



Llywodraeth Cymru  
Welsh Government

# Welsh Government Welsh Tax Policy Report 2025

October 2025

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This is the fifth annual report on the Welsh Government's Tax Policy Work Plan 2021-26, delivering on our commitment to report annually on progress in taking forward our tax policy priorities.



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## Foreword



This is the fifth annual report on the Welsh Government's Tax Policy Work Plan 2021-26, delivering on our commitment to report annually on progress in taking forward our tax policy priorities.

As this is the last report for this sixth Senedd, as well as describing progress over the past year in delivering our tax policy in Wales, this Report reflects on the major development in tax policy during this Senedd. It aims to provide information for partners, individuals, and businesses about opportunities to engage with the tax agenda and

work together on tax policy initiatives for Wales.

Throughout this Senedd, we have continued to embed and strengthen our responsibilities for taxes in Wales. Devolved taxes, along with non-domestic rates now account for over 20 percent of the Welsh Government's annual budget. The Welsh Revenue Authority has now collected over £2 billion from the two fully devolved taxes since its creation. We continue to develop our tax policy with the interests of Wales at its heart.

Particular highlights from this year's Report include the passage of the Visitor Accommodation (Register and Levy) Act 2025, which became law in September 2025, following years of careful planning, consultation and engagement. This legislation delivers a key programme for government commitment, ensuring a more sustainable approach for tourism across Wales. On local taxes, we have moved into the delivery phase of the Local Government Finance (Wales) Act 2024, which provides the framework to develop fairer and responsive systems tailored to Welsh needs.

Alongside these key commitments, we have continued the work throughout this Senedd to embed and evolve our existing devolved taxes and related policy areas, ensuring they support delivery of strategic objectives and are aligned to our core tax principles.

This report also outlines actions taken this year, such as engagement activities, public consultations, and updates to devolved taxes. We welcome your feedback on any topics by contacting the Welsh Treasury via the channels listed at the end.

A handwritten signature in blue ink that reads "Mark Drakeford".

**Mark Drakeford MS**  
**Cabinet Secretary for Finance and Welsh Language**

## Background

1. There are three devolved Welsh taxes – Land Transaction Tax (LTT), Landfill Disposals Tax (LDT), and Welsh Rates of Income Tax (WRIT).
2. These three taxes generate revenue directly for the Welsh Government, with the remainder coming from the UK Government in a block grant.
3. There are three local taxes: council tax, non-domestic rates and the recently established visitor levy which generate revenues for principal councils in Wales.
4. It is essential that all taxes in Wales are operated efficiently and effectively to generate the revenue needed to fund Wales' vital public services, such as health, social services, education, and transport infrastructure.
5. Our Tax Policy Framework Update<sup>1</sup>, published in November 2021, sets out our core tax principles and approach to tax in Wales. Our tax principles affirm that Welsh taxes should:
  - Raise revenue to fund public services as fairly as possible.
  - Deliver Welsh Government policy objectives.
  - Be clear, stable and simple.
  - Be developed through collaboration and involvement.
  - Contribute directly to the Well-being of Future Generations Act goal of creating a more equal Wales.
6. The Tax Policy Framework sets out how we will continue to embed sustainability, fairness and equality considerations in the way in which we address our priorities.
7. The Welsh Government Tax Policy Work Plan 2021-2026<sup>2</sup> was published in November 2021. The Work Plan is an important mechanism through which we seek to raise awareness among stakeholders and other interested parties and enable them to engage with the development of the tax policy agenda in Wales.
8. This Tax Policy Report presents progress against the tax policy agenda in Wales. This is the fifth and final report since the publication of the Tax Policy Work Plan 2021-2026. The Report focusses particularly on the activity undertaken over the most recent year, but also reflects more broadly on the activity undertaken over

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<sup>1</sup> [Tax policy framework update | GOV.WALES](#)

<sup>2</sup> [Tax policy work plan 2021 to 2026 | GOV.WALES](#)

the five years covered by the Work Plan as well as outlining some of the future work planned.

## Welsh tax rates

### Background

9. Land Transaction Tax (LTT) and Landfill Disposals Tax (LDT) were introduced on 1 April 2018 and are collected and managed by the Welsh Revenue Authority (WRA). Welsh Rates of Income Tax (WRIT) was introduced on 6 April 2019 and is collected and managed by His Majesty's Revenue and Customs (HMRC).

### Welsh Rates of Income Tax

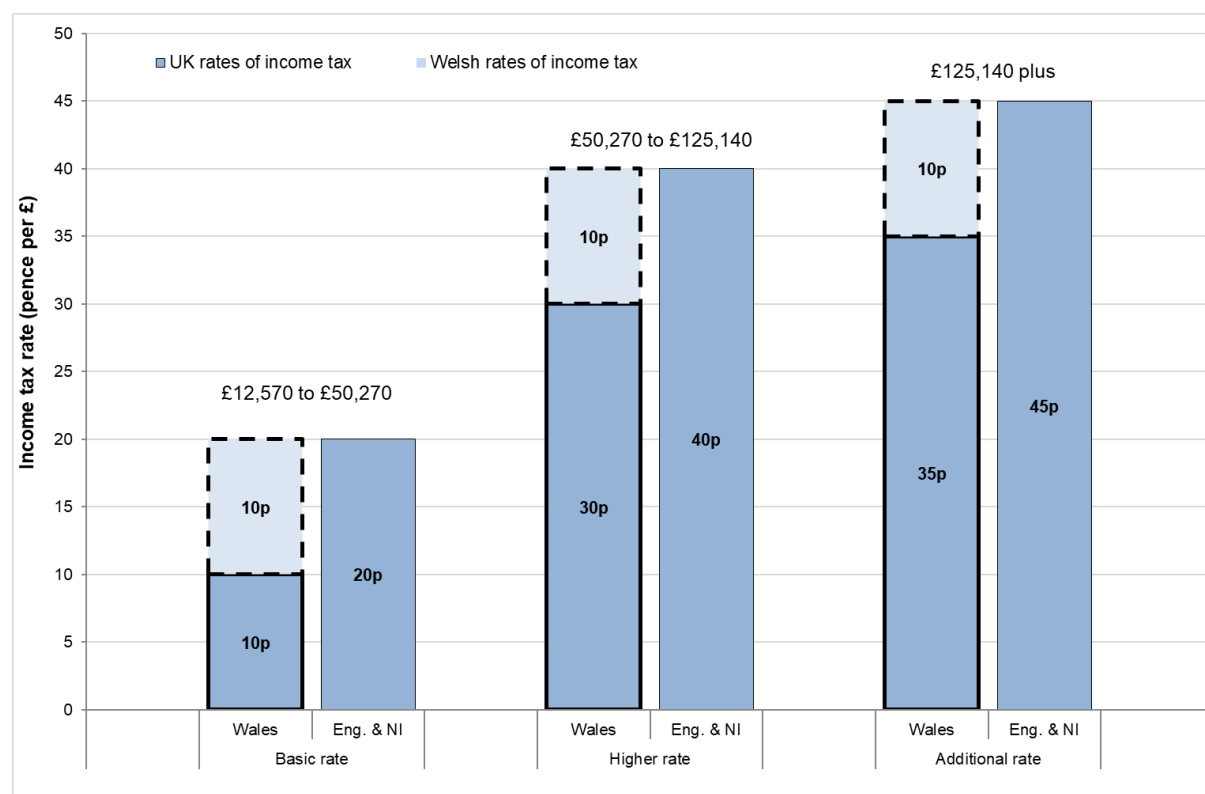
10. Income tax is partially devolved to Wales, which means that while the Welsh Government is able to vary the three income tax rates (basic, higher and additional) for Welsh taxpayers<sup>3</sup>, all other aspects of the tax remain the responsibility of the UK Government, and HMRC continues to administer income tax in Wales.
11. The process involves the UK Government reducing each of the three UK income tax rates for Welsh taxpayers by 10p and making a corresponding reduction to the Welsh block grant, which funds devolved public services in Wales. Through a vote at the Senedd, the Welsh Government decides whether to set WRIT at 10p, thereby retaining parity between Welsh and English taxpayers, or to set different rates.
12. The Welsh Government intends to set the WRIT for 2026-27 at 10p, maintaining the current levels. This proposal must be confirmed by the Senedd, through a resolution prior to the agreement of the final 2026-27 Budget.
13. Figure one shows the proposed rates and thresholds, based on the 2026-27 Income Tax thresholds and personal allowance.

