



Llywodraeth Cymru
Welsh Government

Welsh Government

Welsh Tax Policy Report 2021

December 2021

gov.wales

Contents

	Page
Foreword	2
Background	4
Welsh tax rates	5
A. Delivery of strategic government objectives including Programme for Government commitments	8
1. Development of Welsh rates of income tax	8
2. Reforming local government finance	9
3. Development of a tourism levy	11
4. Progressing the case for clear and stable tax devolution	12
5. Consider the case for developing new environmental taxes for Wales, working where appropriate with the UK Government	13
B. Ongoing policy review and implementation of our existing taxes and other related policy areas	15
6. Development of land transaction tax policy	15
7. Development of landfill disposals tax policy	16
8. Land transaction tax review	18
9. Landfill disposals tax review	18
10. Developing the Welsh tax base	19
11. Enabling changes to the Welsh Tax Acts	22

C. Continued focus on working with partners and citizens to embed our distinct Welsh tax approach and raise awareness of Welsh taxes	24
12. Managing Welsh taxes with our partners within a wider UK and international context	24
13. Increasing awareness and knowledge of taxes in Wales through wider engagement activities	25
Annex 1: Abbreviations used in this report	27
Annex 2: Contact details for further information	28
Figures and tables	
Figure 1: Proposed Income tax rates in Wales, 2022-23	6
Table 1: LTT residential main rates (before 27 July 2020 and from 1 July 2021)	6
Table 2: LTT residential higher rates (from 22 December 2020)	7
Table 3: LTT non-residential main rates (from 22 December 2020)	7
Table 4: LTT non-residential lease rates rent rates (from 2 December 2020)	7
Table 5: LDT rates (rate per tonne)	7

**Rebecca Evans MS**

Minister for Finance and
Local Government

Foreword

When I published our update to the Tax Policy Framework together with our Tax Policy Work Plan 2021-2026 in November, I committed to reporting annually on progress in forwarding our tax policy priorities, alongside the Welsh Government's Draft Budget. This is the first tax policy report published under these arrangements.

While this report follows quickly on from the publication of the Work Plan, it builds on the progress we made in the last Senedd, which is presented in the previous Tax Policy Report, published earlier this year. It also takes the opportunity to explain the activity we are engaged in, in taking forward our tax related Programme for Government commitments, for example, in the areas of local government finance reform, and preparatory work to undertake a consultation on proposals to permit local authorities to raise a tourism levy.

As is to be expected, the report reflects relatively more progress on some of our tax policy priorities than on others. However, it is important to provide an annual report on progress against our tax policy priorities to enable our stakeholders to identify where, when and how they can best engage with our tax agenda and work collaboratively with us to co-deliver our tax policy priorities for Wales. This is consistent with how we develop tax policy in Wales, as articulated in our tax policy approach.

I hope you find this report useful. You can input, contribute your ideas and forward your views on any of the subjects covered in this report by contacting the Welsh Treasury through one of the channels listed at the end of the document.

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive, flowing style.

Rebecca Evans MS

Minister for Finance and Local Government

Background

1. There are three devolved Welsh taxes – Land Transaction Tax (LTT), Landfill Disposals Tax (LDT), and Welsh Rates of Income Tax (WRIT).

2. In return for the tax revenue generated by the Welsh taxes, the UK Government reduces the block grant funding it provides to Wales by an equivalent amount.

3. It is essential the devolved Welsh taxes together with the two local taxes – council tax and non-domestic rates (NDR) – 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.

4. Our Tax Policy Framework¹ underpins our work on taxes in Wales. We published our update to the Tax Policy Framework² in November which included our five tax principles and our 'tax policy approach'. Our tax principles bring consistency and coherence to the way in which we develop and deliver tax policy in Wales and 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.

5. The Tax Policy Framework Update sets out how we will ensure we continue to embed sustainability, fairness and equality considerations in the way in which we address our priorities.

6. The Welsh Government published its Tax Policy Work Plan 2021 – 2026³ in November. The Tax Policy Work Plan is an important mechanism through which we seek to raise awareness among stakeholders and other interested people and organisations about what the Welsh Government is investigating, enabling them to engage with the tax agenda in Wales.

7. To further enable stakeholders and partners to work collaboratively with the Welsh Government to develop and deliver tax policy that reflects Welsh needs and priorities, consultation and other tax policy specific engagement activity is undertaken as appropriate. In addition, the Welsh Government hosts an annual tax conference in the autumn to provide the opportunity to explore some of the work streams and other tax issues in more detail.

8. This Tax Policy Report presents progress with the tax policy agenda in Wales. This is the first report since the publication of the Tax Policy Work Plan 2021 – 2026 and forms part of the package of documents published to accompany the Welsh Government Draft Budget.

1 Tax policy framework | GOV.WALES <https://gov.wales/tax-policy-framework>

2 Tax policy framework update | GOV.WALES <https://gov.wales/tax-policy-framework-update>

3 Tax policy work plan 2021 to 2026 | GOV.WALES <https://gov.wales/tax-policy-work-plan-2021-to-2026>

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) were introduced on 6 April 2019, and are collected and managed by 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 taxpayers⁴, 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. The Welsh Government decides whether to set the Welsh rates at 10p, thereby retaining parity between Welsh and English taxpayers, or to set different rates.

12. In line with its commitment not to take more in WRIT from Welsh taxpayers for at least as long as the economic impact of coronavirus lasts, the Welsh Government intends to set the Welsh Rates of Income Tax for 2022-23 at 10p, maintaining the current levels. This proposal must be confirmed by the Senedd, through a motion prior to the agreement of the final 2022-23 Budget.

13. Figure one shows the proposed rates and thresholds, based on the 2022-23 Income Tax thresholds and personal allowance which were set out in the 2021 UK Spring Budget.

⁴ 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 1: Proposed Income tax rates in Wales, 2022-23*

Land Transaction Tax

14. As part of the Welsh Government's COVID-19 response there were a number of changes to LTT rates which took effect in 2020, including some temporary changes to the residential main rates. Details about those changes were included in the previous tax policy report published in March 2021⁵. Temporary changes ended on 30 June 2021, as previously announced, and the current rates and bands are as follows.

