



## Tax Advisory Group

Note of the meeting - 20 November 2017

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**Tax Advisory Group meeting  
20 November 2017  
Conference Room C & D, Ty Hywel  
Cardiff Bay**

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### **Tax Advisory Group**

Mark Drakeford AM, Cabinet Secretary for Finance - chair  
Andrew Evans, Geldards LLP  
Frank Haskew, Institute of Chartered Accountants in England and Wales  
Cllr Anthony Hunt, Welsh Local Government Association  
Robert Lloyd Griffiths, Institute of Directors  
Ruth Marks, Wales Council for Voluntary Action  
Kay Powell, The Law Society  
Leighton Reed, Institute of Chartered Accountants in England and Wales  
Dr Victoria Winckler, The Bevan Foundation

### **Other attendees**

Matt Williams, Federation of Small Businesses (representing Janet Jones)

### **Officials in attendance**

Andrew Jeffreys, Director, Welsh Treasury  
Dyfed Alsop, Director, Welsh Revenue Authority Implementation Programme  
Georgina Haarhoff, Welsh Treasury  
Debra Carter, Local Government Strategic Finance  
Ruth Leggett, Welsh Treasury  
Lu Toscano-Davies, Welsh Treasury - secretariat

### **Apologies**

Janet Jones, Federation of Small Businesses  
Martin Mansfield, TUC Wales  
David Phillips, Institute for Fiscal Studies  
Ian Price, CBI Wales



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### **Welcome from the Cabinet Secretary for Finance**

1. The Cabinet Secretary for Finance welcomed attendees and introduced two new members: Cllr Anthony Hunt, Finances and Resources Spokesperson for the Welsh Local Government Association (succeeding Cllr Aaron Shotton) and Leighton Reed, Tax Director from Broomfield and Alexander who was representing the Institute of Chartered Accounts in England and Wales (succeeding Martin Warren, now Board Member of the Welsh Revenue Authority).

### **Matters arising**

2. The note of the previous meeting (17 July) had been circulated to members prior to the meeting. The group confirmed the note was an accurate summary of the discussion.

### **New Taxes shortlist announced in the draft budget**

3. Following a National Assembly debate in July about the ability to develop new Welsh taxes, the Cabinet Secretary confirmed this would be an open, transparent and collaborative process to ensure policy proposals were as robust as possible. No decisions had been made and there was still some time to ensure proposals were fully informed.
4. Georgina Haarhoff explained there had been considerable interest among members of the public, with hundreds of responses on social media and dozens of emails to the Welsh Government. The outcome of this and the initial review conducted within the Welsh Government was a shortlist of four ideas, which were outlined in the *Welsh Tax Policy Report* (published alongside the draft Welsh Budget on 3 October). The four ideas were: a disposable plastics tax, a social care levy, a tourism tax and a vacant land tax.
5. Work was underway to develop further the evidence base for each of the proposals, including discussions with the sectors which would be affected. In early 2018, it was intended the Cabinet Secretary would inform the UK Government which of the four ideas he wished to take forward to test the Wales Act 2014 mechanism.
6. The Cabinet Secretary invited members to share their thoughts on the new taxes shortlist. Members underlined the need to ensure any potential new tax had a strong policy rationale. It was important to be clear on the extent to which a tax was seeking to change behaviour or raise revenue. A SWOT analysis would help to identify the viability of a tax, including its likely impact on social and economic issues. The case for whether a tax should operate at an all-Wales or local authority level would depend on a number of factors, including where the tax was likely to have the greatest impact.



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7. There was discussion about the potential complexity of a social care levy, the possible effects of a vacant land tax on landowners, property sector and investors, and practical considerations such as administration and enforcement. It was agreed that there were a number of issues that needed to be carefully considered. The Cabinet Secretary emphasised this was the beginning of the process and he would welcome further thoughts as the work progressed.

### Tax policy work plan

8. Georgina Haarhoff updated the group on the progress made with the tax policy workplan for 2017. Preliminary research and stakeholder engagement during the summer had informed the summaries which had been presented in the *Welsh Tax Policy Report*.
9. Georgina invited members to inform the secretariat by Christmas about any research areas they felt could be included in the work plan for 2018.
10. Debra Carter outlined the local taxes element of the work plan for 2018, which included considering how Council Tax could be made fairer, and reviewing small business rates relief.
11. Members underlined the importance of continuing to engage with stakeholders as Welsh tax policy was further developed, to ensure an open and transparent process.

### Welsh Revenue Authority

12. The Cabinet Secretary informed the group that, since the previous meeting, the WRA board had been appointed and Dyfed Alsop had been appointed as chief executive.
13. Dyfed provided the group with an update on the main milestones reached. Public engagement events had been held across Wales, informing development of the digital tax collection and management system. The consultation on WRA criminal powers had closed, with a report to be published shortly. WRA staff had moved to the QED Centre in Treforest, and the recent recruitment exercise had attracted a high number of applicants.

### Any Other Business

14. No items were raised under AOB.
15. The Cabinet Secretary thanked the attendees for their helpful and constructive contributions.
16. The next meeting would take place on 12 February 2018 and would focus on local taxation policy issues.