civil Service employers, but who remain permanently employed by that Civil Service employer.

Salary includes gross salaries, overtime, recruitment and retention allowances, and other allowances or payments to the extent that they are subject to UK taxation.

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](#).

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For 2022 to 2023, employers' contributions of £934,928 were payable to the PCSPS (2021 to 2022: £878,107) at 1 of 4 rates in the range 26.6-30.3% (in 2022 to 2023 and 2021 to 2022) 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 experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £6,665 (2021 to 2022: £6,298) 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 2022 to 2023 and 2021 to 2022) 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 2022 to 2023 or 2021 to 2022) 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 2023	31 March 2022
SCS 2	1	1
SCS 1	2	3

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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)

	2022-23	2021-22
Permanent staff	76	67
Loan staff	3	3
Fixed term staff	2	3
Total	81	73

This table is subject to audit.

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

In addition to employed people as above, the FTE for agency people was:

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Agency staff - average full-time equivalent (FTE)

	2022-23	2021-22
Agency staff	0	1

People composition

Being committed to the principles of equal treatment we:

- hold and review equality information on our people to inform our decision making
- have policies to ensure equal treatment and consider the impact on individuals and groups with characteristics protected by the Equality Act 2010 (for example, disability, age and gender)
- ensure oversight of equality by our Board and Tîm Arwain
- published our Equality Report in March 2023 covering the period 2021 to 2022

Persons employed by gender

	As of 31 March 2023		As of 31 March 2022	
	Female	Male	Female	Male
SCS	1	2	2	2
Other people	45	39	44	31

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Things we did to promote equal treatment included:

- Living Wage employer accreditation
- promoted our 'Happy to Talk Flexible Working' commitment on our recruitment pages, advertising all roles as available flexibly by default
- Disability Confident Leader status
- guaranteed interview scheme for disabled applicants meeting a role's essential requirements
- 'name-blind' recruitment applications to remove references to personal details and names of educational establishments
- pro-actively asking all applicants if they need adjustments or alternatives during any recruitment process
- mixed-gender recruitment panels who have all completed training
- training for all staff on disability awareness
- supplying Occupational Health and Employee Assistance Programme services to people who become unwell
- active Wellbeing Group to support the Wellbeing Strategy, arranging a wide range of wellbeing events for our people
- providing all people with laptops to allow homeworking
- Display Screen Assessments for all people 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.

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This better shows the true available days lost than other ways of calculating AWDL, because it excludes weekends and public and privilege holidays. Using total years also correctly accounts for part-time people, new entrants and leavers. For example, someone working half the full-time number of hours per week would have a year of 0.5.

Our level of sickness absence was 5.88 AWDL for 2022 to 2023. This is much lower than the latest Civil Service figure available of 7.9 AWDL for 2021 to 2022.

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 divided by the average of people in post.

In 2022 to 2023, turnover was 1.23% and departmental turnover was 8.64%.

The majority of turnover related to those 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 over 100 organisations take part.

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It uses an Engagement Index which is an average of the responses to these 5 questions which are 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% is all respondents giving a rating of 'strongly disagree' to all 5 questions. A score of 100% is all respondents giving a rating of 'strongly agree' to all 5 questions.

WRA Civil Service People Survey results

	2022	2021
Engagement index	77%	78%

Our scores show a high level of employee engagement and are significantly higher than the Civil Service average of 65% in 2022 and 66% in 2021.

We ranked in the top **3** of Civil Service organisations for employee engagement in 2022.



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

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Consultancy costs

Consultancy costs during the period

	2022-23 £000	2021-22 £000
Consultancy costs	317	155

Where there is a need for specialist skills, this work is undertaken by either by specialist individuals or teams of consultancy organisations.

There was an increase in the use of specialist consultancy organisations in 2022 to 2023. This was due to a project that started in 2020 to 2021 and carried on into 2022 to 2023. This project was looking at the potential for us to support the future development of geographically varied property taxes using a data platform. Other consultancy costs were for specialist skills in cyber security, network services and an analysis of our corporate culture.