Table 1: LTT residential main rates (before 27 July 2020 and from 1 July 2021)

Price threshold	LTT rate
£0 to £180,000	0%
More than £180,000 to £250,000	3.5%
More than £250,000 to £400,000	5%
More than £400,000 to £750,000	7.5%
More than £750,000 to £1,500,000	10%
£1.5m-plus	12%

Table 2: LTT residential higher rates (from 22 December 2020)

Price threshold	LTT rate
£0 to £180,000	4%
More than £180,000 to £250,000	7.5%
More than £250,000 to £400,000	9%
More than £400,000 to £750,000	11.5%
More than £750,000 to £1,500,000	14%
£1.5m-plus	16%

Table 3: 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 4: 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 Draft Budget announces that it is proposed the Landfill Disposal Tax rates increase with forecasted levels of inflation (measured through RPI) with effect from 1 April 2022. This continues the policy of maintaining consistency with the UK Government's approach to landfill tax rates and increasing in line with inflation at the start of each financial year.

Table 5: LDT rates (rate per tonne)

Rate	From 1 April 2020	From 1 April 2021	From 1 April 2022
Standard	£94.15	£96.70	£98.60
Lower	£3.00	£3.10	£3.15
Unauthorised	£141.20	£145.05	£147.90

A. Delivery of strategic government objectives including Programme for Government commitments

1. Development of Welsh rates of income tax

Purpose

16. *Continue to examine how potential changes to Welsh Rates of Income Tax could impact on Welsh taxpayers. The Welsh Government has committed to not take more in Welsh Rates of Income Tax from Welsh taxpayers for at least as long as the economic impact of coronavirus lasts.*

Background

17. Welsh Rates of Income Tax (WRIT) were 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. As long as the Welsh rates are maintained at this level in each band, Welsh taxpayers will pay the same overall income tax rates as those in England and Northern Ireland.

18. Welsh Government has an arrangement with HMRC for the collection of WRIT on behalf of Welsh Ministers. The Welsh Rates of Income Tax Board (WRIT Board), chaired jointly by the Welsh Government and HMRC oversees the

Service Level Agreement (SLA) between Welsh Government and HMRC. The SLA sets out requirements and performance measures for the operation of WRIT. The SLA is reviewed annually. The latest version was published on 3 November.

19. As set out in the SLA, HMRC is required to report annually on its delivery of WRIT. The latest Annual Report was published on the UK Government's website⁶ on 10 December 2021. The report 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; and
- the costs of delivering Welsh Rates of Income Tax, and recharging of HMRC costs.

⁶ Welsh rates of Income Tax – HMRC annual report 2020 – GOV.UK (www.gov.uk)
www.gov.uk/government/publications/welsh-rates-of-income-tax-hmrc-annual-report-2020

Evidence and analysis

20. The National Audit Office (NAO) independently audits HMRC's work to ensure good governance and value for money. The third report⁷, published 21 January 2021, indicated the NAO is satisfied with the arrangements which HMRC has in place for administering WRIT, and it is also satisfied that the governance arrangements and the costs paid by Welsh Government are accurate and fair.

21. A devolved income tax analytical working group oversees the analysis of devolved income tax statistics, including the publication of outturn. This group comprises officials from HMRC, the Welsh Government, the Office for Budget Responsibility (OBR), the Scottish Fiscal Commission, and the Scottish Government.

22. On 22 July 2021, HMRC published the first ever set of outturn statistics relating to the WRIT. This marked another important step in the tax devolution process in Wales. As 2019-20 was the first transitional year, these outturn statistics have no direct impact on the Welsh Government's budget. However, they will set the baseline for forecasts used in future Welsh Government budgets.

23. The outturn for 2019-20 at just over £2 billion, is very similar to forecasts, providing reassurance that the information sources and forecast methodologies used are robust and reliable⁸.

24. The publication also included information about receipts for 2020-21 from HMRC's Real Time Information (RTI) system which have also not been released publicly before.

25. The Welsh Government intends to set the Welsh Rates of Income Tax for 2022-23 at 10p. This proposal is due to be presented to the Senedd, through a motion prior to the agreement of the final 2022-23 Budget.

26. To accompany the Draft Budget we have published our Ready Reckoner for Welsh Rates of Income Tax. This has been updated for 2022-23 and 2023-24 to provide estimates of the potential revenue impact from changes to each of the three Welsh Rates of Income Tax.

Outcome and next steps

27. The on-going management of WRIT will take place through the WRIT Board, with reference to the SLA between the Welsh Government and HMRC.

28. This process will be informed by our Programme for Government⁹ commitments as well as tax forecasts and the wider economic and fiscal outlook.

2. Reforming local government finance

Purpose

29. *To improve local government finance and local taxation systems so that they are fairer, more progressive, sustainable and accurate, while continuing to support vital local services such as education, social care, housing, local transport, policing and community safety. We will also make changes which contribute to delivering our wider ambitions for a stronger, greener and fairer Wales.*

⁷ The National Audit Office report can be found at: www.nao.org.uk/report/administration-of-welsh-income-tax-2019-20/

⁸ The OBR produces forecasts of the devolved taxes, including the Welsh rates of income tax, for the Welsh Government. Its latest Welsh Taxes Outlook is published alongside the Welsh Government's Draft Budget.

⁹ Programme for government: update | GOV.WALES www.gov.wales/programme-for-government-update

Background

30. In our Programme for Government 2021-26, we commit to “seek to reform council tax to ensure a fairer system for all”¹⁰. This is also included in the Cooperation Agreement. Our programme also contains other ambitions which are relevant to local government finance and the local taxes, including making the case for clear and stable tax devolution for Wales, and strengthening the autonomy and effectiveness of local government to make them more effective in delivering services.

31. We are proud of our achievements last term in taking steps towards improved and fairer local taxes. On council tax, we removed the threat of imprisonment for non-payment; we created a new exemption for young care-leavers; we improved access to discounts for people with severe mental impairments; and we launched a national campaign to raise awareness of financial support, including our national Council Tax Reduction Scheme.

32. On non-domestic rates, we invested significant amounts of support in targeted relief for small businesses, the retail, leisure and hospitality sectors, charities, high streets, and childcare premises. We implemented a revaluation exercise to update and maintain the integrity of the tax-base. We froze the non-domestic rates multiplier, and we set in train significant work to deliver the next revaluation from 1 April 2023.

