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Llywodraeth Cymru
Welsh Government

TERI TALKS TAXES



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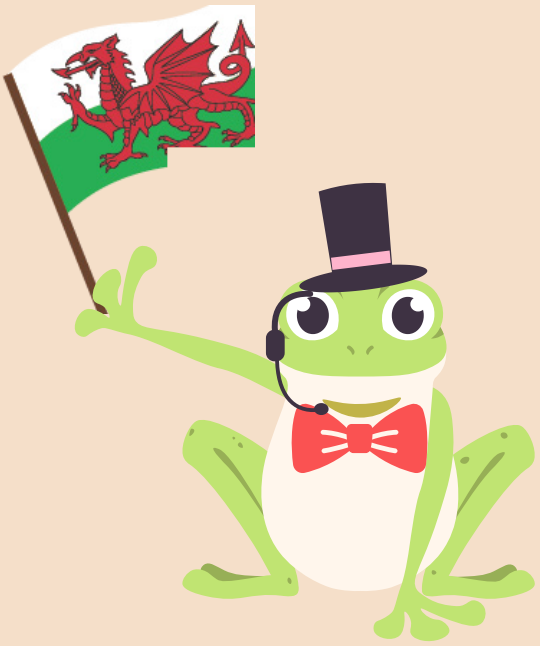
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1 WHAT ARE WELSH DEVOLVED TAXES?



Welsh Devolved Taxes are taxes that people in Wales pay, which the Welsh Government uses to fund things like schools, the NHS and transport.

2 WHAT DOES DEVOLVED MEAN?



Llywodraeth Cymru
Welsh Government

Devolved means the Welsh Government makes its own decisions on some taxes paid in Wales.



These are separate to UK taxes, meaning the UK Parliament does not have the power to make decisions on Devolved Taxes in Wales.



The Welsh Government can also suggest new taxes. The Welsh Parliament agrees Welsh tax rates and laws, and votes on how the money is spent.

3 WHY DO DEVOLVED TAXES MATTER?

Welsh Devolved Taxes give the Welsh Government more control over how certain taxes are designed and managed. This means it can make decisions that meet Wales's needs.

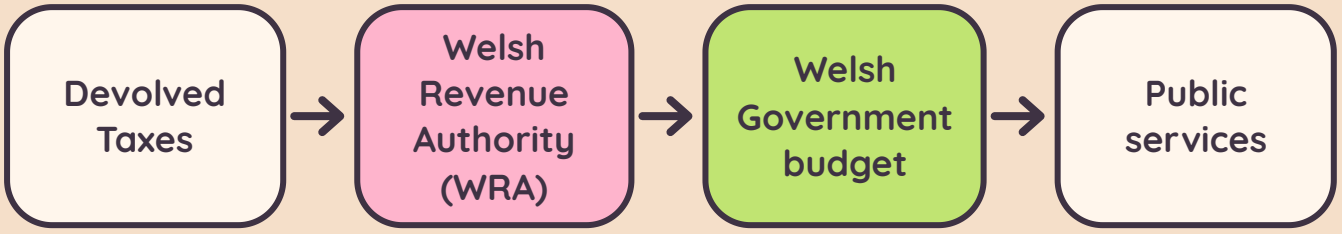
The money raised from Welsh residents and businesses helps pay for public services, like schools, hospitals and transport. It also supports the Welsh economy and communities.



4 HOW DO DEVOLVED TAXES WORK?

Devolved Taxes are collected by the Welsh Revenue Authority (WRA). All the money they collect goes to the Welsh Government.

The Welsh Government then decides how to spend the money, by creating a budget. For example, the money raised helps pay for things like the NHS, doctors, nurses, teachers, social care, roads, housing and public transport.





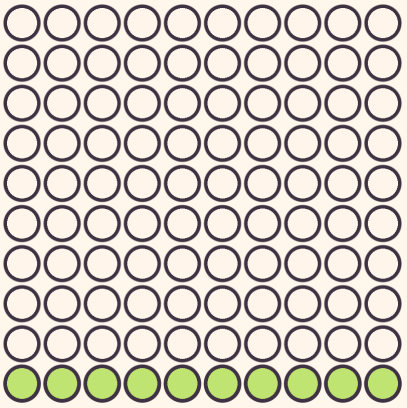
5 MEET THE WELSH TAXES

Welsh Rates of Income Tax (WRIT)

The one that comes out of a person's pay packet, helping fund public services every payday.

When someone in Wales earns more than £12,570 a year, they usually pay Income Tax on some of their earnings. Part of this is called Welsh Rates of Income Tax, or WRIT.