Off-payroll disclosures

Off-payroll arrangements apply to individuals who are either self-employed, acting through an intermediary or a service company rather than being directly employed by us. From 6 April 2017, reforms to legislation (known as IR35) changed the rules for off-payroll people working in the public sector. It moved the obligation to decide the tax status from the contractor to the employer.

All off-payroll engagements have been subject to an IR35 assessment to determine the nature of the working arrangements and ensure transparency and compliance with tax regulations.

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Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 or more per day

Number of off-payroll workers by time with us	2
---	---

Of which:

Number for less than 1 year	0
-----------------------------	---

Number between 1 and 2 years	0
------------------------------	---

Number between 2 and 3 years	0
------------------------------	---

Number between 3 and 4 years	1
------------------------------	---

Number between 4 or more years	1
--------------------------------	---

Number of temporary off-payroll workers engaged during the year	0
---	---

Of which:

Number assessed as not subject to off-payroll legislation	0
---	---

Number assessed as subject to off-payroll legislation and determined as in-scope of IR35	0
--	---

Number assessed as subject to off-payroll legislation and determined as out of scope of IR35	0
--	---

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Number reassessed for compliance or assurance purposes during the year	0
--	---

Number that saw a change of IR35 status	0
---	---

Any off-payroll Board members and/or senior officials with significant financial responsibility

Any off-payroll Board members and/or senior officials with significant financial responsibility	0
---	---

Total number of on-payroll and off-payroll Board members, and/or senior officials with significant financial responsibility	11
---	----

Civil Service and other compensation schemes – exit packages

The table below shows the total number of exit packages agreed and accounted for:

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The number of redundancies and other agreed departures during 2022 to 2023 and 2021 to 2022 was nil

	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
	2022-23	2022-23	2022-23	2021-22
<£10,000	0	0	0	0
£10,000 - £25,000	0	0	0	0
£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
Total number of exit packages	0	0	0	0

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This table is subject to audit.

Redundancy and other exit costs are paid in line with the Civil Service Compensation Scheme (CSCS) under the Superannuation Act 1972. If we agree early retirements, the additional costs are met by us and not the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Dyfed Alsop
Chief Executive and Accounting Officer
13 September 2023

Audit report – Resource accounts

The Certificate and report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of Welsh Revenue Authority's Resource Account for the year ended 31 March 2023 under the Tax Collection and Management (Wales) Act 2016.

The financial statements 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 the significant accounting policies. 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.

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In my opinion, in all material respects, 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 2023 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.
- 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 income and expenditure recorded 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 certificate.

My staff and I are 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

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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 certificate.

The going concern basis of accounting for Welsh Revenue Authority's Resource Account is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the annual report other than the financial statements and other parts of the report that are audited 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

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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.

Opinion on other matters

In my opinion, the part of the Remuneration and People Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Tax Collection and Management (Wales) Act 2016.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Welsh Ministers directions made under the Tax Collection and Management (Wales) Act 2016; and
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

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.

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

- I have not received all of the information and explanations I require for my audit.
- 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 Accountability Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration and People Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material

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- misstatement, whether due to fraud or error;
- assessing 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 the Accounting Officer anticipates that the services provided by body will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Tax Collection and Management (Wales) Act 2016.

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

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- 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, expenditure recognition, posting of unusual journals.
 - Obtaining an understanding of 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.
 - Obtaining an understanding of related party relationships.

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 and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board
- 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; and

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I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members 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. This description forms part of my auditor's report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Adrian Crompton

Auditor General for Wales

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1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

13 September 2023

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	2022-23 £000	2021-22 £000
Staff costs	2	5,157	4,536
Other staff related costs	2	113	82
Other operating costs	2	1,574	1,440
Depreciation	3.1	45	31

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	Note	2022-23 £000	2021-22 £000
Amortisation	3.2	56	63
Net operating expenditure		6,945	6,152
Total comprehensive expenditure for the year		6,945	6,152

Statement of Financial Position

	Note	2022-23 £000	2021-22 £000
Non-current assets			
Current assets			
Current liabilities			
Taxpayers equity			
Plant and Equipment	3.1	164	94
Intangible assets	3.2	27	83
Total non-current assets		191	177
Prepayments and other accrued income	4	104	116