Evidence and analysis

33. As we delivered various improvements during the last Senedd, we embarked upon an exploration of possible reforms for longer term consideration, including alternative forms of local tax. In February, we published a detailed *Summary of Findings*¹¹ drawing together a number of novel research reports that help us understand the options for making local taxes more progressive while maintaining vital revenue for local services.

34. The summary comprises research by the Institute for Fiscal Studies, Bangor University, Cardiff University and others, and represents the important evidence we will need to make choices in this Senedd term. The options include modest and incremental changes to existing systems, through to more fundamental reforms such as a local land value tax.

Outcome and next steps

Council Tax

35. On 7 December we outlined our approach to meeting the Programme for Government and Cooperation Agreement commitments to a fairer council tax¹². We will consult in due course on an ambitious package of council tax reforms as the starting point, to ensure everyone has the opportunity to contribute to this important debate. We will consider a revaluation of the tax-base, providing an opportunity to restructure bands and pave the way for more frequent revaluations in the future. We will also review the Council Tax Reduction Scheme and review discounts, disregards, exemptions and premiums. Alongside this, we will continue to explore more radical ideas such as a system more closely linked to land values.

10 Programme for government: update | GOV.WALES www.gov.wales/programme-for-government-update

11 Reforming Local Government Finance in Wales: Summary of Findings
www.gov.wales/sites/default/files/publications/2021-02/summary-of-findings.pdf

12 Plenary 07/12/2021 - Welsh Parliament (assembly.wales) www.record.assembly.wales/Plenary/12518#A68900

36. We will coproduce solutions with our stakeholders right across Wales, including citizen-focussed organisations, academia and delivery agencies. Any changes made to existing systems will require concerted public engagement and legislative amendments.

37. One option for consideration is a council tax revaluation¹³. Having undergone a revaluation exercise in 2003, Wales is the only part of the UK which has updated its council tax base in line with the property market. However, without a further exercise to revalue domestic properties in Wales, we are constrained in our ability to make fundamental changes to council tax which could help to make the system fairer for example, adding bands and more regular updates to the tax base.

38. On the Council Tax Reduction Scheme, we have continued to maintain entitlements to reductions for vulnerable and low-income households. We have laid regulations to update the scheme for next year and we will again be investing £244 million to support the scheme. The current system of support was developed at pace following the UK Government’s decision to abolish Council Tax Benefit in 2013. Since the introduction of our national scheme, we have seen the beginning of the rollout of Universal Credit which introduces complexity into the way people apply for the Council Tax Reduction Scheme and the way their entitlement is calculated.

39. We are also considering the next steps following our consultation on the local tax arrangements for second homes and self-catering accommodation. Our engagement generated a significant response and a wide range of views.

Non-domestic rates

40. We are considering what reforms to non-domestic rates are needed to ensure we deliver our priorities for a stronger, greener and fairer Wales. The research drawn together in our *Summary of Findings*¹⁴ highlights real opportunities in this area, from more frequent revaluations, to setting the multiplier, our approach to reliefs and the appeals process. Reform will be necessary to ensure the rates system remains fit-for-purpose as we recover from the pandemic while sustaining vital revenue for essential local services.

3. Development of a tourism levy

Purpose

41. *To introduce legislation permitting local authorities to raise a tourism levy.*

Background

42. Tourism levies are commonly used across many countries to support sustainable tourism, with funds reinvested into local infrastructure and services which are integral to the tourist experience.

43. The Programme for Government 2021-26 sets out our commitment to ‘introduce legislation permitting local authorities to raise a tourism levy’¹⁵. Work in this area is commencing in the lead up to the launch of a formal consultation on draft legislative proposals in autumn 2022. The consultation will focus on exploring potential impacts from the proposals and any considerations to make when implementing a levy. This work will continue to take account of the impact of the pandemic.

13 R169-Revaluation-and-reform-of-council-tax-in-Wales-2.pdf (ifs.org.uk)
www.ifs.org.uk/uploads/R169-Revaluation-and-reform-of-council-tax-in-Wales-2.pdf

14 Reforming Local Government Finance in Wales: Summary of Findings
www.gov.wales/sites/default/files/publications/2021-02/summary-of-findings.pdf

15 Programme for government: update | GOV.WALES www.gov.wales/programme-for-government-update

Evidence and analysis

44. We are gathering and reviewing evidence from countries where tourism levies are routinely used to identify options for Wales. We are reviewing opportunities for further research to gain insight on perceptions and impacts if a tourism levy was to be implemented at a local level in Wales. We are committed to engaging with local partners and the wider tourism industry to help shape the design of a levy, and to support our consultation and proposals going forward.

Outcome and next steps

45. Work to progress the consultation is in its early stages, with initial scoping underway. Plans are in development for collaboration and engagement with partners to identify levy design and administration options, alongside their relative costs and benefits to support the formal consultation on draft legislative proposals which will commence in autumn 2022. This work will continue within the context of the need to support the tourism, hospitality and events sector during the recovery.

4. Progressing the case for clear and stable tax devolution

Purpose

46. *Make the case for clear and stable tax devolution in Wales whilst pursuing agreement with the UK Government on a fit for purpose mechanism for devolving new tax powers to Wales.*

Background

47. 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 enabling us to develop 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 tackle the needs and priorities of citizens and businesses.

48. Since 2018, the Welsh Government has been seeking new tax powers for a potential Vacant Land Tax. The purpose of a Vacant Land Tax would be to help bring about the development of land which already has permissions or is within the local development plan, but is not currently being developed. In pursuing these new tax powers, we are both aiming to secure powers which could provide an additional lever with which to achieve our housing and regeneration ambitions, and testing the Wales Act mechanism by which new tax powers can be devolved.

Evidence and analysis

49. In March 2020, following agreement at a Joint Exchequer Committee that Welsh Government proposals for a Vacant Land Tax were sufficiently developed to move to the next stage of the process, the Welsh Government submitted a formal request to the UK Government for devolution of the legislative competence in this area. On the 19 August 2020, the then Financial Secretary to the Treasury responded that yet more detail would be required from Welsh Government before the formal request could be taken forward. Initial discussions have taken place with the new Financial Secretary to the Treasury, to understand what further information is now required, but no further clarity has yet been provided by the UK Government.