Here's how it works. Imagine every £1 someone earns is split into 100 pennies. The UK Government takes 10 of those pennies off the Income Tax rate. The Welsh Government then decides how many to add back. Right now, it adds all 10 back, so people in Wales pay the same Income Tax rates as people in England and Northern Ireland.



£1 = 100 pennies
The green row is the 10 pennies the Welsh Government decides on

The Welsh Government spends the money from those 10 pennies on public services in Wales, like schools and the NHS.

HMRC collects Income Tax, including WRIT, across the whole of the UK. The Welsh Revenue Authority (WRA) collects the taxes that are fully devolved to Wales, like Land Transaction Tax and Landfill Disposals Tax.

HOW INCOME TAX IS SPLIT

Tax Bands: Income Tax is split into different levels, called bands. Each band has its own tax rate. The more someone earns, the higher the bands their money falls into, and the more pennies in every £1 are paid in tax. Only the money within each band is taxed at that band's rate.

● 1 penny to the Welsh Government ● 1 penny to the UK Government

Tax-free amount (Personal Allowance): The amount a person can earn in a year before they start paying Income Tax. At the moment, this is £12,570.

0 pennies in every £1

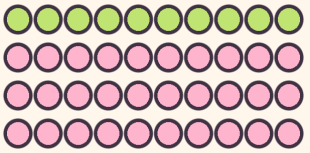
Basic rate: Income Tax of 20% on earnings between £12,571 and £50,270. This means that for every £1 earned in this band, 20 pennies are paid in tax. Of those 20 pennies, 10 go to the Welsh Government.

20 pennies



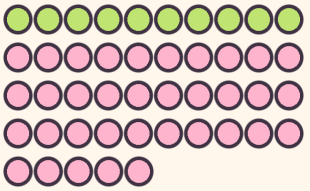
Higher rate: Income Tax of 40% on earnings between £50,271 and £125,140. For every £1 earned in this band, 40 pennies are paid in tax. Of those 40 pennies, 10 go to the Welsh Government.

40 pennies



Additional rate: Income Tax of 45% on earnings over £125,140. For every £1 earned in this band, 45 pennies are paid in tax. Of those 45 pennies, 10 go to the Welsh Government.

45 pennies



Land Transaction Tax (LTT)

The one that turns up when someone buys a home or land in Wales. The bigger the purchase, the bigger the tax.

When someone buys a property or land in Wales over a certain price, they must pay LTT.

For example, someone buying a home to live in pays LTT if it costs more than £225,000.



Landfill Disposals Tax (LDT)

The one that charges by weight, encouraging less waste to end up buried in the ground.



LDT is paid when waste is taken to a landfill site in Wales. The more it weighs, the more tax is paid.

It helps protect the environment by encouraging people and businesses to throw away less, and to recycle and reuse more.





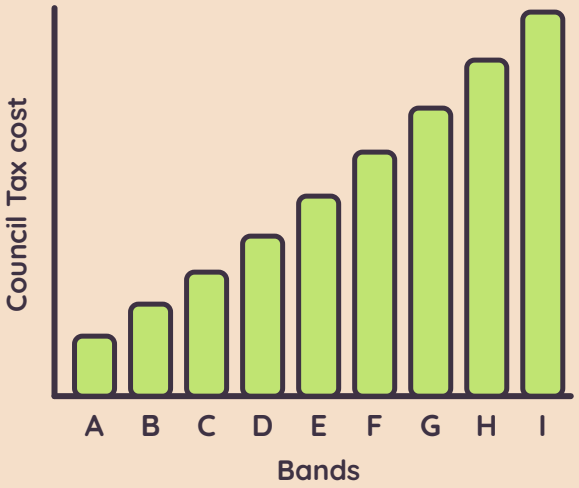
LOCAL TAXES

Council Tax

The one that keeps local services running, from bin collections to libraries.

Council Tax is a local tax paid by people living in homes.

Every home in Wales is put into one of nine Council Tax bands, from A to I, based on its estimated value. The higher the band, the more Council Tax a household usually pays. The lower the band, the less.



Some households pay less Council Tax because of discounts or reductions. Others may pay more through an extra charge called a premium.



Non-domestic rates (Business Rates)

The one for shops, offices and factories, helping pay for public services everyone uses.

Non-domestic rates, often called 'business rates', are a tax on buildings that aren't used as homes.

The tax is used to help local councils pay for local services. This includes schools, social care, housing, the police, rubbish collection and lots of other services.

It's paid by businesses using buildings like shops, offices and factories.

It's also paid on other buildings used by the public, like schools and hospitals.