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	Note	2022-23 £000	2021-22 £000
Non-current assets			
Current assets			
Current liabilities			
Taxpayers equity			
Cash and cash equivalents	5	966	868
Total current assets		1,070	984
Trade and other payables	6	(894)	(909)
Total current liabilities		(894)	(909)
Total assets less current liabilities		367	252
General fund		367	252

Dyfed Alsop
Chief Executive and Accounting Officer
13 September 2023

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Statement of Cash Flows

	Note	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Adjustments for non-cash transactions			
Cash flows from investing activities			
Cash flows from financing activities			
Net operating expenditure		(6,945)	(6,152)
Decrease/(increase) in trade and other receivables		(12)	(4)
(Decrease)/increase in trade and other payables		(15)	45
Depreciation and amortisation	3.1, 3.2	101	94
Net cash (outflow) from operating activities		(6,847)	(6,017)
Additions of plant and equipment	3.1	(115)	(56)
Additions of intangible assets	3.2	0	(9)
Net cash (outflow) from investing activities		(115)	(65)
Funding from Welsh Government		7,060	6,291

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	Note	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Adjustments for non-cash transactions			
Cash flows from investing activities			
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents	5	98	209
Cash and cash equivalents at the beginning of the period	5	868	659
Cash and cash equivalents at the end of the period	5	966	868

Statement of Changes in Taxpayers' Equity

	General Fund £000
Changes in taxpayers' equity 2021-22	
Changes in taxpayers' equity 2022-23	
Balance as at 31 March 2021	113
Revenue funding from Welsh Government	6,226

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**General Fund
£000**

Changes in taxpayers' equity 2021-22

Changes in taxpayers' equity 2022-23

Capital funding from Welsh Government **65**

Total comprehensive expenditure for the year **(6,152)**

Balance as at 31 March 2022 **252**

Revenue funding from Welsh Government **6,941**

Capital funding from Welsh Government **119**

Total comprehensive expenditure for the year **(6,945)**

Balance as at 31 March 2023 **367**

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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 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 include 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 2022-2023, the WRA is not part to any lease arrangements as lessor or lessee under IFRS 16.

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.

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
Fixtures and Fittings	10 years
ICT Equipment	3 to 5 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

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2. Expenditure

Expenditure during the period

	2022-23 £000	2021-22 £000
Staff and related costs		
Other staff related costs		
Other operating costs		
Wages and salaries	3,703	3,232
Pensions costs	1,026	884
Social security costs	428	347
Agency costs	0	73
	5,157	4,536
Training and development	89	82
Travel and subsistence	18	4
Other employee related expenses ^[1]	6	(4) ¹

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	2022-23	2021-22
	£000	£000
Staff and related costs		
Other staff related costs		
Other operating costs		
	113	82
Administration and other office costs	74	61
Board and related costs	69	42
External audit fee	34	31
ICT related costs	1,111	987
Internal audit fee	14	16
Other professional costs	272	303
	1,574	1,440
Amortisation and Depreciation	101	94
Total comprehensive expenditure for the year	6,945	6,152

Further analysis of staff and related costs is provided in the People report.

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Notes

[1] This is shown as a credit in 2021 to 2022 because the movement in the employee benefits accrual was a reduction which resulted in this figure being a credit.

3. Non-current assets

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3.1 Equipment

	ICT equipment £000	Plant and equipment £000	Total £000
Cost or valuation			
Cost at 1 April 2022	215	11	226
Additions	55	60	115
At 31 March 2023	270	71	341
Depreciation			
Depreciation at 1 April 2022	124	8	132
Charge for the year	43	2	45
At 31 March 2023	167	10	177
Net book value at 31 March 2022	91	3	94
Net book value at 31 March 2023	103	61	164
Cost or valuation			
Cost at 1 April 2021	159	11	170

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Additions	56	0	56
At 31 March 2022	215	11	226
Depreciation			
At 1 April 2021	95	6	101
Charge for the year	29	2	31
At 31 March 2022	124	8	132
Net book value at 31 March 2021	64	5	69
Net book value at 31 March 2022	91	3	94