50. On 5 October 2021, the Senedd debated the devolution of new tax powers and passed a motion which:

- i. Recognises the potential for a vacant land tax in Wales to contribute to increasing housing supply and bringing idle land into productive use.
- ii. Regrets the failure of the UK Government to take forward this proposal in line with the provisions of the Wales Act 2014.
- iii. Calls on the UK Government to work with Welsh Government to ensure there is an effective process for enabling the devolution of legislative competence over new areas of taxation to the Senedd.

Outcome and next steps

51. We will continue to progress the cases for the devolution of powers to introduce a national Vacant Land Tax in Wales as well as seeking the transfer of responsibility for the Air Passenger Duty in Wales.

52. We await further clarification from the UK Government on what information it considers is necessary to proceed to the next stage for the devolution of powers for a Vacant Land Tax. Welsh Government will provide any further information we can, while respecting the agreed process and the respective roles of the UK and Welsh Governments.

53. The Welsh Government's experience of moving through the agreed process to seek new tax powers has been protracted and challenging. If the process cannot deliver the devolution of a relative small, narrow and targeted tax which is closely aligned to devolved responsibilities, it is difficult to envision a scenario whereby the Welsh Government could successfully make the case for further tax competence under existing arrangements.

54. While we will continue to seek powers for a Vacant Land Tax, we will also make the case to the UK Government for the urgent review and reform of the process for agreeing the devolution of new tax powers.

55. The deliberations of the Independent Commission on the Constitutional Future of Wales¹⁶ is also relevant here. Part of the Constitutional Commission's wider work will involve considering the fiscal implications of different constitutional options.

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

Purpose

56. *Continue to work with the UK Government on the development and implementation of a UK-wide plastic packaging tax; and develop an evidence base to better understand the opportunities and impact of other environmental related taxes in existing devolved and reserved areas, as well as new taxation areas.*

Background

57. Our tax policy presents a potentially important lever through which to support 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. However, we have been careful to adopt a clear strategic and evidenced based approach working with stakeholders to determine where to focus

efforts to achieve policy objectives and maximise any impact, particularly in establishing lasting behavioural changes.

Evidence and analysis

58. The work undertaken to gather evidence, develop our options and determine the focus for current resource and activity were presented in the Tax Policy Report 2019¹⁷ and Tax Policy Report 2021¹⁸ respectively.

59. During the last Senedd term, Ministers agreed a preference for introducing charges on single-use plastics items such as disposable cups and food containers, opting for the UK Environment Bill as the preferred legislative mechanism and the “Beyond Recycling” Circular Economy Strategy as the preferred mechanism within which to take the commitment forward in Wales.

60. We continue to work with the UK Government on the final stages of introducing UK wide legislation for a plastics packaging tax. This includes engagement with the plastic packaging industry in Wales to raise awareness and input ahead of introduction in April 2022.

61. Following the UK Government’s review of the UK Aggregates Levy (UKAL), it confirmed its commitment to keep devolution of UKAL to Wales under review, citing cross-border impacts as a particular concern.

Outcome and next steps

62. Resources continue to be directed towards ensuring successful implementation of UK wide legislation for a plastics packaging tax once it is introduced in April 2022. Thereafter, the intention is to further develop and build on the evidence base to better understand the opportunities and impact of other environmental related taxes in existing devolved and reserved areas, as well as new taxation areas. This includes work to inform the case for the possible devolution of the UKAL, where we will continue to work with the Scottish Government to learn from their experiences.

¹⁷ Welsh tax policy report 2019 | GOV.WALES www.gov.wales/welsh-tax-policy-report-2019

¹⁸ Tax policy report 2021 | GOV.WALES www.gov.wales/tax-policy-report-2021

B. Ongoing policy review and implementation of our existing taxes and other related policy areas

6. Development of land transaction tax policy

Purpose

63. *To ensure Land Transaction Tax (LTT) continues to meet the Welsh Government's policy aims, while achieving its primary purpose to raise revenue to support delivery of public services in Wales.*

Background

64. LTT is a tax on the purchase 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 adjusting the rates charged.

65. LTT brings significant revenue to the Welsh Government. LTT generated revenue of £211m in 2020-21 and £260m in 2019-20. Since April 2018, LTT has raised over £900m.

66. LTT higher 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 residential property where the buyer is not an individual, such as a company.

Evidence and analysis

67. The WRA publishes regular and timely LTT data, on a monthly and quarterly basis. It also publishes annual data, with the third annual statistical release for LTT covering the period 2020-21, providing a range of information about residential and non-residential property transactions¹⁹.

68. These data show the coronavirus pandemic and subsequent LTT rate changes introduced in July 2020²⁰ and December 2020²¹ impacted on the number of property transactions and tax due, with a significant fall in the early period of the pandemic partly offset by marked rises later in the year.

19 Land Transaction Tax statistics: April 2020 to March 2021 | GOV.WALES www.gov.wales/land-transaction-tax-statistics-april-2020-march-2021

20 Changes to Land Transaction Tax nil rate threshold | GOV.WALES www.gov.wales/changes-land-transaction-tax-nil-rate-threshold

21 Changes to Land Transaction Tax nil rate threshold | GOV.WALES www.gov.wales/changes-land-transaction-tax-nil-rate-threshold

69. Research on the prevalence and impacts of second home ownership on communities across Wales has also recently been undertaken²². This research highlights the localised nature of second homes, which are predominantly concentrated around coastal, rural authorities and within Cardiff and Swansea. It also highlights that within local authorities, the distribution of second homes is more concentrated in some communities than others.

70. Confirmed in the Programme for Government, the one percentage point increase in the higher rates of LTT charged on additional residential property purchases, such as buy-to-lets and second home purchases, will remain²³.

Outcome and next steps

71. We will seek to evaluate the impact of the different LTT rate changes that took place during 2020.

72. In addition, the Welsh Government is committed to exploring how changes to the higher rates of LTT could help give an advantage to people buying homes for permanent occupation. As part of this activity, we have launched a consultation on the considerations relating to the local variation of LTT rates for purchases of second homes and holiday lets. The consultation seeks views on types of areas in which there could be variation (local authority area wide, or more local communities), the mechanism to identify the areas in which rates would vary and the types of transaction to which locally varied rates should apply²⁴.