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<sup>3</sup> In most cases, Welsh taxpayers are defined as people who live in Wales; however, a full definition is provided under s.8 of the Wales Act 2014:

<http://www.legislation.gov.uk/ukpga/2014/29/section/8/enacted>

Figure one: Proposed Income Tax rates in Wales, 2026-27



## Land Transaction Tax

14. The LTT rates and thresholds are kept under review. The rates payable on higher residential rates transactions were increased by 1 percentage point for each band with effect from 11 December 2024. No other changes to the rates and thresholds were made during this year. Previous changes were made to the main residential rates in October 2022, and prior to that in December 2020.

Table one: LTT residential main rates (from 10 October 2022)

Price threshold	LTT rate
£0 to £225,000	0%
More than £225,000 to £400,000	6%
More than £400,000 to £750,000	7.5%
More than £750,000 to £1,500,000	10%
£1.5m-plus	12%

Table two: LTT residential higher rates (from 11 December 2024)

Price threshold	LTT rate
£0 to £180,000	5%
More than £180,000 to £250,000	8.5%
More than £250,000 to £400,000	10%
More than £400,000 to £750,000	12.5%
More than £750,000 to £1,500,000	15%
£1.5m-plus	17%

Table three: LTT non-residential main rates (from 22 December 2020)

Price threshold	LTT rate
£0 to £225,000	0%
More than £225,000 to £250,000	1%
More than £250,000 to £1,000,000	5%
£1m-plus	6%

Table four: LTT non-residential lease rent rates (from 22 December 2020)

Price threshold	LTT rate
£0 to £225,000	0%
More than £225,000 to £2,000,000	1%
£2m-plus	2%

## Landfill Disposals Tax

15. The proposed rates of Landfill Disposals Tax will be announced following the Budget statement from the UK Government. It is intended that the LDT standard rate will be increased by forecast inflation (measured through the retail price index, or RPI).
16. The lower rate and unauthorised disposals rate will be increased to maintain their levels at 5% and 150% of the standard rate respectively.

## Development of Welsh Rates of Income Tax

### Purpose

17. To ensure the continued efficient delivery of WRIT and assess how potential changes could impact Welsh taxpayers.

### Background

18. WRIT was introduced on 6 April 2019. The UK rates on non-savings, non-dividend income were reduced by 10p in each band for Welsh taxpayers and the Welsh rates were set at 10p. Maintaining the Welsh rates at this level in each band means Welsh taxpayers will pay the same overall income tax rates as those in England and Northern Ireland.
19. Welsh Government has a Service Level Agreement (SLA) with HMRC for the collection of WRIT on behalf of Welsh Ministers. The WRIT Board, chaired jointly by the Welsh Government and HMRC, oversees the SLA between Welsh Government and HMRC. The SLA sets out requirements and performance measures for the operation of WRIT. The SLA is reviewed annually.
20. As set out in the SLA, HMRC is required to report annually on its delivery of WRIT. The latest report<sup>4</sup>, published on 11 September, provides information about HMRC's administration of WRIT, covering:
  - Compliance activity (including address assurance).
  - The collection of, and accounting for, revenues.
  - Customer service and support.
  - Data for rate setting and forecasting.
  - Data for Welsh Government cash management.

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<sup>4</sup> [Welsh Rates of Income Tax annual report 2025](#)



- The costs of delivering WRIT and recharging of HMRC costs.

## **Evidence and analysis**

21. The National Audit Office (NAO) independently audits HMRC's work to ensure good governance and value for money. The latest report<sup>5</sup>, published on 24 January 2025, reported that the NAO was satisfied with HMRC's administration of WRIT and that the costs paid by Welsh Government are accurate and fair.
22. A devolved income tax analytical working group oversees the analysis of devolved income tax statistics, including the outturn publications. This group comprises officials from HMRC, the Welsh Government, the Office for Budget Responsibility (OBR), the Scottish Fiscal Commission, and the Scottish Government.
23. The income tax outturn statistics provide both WRIT revenues and the equivalent revenues for the rest of the UK. These figures are used to calculate the Welsh Government's block grant adjustment - the reduction in funding from the UK Government to take account of revenues the Welsh Government receives directly from the devolved taxes.
24. In July 2025, HMRC published its latest set of outturn statistics relating to WRIT<sup>6</sup>. The outturn statistics showed that the revenue from WRIT in 2023-24 was £2,968 million, an increase of 13.4% from 2022-23. This is higher than the associated block grant adjustment (BGA) resulting in a net positive position of £187m. At the time of the 2023-24 budget the revenues were expected to be £63m higher than the BGA, so there is £124m owed to the Welsh Government. The details of this reconciliation amount from 2023-24 was detailed in a joint statement with HM Treasury which was published on 21 August 2025<sup>7</sup>. The reconciliation will be added to the Welsh Government's Budget in 2026-27.
25. The OBR produces forecasts of devolved tax revenues, including WRIT, for the Welsh Government. Its latest Welsh Taxes Outlook is published alongside the Welsh Government's Draft Budget. This includes updated forecasts for LTT and LDT, but the WRIT forecast has not changed since March. This is because it relies upon wider UK determinants which will be published by the OBR in the autumn Economic and Fiscal Outlook (alongside the UK Budget). The WRIT forecast will be revised in the Welsh Taxes Outlook Update at the Final Budget.
26. Based on the March forecast, WRIT revenues are forecast to be £3,754m in 2026-27. This is £313m higher than the corresponding block grant adjustment. Together with the reconciliation amounts from the outturn revenues for 2023-24

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<sup>5</sup> [Administration of Welsh income tax 2023-24 - NAO report](#)

<sup>6</sup> [Welsh Income Tax Outturn Statistics: 2023 to 2024 - GOV.UK](#)

<sup>7</sup> [Welsh Income Tax outturn reconciliation for 2023-24 - GOV.UK](#)

published earlier this year, WRIT will make a net positive contribution to the Welsh Government's budget of £437m in 2026-27.