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3.2 Intangible assets

	Licenses £000	Software £000	Total £000
Cost or valuation			
Cost at 1 April 2022	64	2,540	2,604
Additions	0	0	0
Disposals	0	0	0
At 31 March 2023	64	2,540	2,604
Amortisation			
Amortisation at 1 April 2022	34	2,487	2,521
Charge for the year	23	33	56
Disposals	0	0	0
At 31 March 2023	57	2,520	2,577
Net book value at 31 March 2022	30	86	83
Net book value at 31 March 2023	7	20	27

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Cost or valuation

Cost at 1 April 2021	130	2,531	2,661
-----------------------------	------------	--------------	--------------

Additions	0	9	9
------------------	----------	----------	----------

Disposals	(66)	0	(66)
------------------	-------------	----------	-------------

At 31 March 2022	64	2,540	2,604
-------------------------	-----------	--------------	--------------

Amortisation

Amortisation at 1 April 2021	79	2,445	2,524
-------------------------------------	-----------	--------------	--------------

Charge for the year	21	42	63
----------------------------	-----------	-----------	-----------

Disposals	(66)	0	(66)
------------------	-------------	----------	-------------

At 31 March 2022	34	2,487	2,521
-------------------------	-----------	--------------	--------------

Net book value at 31 March 2021	51	86	137
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Net book value at 31 March 2022	30	53	83
--	-----------	-----------	-----------

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4. Prepayments and other accrued income

Prepayments and other accrued income at the end of the period

	2022-23 £000	2021-22 £000
Prepayments and other accrued income	104	116
Balance at 31 March	104	116

5. Cash and cash equivalents

Cash and equivalents at the end of the period

	2022-23 £000	2021-22 £000
Balance at start of period	868	659
Net change in cash and cash equivalent balances	98	209
Balance at 31 March	966	868

All balances are held with the Government Banking Service.

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6. Trade and other payables

Trade and other payables at the end of the period

	2022-23 £000	2021-22 £000
Trade payables	(746)	(730)
Other payables	(148)	(179)
Balance at 31 March	(894)	(909)

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. Welsh Government is a related party. Material transactions during the year with Welsh Government:

- revenue funding of £6.94 million was received in the year (2021 to 2022 £6.23 million)
- capital funding received in year was £119,000 (2021 to 2022 £64,500)
- payments of £5.31 million were made to Welsh Government during 2022 to 2023 mainly in relation to payroll costs, (2021 to 2022 £4.7 million)

Neither Board members, senior officers, nor any of their related parties, undertook any material transactions with the WRA.

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8. Capital commitments

There were no capital commitments as at 31 March 2023.

9. Contingent assets and liabilities

There were no contingent assets and liabilities as at 31 March 2023.

10. Events after the reporting period

There are no reportable events after the reporting period.

Audit report – Tax statement

The certificate and 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 2023 under the Tax Collection and Management (Wales) Act 2016.

The Tax Statement comprises the Statement of Revenue, Other Income and Expenditure, Statement of Financial Position, Statement of Cash Flows and related notes, related notes, including the significant accounting policies.

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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 2023 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 recorded in the Tax Statement have been applied to the purposes intended by the Senedd and the financial transactions recorded in the Tax Statement 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 certificate.

My staff and I are independent of the Welsh Revenue Authority in accordance

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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 Tax Statement, I have concluded that the use of the going concern basis of accounting in the preparation of the Tax Statement 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 certificate.

The going concern basis of accounting for the Welsh Revenue Authority's Tax Statement is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the annual report other than the Tax Statement and my auditor's report thereon. The Accounting Officer is responsible for the other information. My opinion on the Tax Statement does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, 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 Tax Statement 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 Tax Statement itself. 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.

Opinions on other matters

In my opinion, based on the work undertaken in the course of my audit the information given in the Accountability Report for the financial year for which the Tax Statement is prepared is consistent with the Tax Statement and the Performance Report 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

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the Governance Statement.