73. Furthermore, in 2022-23, the Welsh Government will bring forward legislation to allow extensions to the 36-month LTT higher residential rates refund period where exceptional circumstances apply²⁵. The provision will allow taxpayers to claim a refund

of the higher rates where they are replacing their main residence and have sold their previous main residence more than three years after purchasing the new property, if truly exceptional circumstances related to issues with unsafe cladding prevented the sale being completed more quickly.

74. We will continue to keep the rates and bands under review to ensure LTT continues to meet the Welsh Government's policy aims and generate revenue for our important public services.

7. Development of landfill disposals tax policy

Purpose

75. *Ensure Landfill Disposals Tax policy is operating as intended, and consider opportunities for the tax to support wider government policy objectives.*

Background

76. The Welsh Revenue Authority (WRA) has been collecting and managing the Landfill Disposals Tax (LDT) successfully since its introduction in April 2018. To date, LDT rates have matched the UK landfill tax rates, to maintain consistency with the UK Government's approach to landfill tax rates for the lower and standard rate of tax. This approach is reviewed each year as part of the annual rate setting process where consideration is given to the benefits and dis-benefits of changing the rates in the future to advance wider environmental objectives.

22 Research to Develop an Evidence Base on Second Homes – Welsh Government Second homes: developing new policies in Wales report by Dr Simon Brooks www.gov.wales/research-develop-evidence-base-second-homes

23 Programme for government: update | GOV.WALES www.gov.wales/programme-for-government-update

24 www.gov.wales/second-homes-local-variation-to-land-transaction-tax-rates

25 Written Statement: Land Transaction Tax higher residential rates refund period extension where exceptional circumstances apply (16 November 2021) | GOV.WALES www.gov.wales/written-statement-land-transaction-tax-higher-residential-rates-refund-period-extension-where

77. Remaining consistent with the rest of the UK, the LDT Act 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 of at places other than authorised landfill sites, known as the unauthorised disposals rate. The UK Government does not have a separate rate for unauthorised disposals – the standard rate applies to all disposals made at unauthorised sites, which is supported by a penalty regime.

Evidence and analysis

78. The LDT unauthorised disposals rate seeks to support the policy ambition to deter unauthorised disposals which blight our communities. It will ensure the increased negative impact of unauthorised disposals is recognised. It serves to support the creation of a level playing field for legitimate operators and it better reflects the enforcement costs of the WRA. The policy intention is 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, which supports public services in Wales.

79. LDT rates have continued to match UK landfill tax rates. By setting rates that are consistent with UK landfill tax, public services in Wales will continue to benefit from tax revenue, while ensuring the risk of the movement of waste across borders is reduced. Furthermore, stability over rates may benefit businesses given the current economic uncertainty generated by the pandemic and the UK's departure from the European Union.

80. 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. The approach has been for tax rates to

only diverge from those of the predecessor tax rates as much as is required to reflect Welsh circumstances and priorities and the principle that there should be no less revenue available to fund public services.

81. The Welsh Government's Draft Budget for 2022-23 includes plans to increase LDT rates to reflect inflation. The implementation of LDT will continue to be monitored, working with the WRA to ensure its effective operation.

Outcome and next steps

82. Wales is at the forefront of waste policy and we recognise landfill disposals tax is a useful additional lever to support Welsh Government waste policies and achieve our ambitious goal of a zero waste Wales.

83. There may be a number of different ways to leverage LDT to further wider government objectives. For example, some stakeholders have made the case for increasing the lower rate of LDT to encourage greater recycling, re-use and recovery of these materials, arguing a marginal difference in rates could be tolerated by the market without increasing the risk of waste tourism. However, there is heightened uncertainty around the longer term outlook for waste. This is both as a result of behavioural change following the pandemic and as a result of the UK's exit from the European Union. Furthermore, the Welsh Government will be introducing Business Recycling Regulations which will have an impact on waste which is sent to landfill.

84. It will be important to take account of all of these factors, assessing their impact and implications as we seek to explore with stakeholders the future scope of LDT to deliver Welsh Government's wider environmental objectives. The independent review of LDT which is likely to conclude in autumn 2023, will also inform our work.

8. Land transaction tax review

Purpose

85. *To undertake an independent review to evaluate the effectiveness of the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Act 2017 (hereafter referred to as LTTA).*

Background

86. There is a statutory obligation for the Welsh Ministers to make arrangements for an independent review of Land Transaction Tax (LTT) to be carried out within 6 years of the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Act 2017 (LTTA) receiving Royal Assent. The review must therefore be completed by May 2023.

87. The Review will focus on the specific changes made when the LTTA was introduced and subsequently compared to Stamp Duty Land Tax (SDLT) in England. In particular, it will consider whether the policy intent behind the specific changes has been achieved and whether those changes are still appropriate for Wales.

88. It will also look at the equivalent legislation in Scotland and England and Northern Ireland to compare and contrast the changes to identify if there are any areas where further changes to our legislation may be of benefit to Wales.

Evidence and analysis

89. The review will focus on the most significant changes made to the legislation to ensure it is still appropriate for Wales. Areas for review include:

- identifying opportunities for improvement;
- considering operational practicalities; and
- the impact of the absence of first time buyers' relief.

90. It is anticipated the independent review will include a review of existing legislation, evidence and data, surveys and interviews with key stakeholders.

Outcome and next steps

91. A procurement exercise to appoint an independent person/organisation to undertake the statutory review is currently underway. The intention is to award the contract in early 2022. The review is expected to take around 10 months.

9. Landfill disposals tax review

Purpose

92. *To undertake an independent review to evaluate the effectiveness of the Landfill Disposals Tax (Wales) Act 2017.*

Background

93. There is no statutory obligation for the Welsh Ministers to make arrangements for an independent review of Landfill Disposals Tax (LDT). However a commitment was made by the Former Cabinet Secretary for Finance, during the Stage 3 plenary debate on the Landfill Disposals Tax (Wales) Bill, that there would be an independent review of LDT. The Explanatory Memorandum²⁶ published alongside the LDT Bill contained a commitment to undertake a post implementation review. The Explanatory Memorandum²⁷ published alongside the tax rate regulations for 2021-22 also signaled the Welsh Government's intention to review the legislation.