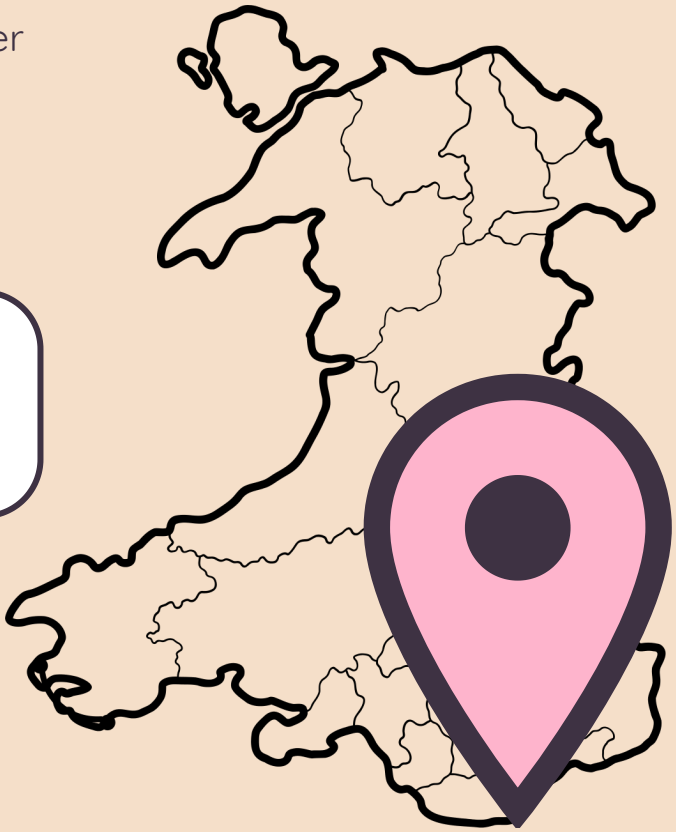
Visitor Levy

The newest one on the block, a small nightly charge paid by visitors that helps look after the places they stay in.

The Visitor Levy is a local tax on overnight stays in Wales. Visitors pay a small amount for each night they stay somewhere, like a hotel, campsite or holiday home.

Councils can choose whether to introduce a Visitor Levy, but they must talk to local people and businesses first.

By law, the money must be spent on making areas better for visitors and local people. This could include keeping streets clean and litter-free, looking after public toilets, and protecting nature. Councils must tell local people how the money has been spent.





KEY WORDS



Devolved
When power to make decisions is passed from the UK Government to the Welsh Government. For example, the Welsh Government has the power to make its own decisions on some taxes paid in Wales.

HMRC (HM Revenue and Customs)
A UK government department that collects taxes, like Income Tax, including Welsh Rates of Income Tax in Wales and VAT. The money it collects helps pay for public services across the UK, like the NHS, schools and roads.

Income Tax
A tax on the money people earn from work, for example from a job. In Wales, part of it is called Welsh Rates of Income Tax (WRIT).

Landfill
A site where rubbish is taken to be disposed of, usually by burying it in the ground.

Levy
A charge or tax that someone has to pay, like the Visitor Levy.

Local council
An organisation elected to run things in a local area. Wales has 22 councils, also called local authorities. They look after services that people use every day, like schools, roads, bin collections, libraries and leisure centres. For example, Powys County Council.

Premium (Council Tax)
An extra amount of tax charged on top of the normal amount.

Public services
Services provided by the government for everyone in a community to use, funded by taxes. For example, schools, hospitals and the NHS.

Tax
Money that people and businesses pay to the government. It pays for things society needs, like schools, hospitals and the NHS.

Tourism
When people travel to visit a place, like Wales, for a holiday, day out, or work trip. It also means all the businesses and services that visitors use while they're there, like hotels, shops and attractions.

VAT (Value Added Tax)
A UK tax added to the price of many things people buy, like clothes, gadgets and meals out. It is usually 20%, so something that costs £10 before VAT costs £12 once VAT is added. The money goes to the UK Government.

Welsh Government
The devolved government for Wales. It makes decisions on areas like health, education and the environment.

Welsh Parliament
The Welsh Parliament, often called the Senedd, is where people elected by voters come together to represent Wales. It makes laws for Wales, agrees Welsh taxes, and checks that the Welsh Government is doing its job properly.

Welsh Revenue Authority (WRA)
This is a public body that collects Welsh taxes, including Land Transaction Tax, Landfill Disposals Tax and the Visitor Levy, for the Welsh Government. The money raised helps pay for public services in Wales, like schools and the NHS.