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

- I have not received all of the information and explanations I require for my audit.
- 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 and the audited part of the Accountability Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration and People Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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:

- maintaining proper accounting records;
- the preparation of the Welsh Revenue Authority's Tax Statement and Annual Report in accordance with the Tax Collection and Management (Wales) Act 2016 and Welsh Ministers' directions made there under, and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and Welsh Revenue Authority's Tax Statement as a whole are fair, balanced and understandable;

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- ensuring the regularity of financial transactions;
- internal controls as the Accounting Officer amend as appropriate determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- 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 the Accounting Officer anticipates that the services provided by the Welsh Revenue Authority Tax Statement will not continue to be provided in the future

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the Welsh Revenue Authority's Tax Statement in accordance with the Tax Collection and Management (Wales) Act 2016.

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 a certificate 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.

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My procedures included the following:

- Enquiring of management, the internal audit 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, expenditure recognition, posting of unusual journals and (add as appropriate to the audit);
- 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;
- Obtaining an understanding of related party relationships.

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 and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the

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Board;

- 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; and

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members 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. This description forms part of my auditor's report.

Other auditor's responsibilities

I am also required to obtain sufficient evidence to give reasonable assurance that the expenditure and income recorded in the Welsh Revenue Authority's Tax Statement have been applied to the purposes intended by the Senedd and the financial transactions recorded in the Welsh Revenue Authority's Tax Statement conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

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including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Adrian Crompton

Auditor General for Wales

1 Capital Quarter

Tyndall Street

Cardiff

CF10 4BZ

13 September 2023

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.

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Tax statement

Statement of Revenue, Other Income and Expenditure

	Note	2022-23 £000	2021-22 £000
Revenue			
Taxes and duties			
Other income			
Expenditure			
Land Transaction Tax (LTT)	2.1	372,106	402,245
Landfill Disposals Tax (LDT)	2.2	42,014	45,334
Total taxes and duties		414,120	447,579
Penalties	2.3	420	503
Interest	2.3	107	86
Total penalties and interest		527	589
Total revenue		414,647	448,168

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	Note	2022-23 £000	2021-22 £000
Revenue			
Taxes and duties			
Other income			
Expenditure			
Interest paid	3.1	(218)	(120)
Revenue losses	3.2	(546)	(248)
Total expenditure		(764)	(368)
Net revenue for the Welsh Consolidated Fund		413,883	447,800

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

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Statement of Financial Position

	Note	2022-23 £000	2021-22 £000
Current assets			
Current liabilities			
Receivables	4.1	2,280	3,106
Accrued taxes receivable	4.1	16,572	19,600
Cash	5	9,535	12,935
Total current assets		28,387	35,641
Payables and on account balances	6	536	110
Provision for tax at tribunal	7	1,551	1,114
Total current liabilities		2,087	1,224
Total net assets		26,300	34,417
Represented by			
Balance due to the Welsh Consolidated Fund	9	26,300	34,417

Dyfed Alsop

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Chief Executive and Accounting Officer
13 September 2023

Statement of Cash Flows

	Note	2022-23 £000	2021-22 £000
Net cash flow from operating activities	A	418,600	446,121
Cash paid to the Consolidated Fund		(422,000)	(440,500)
Increase/(decrease) in cash in this period	B	(3,400)	5,621

Notes to the Statement of Cash Flows

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

	2022-23 £000	2021-22 £000
Net revenue for the Welsh Consolidated Fund	413,883	447,800
Decrease/(increase) in non-cash assets	3,854	(2,114)
(Decrease)/increase in liabilities	426	(679)
(Decrease)/increase in provision for liabilities	437	1,114

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	2022-23	2021-22
	£000	£000
Net cash flow from operating activities	418,600	446,121

B: Analysis of changes in net funds

	2022-23	2021-22
	£000	£000
Increase/(decrease) in cash in this period	(3,400)	5,621
Net funds at 1 April (opening bank balance)	12,935	7,314
Net funds as at 31 March (closing bank balance)	9,535	12,935

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 Government Financial Reporting Manual (FReM) issued by HM Treasury

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- International Financial Reporting Standards (IFRS) adapted or interpreted for the public sector context
- the accounting policies detailed in later 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 considered to be uncollectable for reasons other than shown above, this is recorded as an expense at the date it is considered 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 is the tax that would be paid if all taxpayers followed 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 bought 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 show 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 decide 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 decide whether there is any sign of impairment. If such a sign 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

	2022-23 £000	2021-22 £000
Residential	277,938	271,822
Non-residential ^[1]	94,168	130,423
Total Land Transaction Tax	372,106	402,245

[1] This includes mixed use transactions of £11.38 million in 2022-23 and £13.37 million in 2021-22.