²⁶ www.senedd.wales/laid%20documents/pri-ld10839-em-r/pri-ld10839-em-r-e.pdf

²⁷ www.seneddtest.assembly.wales/documents/s97675/CLA5-03-20%20Paper%203.pdf

94. The non-statutory commitment to undertake an independent review of LDT means there is no firm deadline for this work to take place. The Ministerial commitment does however suggest a similar timescale to that of the independent review of the LTT legislation. Therefore, for the purposes of setting a timetable for the review, this commitment is being interpreted as intending to conclude the review by the final date within six years of the day the LDT legislation receiving Royal Assent, which is September 2023.

Evidence and analysis

95. The scope of the proposed review is currently being developed. The overall intention of the review is to provide an evaluation of the effectiveness of the tax in supporting the delivery of our environmental policies. It will also consider lessons learned and how these could impact on future policy design.

96. It is anticipated the independent review will include a review of the existing legislation, evidence and data, surveys and interviews with key stakeholders.

Outcome and next steps

97. A procurement exercise to appoint an independent person/organisation to undertake the review will begin early 2022. The intention is to award the contract in spring 2022. The review is expected to take around 10 months.

10. Developing the Welsh tax base

Purpose

98. *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

99. The devolution of tax powers to Wales mean that around one-fifth of Welsh Government spending is funded from these tax revenues. The evolution of the tax-base in Wales will have medium to longer-term implications for tax revenue and the money available to spend on public services in Wales.

100. The Programme for Government – Update²⁸ sets 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

101. The Chief Economist's report, published alongside this document, sets out the improving economic outlook compared to the early stages of the pandemic but highlights the ongoing situation and the longer term impact on the tax base remain uncertain. The report also highlights the long-term demographic challenges faced by our economy and tax base.

Outcome and next steps

102. Recognising the risks posed to the Welsh tax base by the current economic environment and the long-term demographic challenges, we continue to take wide-ranging actions to strengthen our tax base and make Wales an attractive place to live, study, work and invest.

Supporting Individuals

103. Previous economic downturns have demonstrated that spells of unemployment can have long term effects on people's labour market outcomes and this 'scarring' can be most severe for young people. Therefore, we are putting in place an ambitious programme designed to provide everyone under 25 in Wales with the offer of work, education, training, or self-employment.

104. Working Wales is now the single gateway for every 16 to 24 year old in Wales to access the guarantee. This will build on the already strong and successful model of delivering careers guidance and signposting support to all programmes and services available locally. More than 5,500 young people, eligible for the guarantee, have accessed our Working Wales services since May 2021.

105. The guarantee is supported by a wide-ranging provision to ensure young people can take up effective support that works for them. In this year alone we have invested:

- £390 million in Sixth Forms and Further Education providing thousands of young people with a range of academic and vocational courses;
- £16.4 million in Educational Maintenance Allowances, £5 million for extra places and an additional £33 million to support young people in education to recover from the impact of the pandemic;
- £152 million for apprenticeships;
- over £1.2 billion on Higher Education student support for 2021-22;
- £122 million additional funding to build capacity and enable our universities to increase their hardship funding and support services to students affected by the pandemic; and

- £70 million per annum to help people into work through a range of employability programmes including ReAct, Traineeships and Community Employability Programmes.

Migration

106. People from other countries who reside in Wales make important contributions to our communities, our economy and our tax base. We are determined to make those who already live in Wales feel welcomed and help them to stay in Wales. At the same we want to attract more people to make their home in Wales. To do this we will continue to:

- Urge the UK Government to engage with us on all migration issues. It is vital that the economic considerations of Wales are considered when the UK Government makes changes to the immigration visa system.
- Engage with the UK Government and the Migration Advisory Council (MAC) to ensure that the needs of Wales are considered when the review of the shortage occupation list is undertaken by the MAC in 2022.
- Support EU nationals in applying for the EU Settlement Scheme (EUSS) to secure their entitlements by making free help and advice available to them.
- Work closely with the Department for Work and Pensions, HMRC and the Home Office to support vulnerable EU citizens in Wales.

107. We are exploring opportunities for post-study work routes for non-UK graduates, exploring opportunities from the Hong Kong visa route and continuing to welcome refugees.

108. We will build on the success of the award-winning Cymru Wales brand to attract specific groups to Wales.

109. Our International Strategy²⁹ outlines how we will ensure Wales is recognised for being the best place in the UK for graduate start-ups, which will encourage those who study in Wales to stay in Wales and also how we will engage with the Welsh diaspora to promote Wales as a place to visit, live and invest.

110. We will also harness the opportunity for greater remote working and flexible commuting options.

Fair Work

111. A better deal for workers is essential to a fairer and more equal Wales. We are committed to making Wales a fair work nation, where all workers are fairly rewarded, heard and represented and can progress in a healthy, inclusive environment with their rights respected. Fair work will bring long-term benefits of fair work for workers, employers and wider society – not least in contributing to a strengthening of the Welsh tax base through better paid and more secure employment.

112. We are delivering our priorities and ambitions for a Wales of fair work, using every lever we have to promote and encourage the availability of and access to fair work, including:

- Establishing a Social Care Fair Work Forum to improve working conditions in social care. The Forum is informing our approach to delivering our commitment to pay social care workers the Real Living Wage. We are keen to expand this model of social partnership into other sectors and have recently established a Retail Forum.

- Using levers such as the Economic Contract and the Code of Practice on Ethical Employment in Supply Chains to encourage fairer work practices and responsible business behaviours.
- Working with Cynnal Cymru, as the Living Wage Foundation accreditation partner in Wales, to help them promote and encourage further adoption of the Real Living Wage as a means of tackling low-pay.
- Communicating the benefits of fair work and we are engaging social partners in efforts to champion fair work and diffuse best practices. Strengthening the social partnership approach as a key mechanism through which we can make workplaces fairer, safer and better for all.

113. We have consulted widely on a draft Social Partnership and Public Procurement Bill, which we expect to introduce early in this Senedd term. If passed, it will establish a new social partnership, socially responsible procurement and fair work duties.