27. Combined with equivalent figures of £29m for LTT and £20m for LDT, in total the devolved taxes are forecast to make a positive net budgetary contribution of £486m in 2026-27.
28. The Welsh Government intends to set WRIT for 2026-27 at 10p per band. This proposal is due to be presented to the Senedd through a motion prior to the consideration of the Final 2026-27 Budget.
29. The current Ready Reckoner<sup>8</sup> for WRIT provides estimates of the potential revenue impact from changes to each of the three Welsh Rates of Income Tax in 2026-27. To accompany the Final Budget, we will publish an updated Ready Reckoner which will incorporate the autumn WRIT forecast for 2026-27 and provide a new forecast for 2027-28.
30. This latest version of the Ready Reckoner takes account of HMRC's analytical work based on the longitudinal dataset.

### **Independent Review of Income Tax Powers**

31. The Cabinet Secretary for Finance and Welsh Language announced on 4 March that he would commission independent research into future options for further income tax devolution in Wales. The independent review will look at the performance of WRIT since its inception in 2019-20 as well as different potential models for future income tax devolution in Wales, considering the policy and fiscal opportunities and risks these models would provide.
32. On 25 September, the Cabinet Secretary for Finance and Welsh Language announced that the Fraser of Allander Institute and Bangor University had been appointed and had started to undertake this research.

### **Outcome and next steps**

33. The ongoing management of WRIT will continue to take place through the WRIT Board, with reference to the SLA between the Welsh Government and HMRC.
34. This process will be informed by our Programme for Government (PfG) commitments as well as tax forecasts and the wider economic and fiscal outlook.
35. The independent research into future options for income tax devolution in Wales will report next year. It will be for the next Welsh Government to consider the next steps.

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<sup>8</sup> <https://www.gov.wales/welsh-rates-of-income-tax-ready-reckoner-2025-to-2026>

## Reforming local government finance

### Purpose

36. To improve local government finance and taxation to ensure that they are fairer, more progressive, sustainable and accurate, whilst continuing to support vital local services. Such changes will also help support broader ambitions for a stronger, greener, and fairer Wales.

### Background

37. In our PfG, we commit to a fairer and more progressive council tax. Our programme also contains commitments which are relevant to local government finance and to non-domestic rates (NDR), including making the case for clear and stable tax devolution for Wales, strengthening the autonomy and effectiveness of local government to make them more effective in delivering services, and reducing the administrative burden on local government.
38. Significant progress has been made to make local taxes fairer over this Senedd term<sup>9</sup>. The Local Government Finance (Wales) Act 2024<sup>10</sup> provides for a range of reforms and new tools to create a local tax system which can be tailored more responsively to reflect Welsh needs. The Act provides a more flexible framework enabling the Welsh Government to adjust systems in response to changing circumstances and reduces our reliance on provisions in UK Government legislation to deliver local taxation changes for Wales in a timely way.

### Evidence and analysis

39. The actions we have taken this government term are focussed on achieving our goal of fairer systems tailored to Welsh needs, underpinned by a detailed evidence base published in 2021<sup>11</sup>. From that basis we have released subject-specific consultations, evaluations and reports to take steps towards the long-term goal. We maintain a website repository<sup>12</sup> where we publish research related to the local taxes.
40. This year, we have continued to supplement our evidence with in-depth analysis, including:
- Policy and impact analysis of routine datasets on property valuations for both council tax and NDR.
  - An annual report<sup>13</sup> on our Council Tax Reduction Scheme.

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<sup>9</sup> [Plenary 10/06/2025 - Welsh Parliament](#)

<sup>10</sup> [Local Government Finance \(Wales\) Act 2024](#)

<sup>11</sup> [Reforming local government finance in Wales: summary of findings | GOV.WALES](#)

<sup>12</sup> [Evidence and research on council tax and non-domestic rates | GOV.WALES](#)

<sup>13</sup> [Council Tax Reduction Scheme: annual reports | GOV.WALES](#)

- An annual statistical bulletin<sup>14</sup> on NDR in Wales. The bulletin includes data on the amount of NDR collected and reliefs provided, up to and including the 2023-24 financial year.
  - Alma Economics completed a review of NDR reliefs in Wales<sup>15</sup>. The primary aim of the research was to develop a set of key principles to guide future changes to the landscape of NDR reliefs, informed by practical experiences of billing authorities and the perceptions of ratepayers.
  - Findings<sup>16</sup> from the 2025 wave of the Wales Omnibus Survey into people's attitudes to council tax will be published in due course.
  - Continually developing the data we hold on NDR and council tax to inform policy choices.
41. We proactively engage on our plans with partners in local government, the Valuation Office Agency (VOA), the Valuation Tribunal for Wales (VTW), and a range of other key stakeholders, including Citizen's Advice Cymru and business communities.

## **Outcome and next steps**

### **A fairer council tax**

42. As noted in the Tax Policy Report 2024, the Local Government Finance (Wales) Act 2024<sup>17</sup> has set the future framework for council tax reforms in Wales as we work towards a fairer and more progressive system. The Act establishes five-yearly revaluation cycles starting from April 2028, ensuring council tax is updated on a more regular basis than it has been in the past, improving fairness and progressivity. This follows formal consultations<sup>18</sup> and a range of engagement activities over the course of the government term, to find the right balance between the scale and pace of change for households and local government.
43. Preparations are underway for the delivery of an updated and less regressive council tax system in 2028. This entails detailed property valuation work by the VOA and in due course, we will work through the operational requirements of delivery partners in local government and the VTW. Our understanding of the benefits and impacts of design choices continues to be supported by the Institute for Fiscal Studies, including measuring the distributional effects for households of different circumstances. How the system is designed in detail will be a matter for the next government in Wales.

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<sup>14</sup> [Non-domestic rates \(actuals\): April 2023 to March 2024 \[HTML\] | GOV.WALES](#)

<sup>15</sup> [Review of non-domestic rates reliefs | GOV.WALES](#)

<sup>16</sup> [Public attitudes to council tax | GOV.WALES](#)

<sup>17</sup> [Local Government Finance \(Wales\) Act 2024](#)

<sup>18</sup> [Find out about how we are reforming Council Tax | GOV.WALES](#)

44. Alongside this, we are delivering a number of other actions which contribute towards our PfG commitment to a fairer council tax. Enabled by the Local Government Finance (Wales) Act 2024, we have concluded<sup>19</sup> a review of the 53 categories of council tax discounts and exemptions to ensure they remain fit for purpose from both an operational and policy perspective. We plan to regulate to deliver improvements by April 2026. The programme to improve the appeals process for taxpayers<sup>20</sup> is also on track to be delivered by the end of this Senedd term.
45. Our council tax work is focussed on doing all we can to help those who are struggling to pay or in arrears. We are working closely with local authorities in Wales to ensure people are treated fairly and with dignity through the collection and enforcement process, whilst maintaining the stability of the tax by minimising avoidance by those who have the means to pay. A consultation<sup>21</sup> on fairer collection practices closed on 23 July 2025 and we are progressing legislative improvements for delivery in April 2026. These include shifting collection activities to focus on supportive prevention rather than harmful escalation.
46. Every year since 2013, and again in 2025, we have decided to support low-income households by investing £244m in a national rules-based Council Tax Reduction Scheme that is consistent across Wales. This year, the scheme reduced council tax for 256,500 households, of which 216,000 will pay no council tax, an important lever for tackling poverty. We are testing experimental approaches to alleviate council tax debts, through a Debt Rescue Scheme<sup>22</sup> which is currently available on a pilot basis in Merthyr Tydfil, Blaenau Gwent and Newport. This scheme tests new ways of working with Credit Unions and will be evaluated in 2026.