As at 30 April, this figure has been reduced to account for higher rate refunds of

£20.33 million (2021-22 £24.23 million) that are now treated as main residential rates where taxpayers have successfully claimed a refund.

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. These are recognised when the taxpayer or agent submits a claim which creates the obligating event and the sale of the previous residence falls within the reported financial year or earlier.

2.2 Landfill Disposals Tax

	2022-23 £000	2021-22 £000
Landfill Disposals Tax	42,014	45,334
Total Landfill Disposals Tax	42,014	45,334

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

2.3 Penalties and interest

	Penalty £000	Interest £000	Penalty £000	Interest £000
	2022-23		2021-22	
Land Transaction Tax	420		105	503 85

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	Penalty £000	Interest £000	Penalty £000	Interest £000
Landfill Disposals Tax		0	2	0 1
Total penalties and interest		420	107	503 86

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

	2022-23 £000	2021-22 £000
Land Transaction Tax	(218)	(120)
Landfill Disposals Tax	0	0
Total interest paid	(218)	(120)

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

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3.2 Revenue losses

Tax Impairment £000	Debt Written Off £000	Tax Impairment £000	Debt Written Off £000
2022-23		2021-22	
	Land Transaction Tax	(544)	(2) (233) (15)
Landfill Disposals Tax	0	0	0 0
Total revenue losses	(544)	(2)	(233) (15)

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 irrecoverable.

4. Receivables and accrued revenue receivable

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4.1 Receivables due

	2022-23		2021-22	
	Receivables £000	Accrued Revenue Receivable £000	Receivables £000	Accrued Revenue Receivable £000
Land Transaction Tax	3,173	9,560	3,459	9,359
Landfill Disposals Tax	0	7,012	0	10,241
Totals Before Impairment	3,173	16,572	3,459	19,600
Less Impairment (note 4.2)	(893)	0	(353)	0
Total	2,280	16,572	3,106	19,600

Receivables are 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 are amounts due in relation to tax returns where the tax liability has been proven at the balance sheet date but not returned at the balance sheet date.

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4.2 Impairment provision

Land Transaction Tax £000	Landfill Disposals Tax £000	Land Transaction Tax £000	Landfill Disposals Tax £000		
		2022-23		2021-22	
As at 1 April		353	0	119	0
Increase in impairment	543	0	234	0	
Utilisation of impairment	(3)	0	0	0	
Balance at 31 March	893	0	353	0	

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 many factors, such as situations when unfortunately, a taxpayer is about to go into administration or when legal action has been started.

5. Cash

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Cash balance at end of period

	2022-23 £000	2021-22 £000
Government Banking Service	9,535	12,935
Balance at 31 March	9,535	12,935

The WRA pay funds to the Welsh Consolidated Fund as instructed by Welsh Government. The above balance stands for 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

	2022-23 £000	2021-22 £000
Land Transaction Tax	536	110
Landfill Disposals Tax	0	0
Total	536	110

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

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repayment. These balances include outstanding repayments of tax, penalties or interest, including higher rate refund claims.

7. Provision for tax at tribunal

Provision for tax at tribunal at end of period

	2022-23 £000	2021-22 £000
Land Transaction Tax	1	0
Landfill Disposals Tax	1,550	1,114
Total	1,551	1,114

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 must send a claim to receive the refund.

This potential refund of higher rate tax is shown as a contingent liability for the Tax Statement due to the uncertainty of reclaims and their timings. For 2022 to

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2023, the estimated amount is £24.2 million (2021 to 2022 £20.0 million) calculated based on guidelines issued by the Office of Budgetary Responsibility.

9. Balance due to the Welsh Consolidated Fund account

	2022-23 £000	2021-22 £000
Balance on Welsh Consolidated Fund as at 1 April	34,417	27,117
Net revenue for the Welsh Consolidated Fund	413,883	447,800
Less amount paid to the Welsh Consolidated Fund	(422,000)	(440,500)
Balance due to the Welsh Consolidated Fund	26,300	34,417

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.

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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.

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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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