



Llywodraeth Cymru
Welsh Government

Tax Advisory Group

Note of the meeting – 19 July 2016

**Tax Advisory Group meeting
19 July 2016
Conference Room 24, Tŷ Hywel, Cardiff Bay**

Tax Advisory Group

Mark Drakeford AM, Cabinet Secretary for Finance and Local Government (Chair)
Andrew Evans, Geldards
Frank Haskew, Institute of Chartered Accountants in England and Wales (ICAEW)
David Phillips, Institute for Fiscal Studies (IFS)
Robert Lloyd Griffiths, Institute of Directors (IoD)
Leighton Jenkins on behalf of Emma Watkins, Confederation of British Industry (CBI) Wales
Ben Cottam on behalf of Janet Jones, Federation of Small Businesses (FSB)
Kay Powell, The Law Society
Martin Warren, Institute of Chartered Accountants in England and Wales (ICAEW)
Ruth Marks, Wales Council for Voluntary Action (WCVA)
Dr Victoria Winckler, Bevan Foundation
Jon Rae on behalf of Aaron Shotton, Welsh Local Government Association (WLGA)

Officials in attendance

Andrew Jeffreys, Director, Welsh Treasury
Georgina Haarhoff, Head of Tax Policy and Legislation Management
Ed Sherriff, Head of Fiscal Strategy
Jo Berry, Strategic Communications and Engagement Officer
Ruth Leggett, Strategic Communications and Engagement Manager
Lu Toscano Davies (Secretariat)



Tax Advisory Group

Note of the meeting – 19 July 2016

Welcome from the Cabinet Secretary for Finance and Local Government

1. The Cabinet Secretary for Finance and Local Government welcomed attendees to the eighth meeting of the Tax Advisory Group (TAG) for Wales, his first in his new role.

Matters arising

2. The note of the previous TAG meeting had been circulated to members prior to the meeting and all actions had been completed. The Group confirmed the note was an accurate summary of the discussion.

Update on tax devolution, legislation and fiscal reform priorities

3. The Cabinet Secretary noted the potentially wide impact of the EU referendum on devolved responsibilities, but underlined the importance of continuing to focus on delivering the Welsh Government's agenda. The Cabinet Secretary updated the group on four key areas of activity:
 - Welsh Revenue Authority (WRA);
 - Land Transaction Tax (LTT) and Landfill Disposal Tax (LDT);
 - fiscal framework;
 - tax policy strategy.

Welsh Revenue Authority (WRA)

4. The Cabinet Secretary had recently announced that the WRA would collect and manage Land Transaction Tax and most of Landfill Disposals Tax, with some assistance from Natural Resources Wales. When the WRA was operational, HMRC would continue to provide expertise through loans and secondments.
5. Dyfed Alsop would assume the post of Implementation Director of the WRA imminently. The process of appointing the Chair was underway, and the role would be advertised in September. It was expected that the Chair would be in place by January 2017. A breakfast event was being arranged to support the recruitment of the WRA Chair and Board. This would provide an opportunity for those interested to learn more about the WRA.

Land Transaction Tax (LTT) and Landfill Disposal Tax (LDT)

6. The Land Transaction Tax and Anti-avoidance of Devolved Taxes (LTTA) Bill would be introduced into the Assembly in the autumn. The LTTA Bill was a large and complex piece of legislation, and had been published in draft form ahead of introduction to give stakeholders opportunity to familiarise themselves with the content before the scrutiny process began.



Tax Advisory Group

Note of the meeting – 19 July 2016

7. A technical consultation had been published seeking views on a higher rate for additional properties.
8. The LDT Bill would be introduced later in the autumn. As part of this, the Welsh Government would seek to establish a LDT communities' scheme to replace the existing landfill communities fund.

Fiscal framework

9. The Cabinet Secretary would be meeting the Chief Secretary to the Treasury shortly to agree the scope of the discussions on a new fiscal framework for Wales. Areas for consideration included the long term operation of the funding floor and a higher capital borrowing limit.
10. The Welsh Government would continue to press for devolution of air passenger duty, at the very least for direct long haul flights to ensure parity with Northern Ireland.

Tax policy strategy

11. Over coming months, the Cabinet Secretary would be developing a tax policy strategy for Wales. He invited TAG members to provide any early thoughts.

Members' tax priorities

12. TAG members discussed and shared their views with the Cabinet Secretary. Issues raised by the members included:
 - the need for simplicity, clarity and accessibility in developing devolved tax policy, the importance of consensus, community and communication, and to ensure sufficient time was allowed to prepare for change;
 - support was offered by members to help ensure a wide field was aware of the applications process for the WRA chair and board and to encourage a range of skills, experiences and backgrounds;
 - the WRA would need to place emphasis on customer service, including top-quality tax processes drawing on the expertise of HMRC;
 - a close fit was required between English and Welsh tax legislation, preventing opportunities for loop holes;
 - the importance of establishing a fair fiscal framework for Wales.



Tax Advisory Group

Note of the meeting – 19 July 2016

13. Dr Winckler updated members on the lessons learned from the Bevan Foundation's final report on potential new devolved taxes for Wales, which was published in June.
14. The Cabinet Secretary agreed that communication was a key theme and welcomed the offers from members to spread messages through their channels. He underlined the necessity of getting right the practical aspects of the tax processes, and the important role of the WRA in delivering this.

Any Other Business

15. No items were raised under AOB.
16. The Cabinet Secretary thanked members for their helpful and constructive contributions. The next meeting would take place in the autumn.