### **Non-domestic rates**

47. NDR contributes more than £1.1bn to fund vital local government and police services in Wales. It is right that our rates system and reliefs reflect the differences and unique circumstances of Wales.
48. The Welsh Government has provided unprecedented financial support to businesses and other ratepayers over recent years through the NDR system, particularly since the onset of the Coronavirus pandemic. We continue to provide significant levels of support, including an additional £78m in NDR relief for 2025-26. This provides a sixth successive year of targeted relief for the retail, leisure and hospitality sectors, in addition to our permanent rates reliefs worth £250m annually.

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<sup>19</sup> [Written Statement: Outcome of a review of council tax discounts and exemptions \(23 May 2025\) | GOV.WALES](#)

<sup>20</sup> [Written Statement: Consultation on Improving the Council Tax Appeals Framework – Summary of Responses \(26 June 2025\) | GOV.WALES](#)

<sup>21</sup> [Written Statement: Fairer Council Tax Enforcement Practices \(30 April 2025\) | GOV.WALES](#)

<sup>22</sup> [Pilot Council Tax Debt Rescue Scheme | GOV.WALES](#)

49. Looking forward, our focus remains on delivering a rates system which is demonstrably better for Wales, not just different from the current system. The landmark Local Government Finance (Wales) Act 2024 reflects a significant programme of work on local taxation which spans a number of years, delivering on our plans to ensure we have effective, flexible and responsive systems in place for households and businesses to contribute to funding local services.
50. We remain on track to deliver the final elements of our programme of NDR reforms set out for the current Senedd term<sup>23</sup>, by April 2026. At the heart of the Welsh Government's NDR reforms is a move to three-yearly revaluations in Wales. We successfully delivered the 2023 revaluation and preparations are underway for the next revaluation, which will take place on 1 April 2026.
51. A revaluation comprises the review of the rateable values of all non-domestic properties, by the VOA, at a particular point in time. Every non-domestic property will be assigned a new rateable value, based upon its estimated annual rental value as at 1 April 2024 (the antecedent valuation date). The VOA will compile and publish the new rating list in draft by the end of 2025.
52. A key feature of the NDR system is the multiplier. Wales currently has a single multiplier that applies to all properties in the tax-base. The Local Government Finance (Wales) Act 2024 provides powers to introduce differential multipliers, and we have recently consulted<sup>24</sup> on proposals for a lower multiplier for small to medium sized retailers and potentially a higher multiplier for high value properties. Decisions about the setting of multipliers for 2026-27 will be made in the lead up to the Welsh Government's final budget.
53. Further progress has also been made in delivering on our commitment to reduce opportunities for avoidance within the NDR system. We have recently consulted<sup>25</sup> on proposals to give effect to the general anti-avoidance framework established by the Local Government Finance (Wales) Act 2024 (by defining a range of artificial avoidance arrangements it will be used to counteract), and to create a duty for ratepayers to report certain changes of circumstances to billing authorities. These final legislative changes from the broad range of measures to tackle NDR avoidance announced in 2018 will take effect on 1 April 2026.
54. In the longer term, we continue to explore more fundamental reforms to the local tax system, including the case for a Land Value Tax in Wales. Building on the findings in Bangor University's detailed technical assessment<sup>26</sup> last Senedd term, experimental research has been commissioned, to test the valuation of land using different methodologies on a small-scale basis.

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<sup>23</sup> [Oral Statement: Non-Domestic Rates Reform \(29 March 2022\) | GOV.WALES](#)

<sup>24</sup> [Written Statement: Consultation on proposals for non-domestic rates differential multipliers \(20 May 2025\) | GOV.WALES](#)

<sup>25</sup> [Written Statement: Consultation on measures to address avoidance of non-domestic rates \(7 April 2025\) | GOV.WALES](#)

<sup>26</sup> [Local land value tax: technical assessment | GOV.WALES](#)



55. This research is planned to be published before the end of this Senedd term and will help inform how a Land Value Tax in Wales could potentially be implemented, providing a better understanding around one of the key hurdles of assigning land values.

## Development of a visitor levy

### Purpose

56. To enable local authorities to raise revenue to support sustainable tourism, in line with the Welsh Government's Programme for Government <sup>27</sup> (PfG).

### Background

57. The Visitor Accommodation (Register and Levy) Etc. (Wales) Bill was introduced to the Senedd on the 25 November 2024, delivering against the PfG commitment *'to introduce legislation permitting local authorities to raise a tourism levy.'* The Bill was passed by the Senedd at Stage 4 on 8 July, and received Royal Assent on 18 September when it became an Act.
58. Local authorities can now choose to introduce a visitor levy following a process of consultation and decision making. Where a levy is used, the Act sets two rates of £0.75 per person per night for overnight stays in shared accommodation such as hostels and campsites, and £1.30 per person per night for all other stays in visitor accommodation. There are some limited exemptions and circumstances where a refund will apply. If used across Wales, the visitor levy could generate up to £33m per annum for local authorities.
59. Levies are used across many countries to support sustainable tourism, with funds reinvested into local infrastructure and services which are integral to the visitor experience. Where they are used, they provide an important revenue stream for local areas to protect natural assets, reduce visitor impacts and to enhance or promote the tourism offer.
60. This work was previously progressed in collaboration with Plaid Cymru as part of the Co-Operation Agreement which ended in 2024.

### Evidence and analysis

61. Several key pieces of research were undertaken which helped inform the final legislative proposals:
- Alma Economics undertook a review of elasticities related to tourism in Wales<sup>28</sup>

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<sup>27</sup> [Welsh Government Programme for government: update \[HTML\] | GOV.WALES](#)

<sup>28</sup> [Evidence review of elasticities relevant to a visitor levy in Wales \(summary\) \[HTML\] | GOV.WALES](#)

- Bangor University researched comparative taxation regimes for similar areas that charge visitor levies<sup>29</sup>
  - Bangor Research also undertook a qualitative assessment of the non-economic benefits of visitor levies using comparator destinations, which explored best practice for design and implementation<sup>30</sup>
  - Consumer research which explored the sentiment of visitors to a proposed visitor levy<sup>31</sup>
62. The explanatory memorandum and regulatory impact assessment (EMRIA) was introduced alongside the legislative proposals on the 25 November 2024. This outlines in detail the anticipated costs and benefits arising from the legislation. This includes the economic impact assessment which was produced by Professor Calvin Jones from Cardiff University using input output tables.
63. These impact assessments for the visitor levy were published on the Welsh Government website.<sup>32</sup>

### **Outcome and next steps**

64. The WRA has commenced implementation activity for the National Registration and Visitor Levy services and continues to work closely with the tourism sector, local authorities and Welsh Government.
65. Local councils can choose if they want to introduce the visitor levy in their area. They will make the decision after consulting with residents and businesses. They must provide at least 12 months' notice before a visitor levy can be introduced in their area following consultation and a formal decision. We estimate that April 2027 will be the earliest point that a visitor levy can take effect in a local authority area.
66. National registration of all visitor accommodation providers across Wales will commence in October 2026 and the WRA will be undertaking a communications campaign to ensure providers know what they need to do and by when.
67. The Welsh Government will review the effect of the legislation five years after the point at which the Act is brought fully into force.
68. More information about the visitor levy and national registration policies can be found via [The Visitor Levy: how we can all benefit | GOV.WALES](#).