114. We are using our influence to promote and safeguard Welsh interests in reserved matters. This includes calling on the UK Government to bring forward its promised Employment Bill and to commit additional resources to enforcement activities so that workers have the statutory rights and protections they deserve.

Supporting Businesses

115. Since March 2021, we have continued to provide emergency support through our Economic Resilience Fund. In three phases, covering March, May-June and July-August, we have provided over £60m of support to over 7,000 businesses. During the reporting period, we also allocated the second phase (£30m) of our £93m Cultural Recovery Fund which in total supported over 600 businesses and 3,500 individuals.

116. The Development Bank of Wales' COVID-19 Wales Business Loan scheme has disbursed over £92 million in 1,335 investments, safeguarding 16,055 jobs. Overall, in the 2020-21 financial year, the Development Bank deployed almost £200 million into the Welsh economy creating or safeguarding over 19,300 jobs. Elsewhere, retail, hospitality and leisure businesses are still benefiting from the 100% rates relief holiday, which runs for the entire financial year.

117. We have also confirmed a £35 million Local Authority-led (SME Business Development and Recovery) Fund to deliver further business development financial support directly to businesses as they continue to build back from the Covid pandemic. This funding will focus on projects aligned to decarbonisation and the climate emergency, further strengthen local supply chains and foundational economy businesses and encourage smart working initiatives.

118. Our Export Action Plan³⁰, which supports the delivery of our International Strategy³¹, sets out how we are helping to grow the Welsh economy and secure jobs and opportunities for the people of Wales by supporting Welsh companies to trade internationally. This includes measures to help businesses export during, and in the immediate aftermath of, COVID-19 and to adapt to the UK's new trading environment.

Future Wales – The National Plan 2040

119. In February 2021 we published Future Wales: The National Plan 2040, which contributes to growing the tax base by identifying where housing and employment, and the services and infrastructure that supports them, will be located.³²

Developing the Evidence Base

120. Over the next year we will continue to develop the evidence underpinning our understanding of the Welsh tax base and the policies to strengthen the tax base. We are providing funding to support the work of Wales Fiscal Analysis at Cardiff University. We will also commission research on the drivers of changes in the tax base such as migration.

11. Enabling changes to the Welsh Tax Acts

Purpose

121. *To introduce and secure Senedd approval of a Bill to provide the Welsh Ministers with regulation making powers to respond to external circumstances that impact on the Welsh Tax Acts.*

Background

122. The Welsh Tax Acts etc. (Power to Modify) Bill aims to ensure the Welsh Ministers have the right tools in place to respond to external circumstances that impact on the Welsh Tax Acts. Currently, our powers to amend devolved taxes are not sufficient to respond quickly to unexpected events, such as court judgments, loopholes or changes in equivalent English taxes, which could have a significant impact on the liabilities of individuals and on our revenues. The Bill will provide us with an agile, flexible way of responding, and the Senedd with the opportunity to scrutinise and approve changes.

30 <https://gov.wales/sites/default/files/publications/2020-12/export-action-plan.pdf>

31 International strategy for Wales | GOV.WALES <https://gov.wales/international-strategy-for-wales>

32 Future Wales: the national plan 2040 | GOV.WALES <https://gov.wales/future-wales-national-plan-2040>

123. The Bill provides the Welsh Ministers with a regulation making power (exercisable via either the draft or made affirmative procedure) to make changes to the Welsh Tax Acts, and regulations made under those Acts, where the Welsh Ministers consider it is necessary or appropriate to make changes for or in connection with the following purposes:

- a. ensure landfill disposals tax and land transaction tax are not imposed where to do so would be incompatible with any international obligations;
- b. protect against tax avoidance in relation to landfill disposals tax and land transaction tax;
- c. respond to changes to ‘predecessor’ UK taxes (that is, stamp duty land tax or landfill tax) which impacts or could impact the amount paid into the Welsh Consolidated Fund; and
- d. respond to decisions of the courts/tribunals which affect or may affect the Welsh Tax Acts, or regulations made under them.

124. The Bill also places a duty on the Welsh Ministers to publish a statement of their policy with respect to the exercise of the regulation making power to make regulations that have retrospective effect.

125. This intervention is primarily needed to respond to external events and protect revenues available for essential Welsh public services. At present, for example, every time there is a UK budget cycle, the Welsh Government takes the risk that there may be a change which impacts on a devolved tax and has a direct budgetary impact on resources and which Welsh Ministers cannot react to in a timely manner. An intervention of this kind may also be appropriate where the Welsh Treasury need to promptly ‘close-down’ tax avoidance schemes or maintain compliance with international obligations.

Evidence and analysis

126. The Welsh Government consultation: ‘*Tax Devolution in Wales – Enabling changes to the Welsh Tax Acts*’ was published in July 2020³³, and a summary of consultation responses published in December 2020³⁴. The consultation responses were, broadly, supportive of the Welsh Government’s proposals as set out in the consultation document. Views were sought from key stakeholders on the specific proposals in the Bill as drafted in autumn 2021, and feedback has been incorporated into the final drafting of the Bill.

Outcome and next steps

127. The Bill was introduced to the Senedd on 13 December 2021 and stage 1 of the legislative scrutiny process has now commenced.

128. Stage 2 proceedings are currently planned for spring 2022, with stages 3 and 4 taking place in the summer of 2022, to allow for royal assent (subject to approval by the Senedd) by autumn 2022.

129. There are no direct impacts or implementation required as a result of the Bill itself. The Bill operates to enable changes to be made to the Welsh Tax Acts through regulations in response to certain external circumstances. It is therefore not possible to predict with certainty when the powers may be used, but the frequency and use of these powers will be monitored by the Welsh Government.

33 *Tax Devolution: Enabling changes to the Welsh Tax Acts* (July 2020) available to view at: www.gov.wales/enabling-changes-to-welsh-tax-legislation

34 *Enabling changes to the Welsh Tax Acts consultation – summary of responses* (December 2020) available to view at: enabling-changes-to-the-welsh-tax-acts-summary-of-response.pdf (gov.wales)

C. Continued focus on working with partners and citizens to embed our distinct Welsh tax approach and raise awareness of Welsh taxes

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

Purpose

130. *Establish a distinct Welsh approach to the way Welsh taxes are managed which reflects the full spectrum of responsibilities and activities that tax administrators undertake at both national and local levels whilst recognising inter-relationships with the UK-wide tax system.*

Background

131. The strategic context and policy intent underpinning this area of work is summarised in the last Tax Policy Report³⁵ published in March 2021.