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<sup>29</sup> [Comparative analysis of the tax systems faced by the visitor economies in selected countries | GOV.WALES](#)

<sup>30</sup> [Review of impacts of visitor levies in global destinations | GOV.WALES](#)

<sup>31</sup> [Visitor levy research: views of consumers and residents | GOV.WALES](#)

<sup>32</sup> [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: impact assessments | GOV.WALES](#)



## Progressing the case for clear and stable tax devolution

### Purpose

69. To continue the case for clear and stable tax devolution, whilst pursuing agreement with the UK Government on a fit for purpose mechanism for devolving new tax powers.

### Background

70. Devolved taxation can be a powerful lever for influencing behaviour change, as well as generating revenue to support public spending to meet the needs of Wales and enable the development of more progressive taxes. It also allows us to develop a more strategic approach to central and local taxation in Wales, ensuring it is better able to meet the needs and priorities of citizens, businesses and communities.
71. We continue to keep our existing taxes under review and elsewhere in this Report we have updated on the work undertaken to develop our taxes to meet our revenue raising and wider policy requirements. Our tax principles continue to underpin any changes ensuring the devolved taxes continue to meet our principles of being clear and stable.
72. Since 2018, the Welsh Government has been seeking new tax powers for a potential new devolved tax 'on land suitable for development', – a 'vacant land tax' (VLT). The purpose of a VLT would be to help bring about the development of land which already has permissions or is within a local or strategic development plan but is not currently being developed. The new tax would be focused on incentivising behaviour change rather than raising revenue.

### Evidence and analysis

73. With the change of UK Government in July 2024, we have been able to restart our engagement with the UK Government to discuss the Welsh Government's proposals for the Senedd securing competence for a tax on land suitable for development in the near future.
74. Alongside these discussions we have continued to research similar taxes currently in operation elsewhere to inform the development of our plans. This includes the Residential Zoned Land Tax introduced in the Republic of Ireland earlier this year.

### Outcome and next steps

75. We will continue to work with the UK Government to progress our commitment to secure Senedd competence over a tax on land suitable for development.

76. We will also continue to consider the opportunities and risks to seeking further devolved tax powers to support the delivery of wider Welsh Government priorities in line with our tax principles.

## Consider the case for developing new environmental taxes for Wales, working where appropriate with the UK Government

### Purpose

77. To consider opportunities for environmental taxation in both devolved and reserved areas to help establish a stronger, greener and fairer Wales.

### Background

78. Our tax policy presents a potentially important lever for supporting wider government objectives. This is particularly the case in respect of considering the case for developing new environmental taxes for Wales, and as a means through which we can support wider efforts to tackle the climate and nature emergency.

### Evidence and analysis

79. We are working collaboratively with the UK and other devolved governments to develop and deliver initiatives to support our transition to a circular economy and accelerate our progress to achieving a zero waste, net zero carbon Wales. These include the development of an Extended Producer Responsibility Scheme for packaging, Carbon Emissions Trading Scheme and mandatory digital waste tracking.

### Outcome and next steps

80. We will also continue to work with key partners to understand the impact of UK-wide environmental initiatives. This evidence will help us determine what other opportunities might exist with regard to the development of other environmental related taxes in existing devolved and reserved areas, as well as new taxation areas.

## Development of land transaction tax policy

### Purpose

81. To ensure land transaction tax (LTT) policy continues to meet the Welsh Government's policy aims and tax principles, whilst raising revenue to support public services.

## Background

82. LTT is a tax on the purchase or lease of land and buildings that is primarily designed to raise revenues to help pay for Welsh Government spending. It can also potentially support other Welsh Government policy aims through, for example, reliefs or adjustments to the rates charged.
83. LTT higher residential rates are charged on additional residential properties bought by individuals who already own a residential property, for example second homes, buy-to-let properties, and on the purchase of any dwelling where the buyer is not an individual, such as a company.
84. LTT brings significant revenue to the Welsh Government. LTT generated revenue of £341 million in 2024-25 and is forecast to raise £401 million in 2026-27.
85. The 2025-26 Welsh Government Budget included an additional £650,000 of investment in the WRA to increase tax compliance activity, with the aim of bringing in a forecast additional £2.6m in tax revenues through clamping down on tax avoidance and evasion.

## Evidence and analysis

86. During the course of this Senedd we have undertaken a considerable amount of activity to ensure LTT continues to operate appropriately and effectively.
87. In 2022 we commissioned an independent review of the effectiveness of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017. The report concluded the policy intents have been met and the changes made through the introduction of LTT as the successor to Stamp Duty Land Tax in Wales remained appropriate.
88. Other notable developments over this Senedd have included:
  - a. In October 2022 we increased the starting threshold for paying the LTT main residential rates to £225,000. This continues to ensure no LTT is paid on the majority of home purchases in Wales.
  - b. In December 2024 we increased the LTT higher residential rates, which apply to purchases of additional properties, by 1%.
  - c. In July 2024 we changed the rules governing the LTT higher residential rates 3-year exception and refund periods. The new rules allow unlimited time for taxpayers to claim a refund of, or exception to, the higher residential rates elements of their LTT bill, when their transactions are impeded by fire

safety defects (e.g. cladding issues) and/or prevented by emergency restrictions<sup>33</sup>.

- d. In November 2024 we created a LTT relief for land and property transactions within special tax sites located in Welsh Freeports and Investment Zones (IZs). Originally the LTT relief applied to special tax sites in the Celtic Freeport, however, in January 2025 the relief was extended to special tax sites in the Ynys Môn Freeport.
- e. In February 2025 we changed the rules governing the interaction between multiple dwellings relief (MDR) and the subsidiary dwellings exception (SDE). Now, in certain multiple-dwelling transactions subject to the LTT main residential rates, it is not possible to claim both MDR and the SDE<sup>34</sup>.

## Outcome and next steps

- 89. We will continue to keep LTT under review, including the associated rates and bands, to ensure it meets the Welsh Government's policy aims and generates revenue for public services.
- 90. At the 2025 Draft Budget, we announced our intention to make further changes to the MDR regime, to (i) introduce a new equalisation rule to create per-dwelling parity between multiple-dwelling and single-dwelling transactions subject to the higher residential rates, and (ii) to increase the MDR minimum tax rule rate from 1% to 3%.
- 91. We will be introducing a new refund rule for the higher residential rates of LTT (HRRLTT). The new HRRLTT refund will apply where a taxpayer buys a dwelling and then leases it to a Welsh local authority (LA), through Leasing Scheme Wales (LSW). LSW is a Welsh Government scheme which is contributing towards the delivery of affordable homes. The main residential rates of LTT would apply to the transaction.
- 92. In May 2025, the Affordable Housing Taskforce<sup>35</sup> recommended that the Welsh Government should provide a LTT relief to Welsh LAs when they acquire property for social housing purposes, similar to the existing relief for registered social landlords (RSL). In response to the recommendation, we are reviewing the effectiveness of the current RSL relief and considering whether it is appropriate to replicate for Welsh LAs. This work builds on a consultation exercise undertaken<sup>36</sup> to assess the options available for extending the RSL LTT relief to Welsh LAs, along with other potential changes.

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<sup>33</sup> [Explanatory Memorandum to The Land Transaction Tax and Anti-Avoidance of Devolved Taxes \(Wales\) Act 2017 \(Amendments to Schedule 5\) Regulations 2024](#)

<sup>34</sup> [Explanatory Memorandum to The Land Transaction Tax \(Modification of Relief for Acquisitions Involving Multiple Dwellings\) \(Wales\) Regulations 2025](#)

<sup>35</sup> [Affordable Housing Taskforce: report and recommendations | GOV.WALES](#)

<sup>36</sup> [Proposed changes to land transaction tax reliefs | GOV.WALES](#)

## Development of landfill disposals tax policy

### Purpose

93. To ensure landfill disposals tax (LDT) continues to operate as intended and explore opportunities for supporting wider government objectives.

### Background

94. The Landfill Disposals Tax (Wales) Act 2017 introduced a standard and lower rate of tax which applies to disposals at authorised landfill sites. The lower rate applies to materials that meet the conditions set out in the LDT Act and the standard rate applies to all other materials. In addition, the LDT Act introduced a third rate of tax for waste disposed at places other than authorised landfill sites, known as the unauthorised disposals rate.
95. The WRA has been collecting and managing the LDT successfully since its introduction in April 2018. Following the public consultation on the lower rate of LDT<sup>37</sup>, the lower rate for LDT was increased to be equivalent to 5% of the standard rate. This represents the first divergence of the rates of LDT from those applicable in England and Northern Ireland under Landfill Tax (LFT).
96. We continue to monitor the impact of these changes to the tax rates for impacts on the amounts of waste going to landfill.
97. While LDT raises revenue to support public services, it is, primarily, a behavioural tax, with its key objective being to reduce the amount of materials being sent to landfill in Wales, thus supporting a shift to a more circular economy where resources are kept in use and waste avoided. As behaviour changes, revenues are expected to fall, as less waste is landfilled.
98. On 28 April 2025, HM Treasury published a consultation on proposals to reform LFT in England and Northern Ireland. These proposals included transitioning to single rate of LFT by 2030 and removing the Qualifying Fines Regime from April 2027.

### Evidence and analysis

99. The approach to setting LDT tax rates is guided by the Welsh Government's tax principles and the objective to reduce landfill disposals in Wales. Delivering stability and certainty for taxpayers and the wider waste industry has also been a key factor in setting the rates to date. Our approach has been for tax rates to only diverge from those of the predecessor tax rates to reflect Welsh circumstances.

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<sup>37</sup> [Public consultation on the lower rate of Landfill Disposals Tax | GOV.WALES](#)

100. An independent review of LDT was commissioned in 2022 and the Report was published in 2023<sup>38</sup>. The aim of the Review was to assess whether the tax was operating as intended by the Act. The findings of the independent review of LDT have helped inform our understanding of the impact of LDT rates on behaviours to date. The review found LDT to be well-aligned with Welsh Government environmental policies and priorities and noted its role as part of a package of policy measures that are collectively driving waste away from landfill and up the waste hierarchy.
101. The review, however, also highlighted that for several waste streams the LDT rates did not act as a deterrent to landfill. Furthermore, the review reported that there was evidence that the gap between lower and standard LDT rates had contributed to the misclassification of waste.
102. While the increase to the lower rate for this year was larger than in previous years, and narrowed slightly, the gap between the lower and standard rates, the issue of misclassification of waste, and the unauthorised disposal of waste, continues to be a key area for activity.
103. The LDT unauthorised disposals rate is set at 150% of the standard rate of LDT to deter unauthorised disposals which have an increased likelihood of negatively impacting the environment and our communities. The LDT unauthorised disposals rate is intended to encourage illegal operators to manage their waste more sustainably and, as a minimum, take it to an authorised landfill site and pay a fair share of tax.
104. The WRA has continued its close working partnership with Natural Resources Wales (NRW) on LDT. The two organisations developed a joint LDT strategy which focusses on collective action to address LDT risk linked to the misclassification of waste and unauthorised disposals.
105. Unauthorised disposals cases referred by NRW to the WRA for investigation have enabled the WRA to test its tax powers effectively, charging and collecting tax for the first time. For the three-year period (2022-23 to 2024-25), figures published by the WRA show it has collected £0.3 million from concluded cases.
106. The Welsh Government continues to recognise the role of LDT as part of the suite of measures to tackle waste crime in Wales. Ministers remain actively engaged with the collective action undertaken by the WRA and NRW and have demonstrated an eagerness to explore how the collaboration between the two organisations, and wider partners, can be marshalled to even greater effect in combating waste crime in Wales.

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<sup>38</sup> [Independent review: Land Disposals Tax \(Wales\) Act 2017](#)

## **Outcome and next steps**

- 107. The Welsh Government's Draft Budget for 2026-27 sets out our intention to raise the standard rate by forecast RPI. This is expected to be in line with the UK Government's increase in the standard rate of Landfill Tax and therefore limits the incentive for waste tourism.
- 108. The lower rate and unauthorised disposals rate are to be set to continue to be equivalent to 5% and 150% of the standard rate respectively.
- 109. The specific rates will be announced following publication of the forecast RPI amount at the UK Government's Autumn Budget scheduled for 26 November.
- 110. The Welsh Government will consider its response to any changes to Landfill Tax, taking into account the outcome of HM Treasury's recent consultation, and be guided by its tax principles, and the objective of reducing landfill disposals in Wales.
- 111. The Welsh Government will provide an additional £0.3m to the WRA in 2026-27 to support increased investigation activity in response to unauthorised disposals. This is forecast to increase tax revenues by approximately £0.7m each year and also aims to act as a deterrent to potential future unauthorised disposals.

## **Developing the Welsh tax-base**

### **Purpose**

- 112. To ensure the Welsh Government's policies are developed with consideration to the short, medium, and long-term impacts on the Welsh tax-base.

### **Background**

- 113. The tax base is fundamental to the economic resilience and fiscal sustainability of Wales. It underpins the generation of public revenue, supports economic growth, and enables the delivery of essential public services. Strengthening and broadening the tax base enhances Wales's fiscal autonomy, empowering decision-making that reflects the nation's demographic profile and its distinct economic and social priorities.
- 114. The PfG set out a commitment to consider new ways to grow our tax-base and consider the funding implications of any recommendations from the Constitutional Commission.