132. 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 – Land Transaction Tax (LTT) and Landfill Disposals Tax (LDT), are collected and managed by the Welsh Revenue Authority (WRA);

- partially devolved income tax, Welsh Rates of Income Tax (WRIT), is collected by HMRC on behalf of the Welsh Government; and
- the two local taxes – council tax and non-domestic rates (NDR) which are collected and managed by local authorities in Wales.

133. These individual taxes together with their different tax collection authorities have developed differently, being supported and shaped by a range of different structures, processes, requirements and therefore, ways of working. However, with greater fiscal devolution, the establishment of the WRA and the potential to collect further and new taxes (for example, a tourism levy), there is an opportunity to develop a strategic, coherent and distinct approach to the way taxes are administered in Wales.

Evidence and analysis

134. The Tax Policy Report 2021 (March 2021) provided a summary of the work to date which broadly focused on testing the case for developing a more strategic approach to the management of taxes in Wales with partners. The Report set out the context for tax

administration policy work whilst being clear in respect of the challenges we continue to face in taking our tax policy priorities forward. Nevertheless, this work also presents vital opportunities to progress other related and fundamental tax policy objectives including strengthening the direct relationship with taxpayers through for example, providing taxpayers with consistent information on where their taxes are being spent.

135. Initial exploratory work on tax administration policy discovered considerable activity was underway internationally through the OECD's Forum on Tax Administration³⁶; and at UK-level through HMRC led work to modernise tax administration³⁷. The range of work undertaken by Welsh Government, Local Authorities, the Valuation Office Agency, and the WRA in the management and implementation of the Welsh taxes and related tax policy development also pointed to an evolving landscape, where there may be opportunity to collectively establish common principles to underpin tax administration and implementation practice.

Outcome and next steps

136. Supporting the development of a distinct Welsh approach to the management of taxes remains a priority. Work will be progressed to explore and enable the establishment of a Welsh tax administrators' community of practice, working collaboratively with Welsh Government's delivery partners to reflect on different approaches and processes with the intention for best practice to emerge and evolve.

13. Increasing awareness and knowledge of taxes in Wales through wider engagement activities

Purpose

137. *To raise awareness of devolved taxes and the relationship with the Welsh Government's Budget considerations and processes and other Welsh fiscal policy events.*

Background

138. The UK Government Spending Review and subsequent three year settlement has provided the context for our wider engagement and awareness raising activity of tax and spend. The information on Covid funding allocations and related tax decisions has also provided more opportunities to explain policy objectives as part of our announcements. Collaboration and discussion with partners and key stakeholders has been a key focus for this period.

Evidence and analysis

139. The Welsh Treasury annual tax conference, now held virtually, provided an important opportunity for the Minister for Finance and Local Government to update attendees on their tax policy programme for the five year period up to 2026. The number of attendees this year increased by 13% and feedback was again overwhelmingly positive.

140. Continued engagement and valuable input from the members of the Minister's Tax Engagement Group has ensured opportunities to develop content and amplify through partner networks and memberships. Policy officials have participated in a seminar held by the Bevan Foundation to explain the Budget process, which included information on how money is raised in

³⁶ Forum on Tax Administration – Forum on Tax Administration (oecd.org) www.oecd.org/tax/forum-on-tax-administration/

³⁷ Tax administration strategy – GOV.UK www.gov.uk/government/publications/tax-administration-strategy

Wales through devolved taxes. Opportunities for the Minister to meet with key stakeholder groups such as Third Sector Forum, Commissioners in Wales, Wales Local Government Association, amongst others, have been valuable in enabling a dialogue between the Minister and stakeholders ahead of laying the Draft Budget on 20 December. Following on from a successful pilot project earlier in 2021 with Sixth Form Economics students, the students were engaged at an early point ahead of the Draft Budget and invited to comment on and help to develop communications content for wider audiences.

141. Partnership work with HMRC has been key in preparing content to amplify UK Government communications ahead of introducing a Plastic Packaging tax in April 2022. Stakeholder content has been created to channel through Business Wales, Chartered Institute of Taxation (CIOT) and the Institute of Chartered Accountants in England and Wales (ICAEW). In addition, content has been created for social media channels to increase awareness of the tax and the important way it will help Businesses in Wales to support the delivery of our collective environmental goals for Wales.

142. We continue to increase awareness of Welsh Rates of Income Tax and a calculator has been developed to illustrate to Welsh citizens the amount of money they pay on their Welsh Rates of Income Tax and where that money is being spent. This is included as part of wider campaigns around tax and spend and has featured as part of the Budget awareness communications campaign.

143. Following the Senedd Elections, @WelshTreasury tweets on behalf of the Finance Minister took over the Minister's channel with 6,897 followers @WelshTreasury and 1,115 @TrysorlysCymru. This significant increase in followers has been matched by a change in style incorporating a greater use of images and emojis and simpler, conversational language.

Outcome and next steps

144. Following the Draft Budget announcement on 20 December, work is expected on more content focused around Budget literacy as the demand increases for more information and learning on how Wales raises and spends money in Wales. This will include potential partnerships with education stakeholders.

Annex 1:

Abbreviations used in this report

CIOT	Chartered Institute of Taxation
EUSS	EU Settlement Scheme
HMRC	HM Revenue and Customs
ICAEW	Institute of Chartered Accountants in England and Wales
LDT	Landfill Disposals Tax
LTT	Land Transaction Tax
MAC	Migration Advisory Council
NAO	National Audit Office
NDR	Non-domestic rates
OECD	Organisation for Economic Cooperation and Development
RPI	Retail Price Index
RTI	Real Time Information
SDLT	Stamp duty land tax
SLA	Service Level Agreement
UKAL	UK Aggregates Levy
WRA	Welsh Revenue Authority
WRIT	Welsh Rates of Income Tax

Annex 2: Contact details for further information

Further information about Welsh taxes is available on the Welsh Government's website:

www.gov.wales/welsh-taxes

You can contact us:

via the Welsh Treasury twitter accounts: @WelshTreasury

or by email: WelshTreasury@gov.wales