### **Evidence and analysis**

115. The Welsh tax base continues to evolve in response to demographic, economic, and behavioural trends.
116. The Office for National Statistics (ONS) estimates in mid-2024 around 3,187,000 people were living in Wales, an increase of 0.6% since mid-2023 or around 19,300 more people. Over the same period England's population increased by 1.2%. The population increase in Wales between mid-2023 and mid-2024 was driven by positive net international migration of around 22,700 people, and net internal migration to Wales, from other UK nations, of around 4,800 people. Over the same period, the long-term trend of more deaths than births in Wales, continued with around 35,600 deaths in Wales in the year to mid-2024.<sup>39</sup> There continued to be more deaths than births in Wales as there were around 35,600 deaths and 27,500 births in the year to mid-2024.
117. The ONS's principal population projections are for the Welsh population to continue to age over the next decade. The mean(median) age is projected to increase from 43.2(42.9) in 2025 to 44.9(44.6) in 2035.
118. The labour market in Wales is a key driver of the strength of the Welsh tax base. As discussed in more detail in the 2025 Wales Economic and Fiscal Report (WEFR), published alongside the Draft Budget<sup>40</sup>, there are ongoing concerns about the accuracy and reliability of the Labour Force Survey (LFS). Therefore, Welsh Government analysts recommend consideration should also be given to the trends exhibited by other labour market data sources most notably:
- a. the Annual Population Survey (APS),
  - b. HMRC's Pay as You Earn (PAYE) count of the actual number of employees on PAYE payrolls, and
  - c. Administrative data about the number of people claiming unemployment-related benefits (Jobseeker's Allowance or those receiving Universal Credit, for unemployment reasons).
119. Taken together, the labour market statistics broadly point to a cooling of the labour market. APS and HMRC data show relatively stable employment rates and decreasing employee numbers respectively across the last year, whereas the LFS shows volatile changes in the employment rate. Whilst APS showed a decrease in the unemployment rate during 2024 and claimant counts indicating an increasing trend, this has not been maintained from the end of 2024 into early 2025. For the same period LFS estimates show a sharp rise in the unemployment rate during 2024 followed by a decreasing rate in 2025.

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<sup>39</sup> More detailed analysis and explanation of demographic changes in Wales can be found here <https://www.gov.wales/mid-year-estimates-population-2024-html>

<sup>40</sup> <https://www.gov.wales/draft-budget-2026-2027>



120. Analysis by the OBR shows that lower productivity and associated lower earnings are key drivers of the lower amount of income tax paid per person in Wales relative to the UK. Trends in economic inactivity, productivity and earnings are analysed in more detail in the WEFR referenced in para 118.

### **Outcome and next steps**

121. The Welsh Government will continue to make the case for a more flexible migration system that recognises demographic and economic conditions in Wales. More recently immigration changes have been implemented by the UK Government that will have substantial impacts on the Welsh demography, economy and ability to recruit internationally. The most drastic changes include the closure of the Social Care Visa to new applicants, an increase to salary thresholds and an increase in the Regulated Qualifications Framework (RQF) levels of jobs eligible for the Skilled Worker Visa. These changes were made without prior consultation or engagement with the devolved governments but will unavoidably impact on devolved areas of responsibility. The UK Government has made a commitment to improve engagement with devolved governments, most predominantly through the current reviews being undertaken by the Migration Advisory Group.
122. The Welsh Government is working with the UK and other devolved Governments to broaden the tax base through new fiscal levers aligned with climate goals such as the introduction of a UK Carbon Border Adjustment Mechanism from January 2027. The Welsh Government's Economic Mission sets out how it is helping to narrow the skills divide and support better jobs, with our Plan for Employability and Skills prioritising those most in need of help. This includes supporting people to stay in work and those further away from the labour market to find employment.
123. The Welsh Government will continue to work with the Wales Productivity Forum, led by the University of Cardiff on the implementation of research insights and the design of practical business and policy interventions to increase productivity in Wales.<sup>41</sup>
124. The Welsh Government will also continue to work with Wales Fiscal Analysis (WFA), a research body within Cardiff University's Wales Governance Centre that undertakes independent research into the public finance issues in Wales.
125. The Welsh Government is also developing a statement of its Areas of Research Interest (ARI), which will be published to guide and encourage research that supports evidence-based policymaking in economic and fiscal domains. One of the ARI's key themes is likely to be fiscal devolution and the public finances,

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<sup>41</sup> [Wales Productivity Forum - The Productivity Institute](#)

outlining where further research is sought on devolved taxation. Further information on the ARI can be found in this year's WEFR referenced in para 118.

126. The Welsh Government is working closely with the Department of Work and Pensions to implement a range of measures aimed at reducing economic inactivity across Wales.
127. The Welsh Government funded Communities for Work Plus which works in partnership with all twenty-two local authorities across Wales, to provide community-based mentoring, training, and financial support to address barriers to employment. Since its launch in April 2018 the programme has supported more than 72,000 people of which, over 32,000 have entered employment of more than 16 hours a week.
128. The Welsh Government also funds Jobs Growth Wales Plus which provides an individualised package of support to help young people reach their full potential and take their first steps into the world of work and as such avoids the potential drift into economic inactivity. Over 15,685 young people have accessed the programme since its launch in 2022.
129. The Welsh Government's Out of Work Service and In Work Support Service also directly supports those who are economically inactive. The Out of Work Service supports people into work if they are economically inactive, long term unemployed, not in education employment or training (NEET) and if they are recovering from mental ill-health and/or substance misuse. The In-Work Support
130. Service provides support for those who are absent from work; or at risk of becoming absent from work due to physical or mental ill-health. It is aimed at employees of SMEs in the private and third sector. There is also support for businesses to adopt positive changes in Health & Wellbeing practices, policies, and guidance.
131. The Welsh Government is developing a new Employability Support Programme which aims to incorporate the UK government commitment to devolve non-Jobcentre Plus employment support funding to the Welsh Government. The aim is to develop an integrated work, health, and employment offer across Wales.

## Enabling changes to the Welsh Tax Acts

### Purpose

132. To establish a long-term architecture for the Welsh Ministers and Senedd to effect changes to the Welsh Tax Acts, with the flexibility to respond to external circumstances, ensuring the tax system remains effective and up-to-date.

## Background

133. The Senedd passed the Welsh Tax Acts etc. (Power to Modify) Act 2022 in July 2022. It received Royal Assent in September 2022. The Act provides the Welsh Ministers with the right tools to respond to certain defined external circumstances that may impact on the Welsh Tax Acts.
134. The Act enables the Welsh Ministers to use regulation making powers to address unexpected events, such as court judgments, loopholes or changes in equivalent reserved taxes that operate in England, which could have a significant impact on the liabilities of individuals and on our revenues.
135. Several amendments were made during the Bill Stages. Most significantly a sunset clause was introduced. It applies five years after the Act came into force (the day after the Act received Royal Assent). Therefore, new regulations cannot be made using the power provided by the Act after 7 September 2027. The Welsh Ministers may lay regulations that extend the time that regulations using the power in the Act can be made, up to a maximum date of 30 April 2031 (the end of the Seventh Senedd term).
136. Furthermore, the Act was amended to include an obligation on the Welsh Ministers to review the operation and effect of the Act and to publish the conclusions of that review. The conclusions of the review must be published by 7 September 2026. That review must also “*include an assessment by the Welsh Ministers of alternative legislative mechanisms for making changes to the Welsh Tax Acts and regulations made under any of those Acts*”. The Welsh Government has started planning the work to support the Welsh Ministers in their review and engagement on the alternative mechanisms will start in the first half of 2025.
137. The power provided by the Act has not yet been used by the Welsh Ministers.

## Evidence and Analysis

138. The Cabinet Secretary for Finance and Welsh Language launched a Green Paper consultation on the 8 September<sup>42</sup> exploring options for amending Welsh Tax Acts in the future and provided an Oral Statement in the Siambr on the 16 September<sup>43</sup>.

## Next Steps

139. The Green Paper also seeks views on extending the sunset clause within the Act by way of regulations, which would permit a one-off extension until April 2031. This would provide time to enable the in-coming government to assess

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<sup>42</sup> [Making changes to the Welsh Tax Acts | GOV.WALES](#)

<sup>43</sup> [Oral Statement: Green paper seeking views on changes to the Welsh Tax Acts \(16 September 2025\) | GOV.WALES](#)

the consultation responses and decide on an appropriate course of action. The consultation will close on the 28 November.

## Managing Welsh taxes with our partners within a wider UK and international context

### Purpose

140. To establish a distinct Welsh approach to the way Welsh taxes are managed, working in partnership with administrators across the UK. .

### Background

141. In Wales there are five taxes in operation with some degree of devolved responsibility, which are collected by different tax authorities:

- The two fully devolved taxes, LTT and LDT, are collected and managed by the WRA.
- Partially devolved income tax, WRIT, is collected by HMRC on behalf of the Welsh Government.
- The two local taxes – council tax and NDR – which are collected by local authorities in Wales.

142. Although the different tax collection authorities have developed differently, being supported and shaped by a range of different structures, processes, requirements we continue to maintain a focus on a strategic, coherent and distinct approach to the way taxes are administered in Wales.

### Evidence and analysis

143. Our policy partnership with the WRA is key to developing and distinguishing the Welsh approach. Our approach recognises the importance and value of developing tax policy aligned with how we collect and manage devolved taxes in Wales. This is a key element of developing the Welsh Way of Doing Tax (WWoDT), ensuring that the considerations around policy and delivery of taxes in Wales are built into planning and development from the outset.
144. Particularly important during this year has been the partnership work with the WRA to develop the design and delivery of the Visitor Levy and Visitor Registration systems. With the Visitor Levy Act now passed by the Senedd the emphasis of the work has now moved to implementation. We will continue to work closely with the WRA to enact the legislation and develop the required systems to be ready for those local authorities wishing to implement a visitor levy from April 2027.

145. The WRA has been successfully operating the two fully devolved taxes for over seven years and collected over £2 billion. That experience has been underpinned by a culture of continuous learning and improvement. Some operational improvements require primary legislation, and we have worked with the WRA on developing proposals for a Bill that, if agreed, could be introduced early into the next Senedd.

### **Outcome and next steps**

146. Looking forward we will continue to consider opportunities to strengthen the architecture underpinning our partnership arrangements with the WRA.
147. As work on the Visitor Levy focuses more on delivery partnership with LAs, it is important to ensure that the implementation of this new service and the arrangements that underpin it are as smooth and effective as possible. We will work with the WRA to finalise a consultation document on the changes proposed for a potential Tax Maintenance Bill that could be introduced early in the next Senedd.

## **Increasing awareness and knowledge of taxes in Wales through wider engagement activities**

### **Purpose**

148. To raise the awareness of devolved taxes in Wales.

### **Background**

149. Engagement and collaboration with our key partners and stakeholders are vital to designing and developing existing and new taxes to ensure they are delivering against our tax principles and wider policy interests, recognising the particular characteristics and considerations associated with each specific tax.

### **Evidence and Analysis**

150. On 19 June we held our annual tax conference in Cardiff. This is our primary vehicle for engaging with the wide range of stakeholders with an interest in tax policy in Wales. The event was attended by over 100 people with an interest in tax and fiscal policy, receiving a varied range of relevant presentations from speakers from Wales, the UK, and internationally.
151. We continue to engage with key stakeholders including local authorities, the Chartered Institute of Taxation and relevant trade associations.
152. We continued with our particular focus on engagement with interested stakeholders during the passage of the Visitor Accommodation (Register and Levy) (Wales) Act 2025. A working group was convened with stakeholders from the tourism sector, trade bodies, local authorities and taxation experts, to input

into policy thinking. The WRA now chairs the working group as they take on their new statutory responsibilities, ensuring ongoing engagement and involvement of the sector in service design.

153. Welsh Rates of Income Tax is the largest of our devolved taxes and the tax that impacts all income taxpayers in Wales. We work with HMRC, who administers WRIT on our behalf. Awareness of WRIT in Wales continues to be relatively low. The 2025 Wales Omnibus survey results indicate 37% of people in Wales are aware that we are able to set rates for an element of income tax raised in Wales.
154. Alongside engagement activities in relation to our devolved taxes we have also engaged proactively with the UK Government on Welsh interests in relation to non-devolved taxes. These taxes have a direct impact on the lives of all UK citizens and are therefore important to Wales as well as the rest of the UK.
155. The Welsh Treasury has a constructive and proactive working relationship with HMRC and HM Treasury and regularly engages with them on a wide range of reserved tax issues. Our objective is to understand the UK Government's taxation plans and ensure that the interests of Wales are taken into consideration.
156. We have been working collaboratively to ensure that:
  - the interests of Welsh taxpayers are considered in UK-wide legislation.
  - Welsh taxpayers are not inadvertently disadvantaged by any new UK reserved tax legislation.
  - Welsh Government initiatives are afforded parity of tax treatment with equivalent initiatives in the rest of the UK.
157. Our policy of early, open, proactive engagement provides tangible results, such as the recent change in UK Inheritance Tax legislation to ensure that Welsh farmers are not disadvantaged when the new Sustainable Farming Scheme commences.
158. Welsh Treasury has two X channels, @WelshTreasury and @TrysorlysCymru and publishes content on the Cabinet Secretary's position on fiscal matters, Welsh Budget, Welsh Taxes, collaboration with other devolved governments and Welsh Government policy and spending announcements. Followers have increased over the past year with @WelshTreasury having approximately 8,040 followers and @TrysorlysCymru approximately 1,750 followers.

## **Outcome and Next Steps**

159. We will:

- Continue to use key fiscal events, such as the publication of the Draft Budget, to raise awareness of how money is raised and spent in Wales.
- Draw on the feedback from our most recent tax conference to consider the planning for our next event.
- Produce guidance for local authorities on the operation of the Visitor Accommodation (Register and Levy) (Wales) Act 2025. Consultation on the draft guidance is set to take place over the Autumn period.
- We plan to take forward a project working with stakeholders to improve young people's awareness and engagement with devolved taxes and tax policy development.