



# Public understanding of tax devolution: Baseline report

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## Executive Summary

### 1. Background

- 1.1 The Welsh Government and the National Assembly for Wales are responsible for a range of taxes in Wales, including Land Transaction Tax, Landfill Disposals Tax and Welsh rates of Income Tax. Together with council tax and non-domestic rates, from April 2019 around £5bn of devolved and local tax revenue will be raised each year in Wales to spend on Welsh public services. The Wales Act 2014 also provides the Welsh Government with new powers to create new taxes in areas of devolved competence subject to the approval of the National Assembly and Parliament.
- 1.2 To help monitor the effectiveness of awareness raising campaigns and where to target engagement, information is required on public awareness and understanding of tax devolution in Wales. To meet these evidence needs, the Welsh Government included questions on tax devolution in the National Survey for Wales (2016-17 and 2017-18)<sup>1</sup> and commissioned additional questions in the June 2018 wave of the Wales Omnibus Survey (conducted by Beaufort Research Ltd)<sup>2</sup>.
- 1.3 This report presents baseline findings from which changes in public awareness and understanding of tax devolution in Wales can be monitored. The analysis will also be used to inform how communications are targeted among different groups of the population.

### 2. Control over taxes paid in Wales

**The majority of respondents said the UK Government has the most control over the taxes they pay in Wales.**

- 2.1 Around two thirds of respondents to the National Survey for Wales (66 per cent in 2016-17 and 67 per cent in 2017-18) said the UK Government had most control over the taxes they pay in Wales, while around one out of ten (13 per cent in 2016-17 and 10 per cent in 2017-18) said the Welsh Government did.

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<sup>1</sup> Questions were asked of a representative sample of 2,544 adults in 2016-17 and 1,856 in 2017-18.

<sup>2</sup> Questions were asked of a representative sample of 1,006 adults.

- 2.2 The proportion saying they ‘don’t know’ who has most control over taxes they pay tended to be higher among respondents:
- aged 16 to 34 years;
  - with no qualifications; and
  - living in Swansea Bay or the Valleys.

### **3. Awareness of different taxes**

**There is lower public awareness of tax on air travel and tax on waste that is sent to landfill compared with other taxes.**

- 3.1 Almost all respondents to the National Survey for Wales in 2017-18 had heard of Income Tax (97 per cent), Value Added Tax (96 per cent) and Council Tax (98 per cent), while around eight out of ten had heard of Stamp Duty (81 per cent) and tax on alcohol (82 per cent).
- 3.2 In comparison, less than half of respondents had heard about tax on air travel from Wales (47 per cent) and tax on the waste that is sent to landfill (42 per cent).

### **4. Devolution of taxes**

**Most respondents did not know that the Welsh Government would be able to set some taxes in Wales from April 2018.**

- 4.1 Prior to the devolution of Stamp Duty and Landfill Tax in April 2018, respondents to the National Survey for Wales were asked which taxes they thought would be devolved to Wales from April 2018. Around one third (35 per cent in 2016-17 and 30 per cent in 2017-18) correctly said that Stamp Duty would come under Welsh Government control, while around four out of ten (45 per cent in 2016-17 and 40 per cent in 2017-18) correctly said that tax on the waste that is sent to landfill would.
- 4.2 Following the devolution of these taxes, around four out of ten respondents (38 per cent) to the June 2018 wave of the Wales Omnibus Survey said they were aware that the Welsh Government already sets some taxes in Wales, namely the Land Transaction Tax (which replaced Stamp Duty in Wales) and the Landfill Disposals Tax (which replaced Landfill Tax in Wales).
- 4.3 The proportion correctly saying that land transaction and landfill taxes would come under Welsh Government control tended to be higher among respondents:
- qualified to degree level or above;
  - from ABC1 socio-economic groups; and
  - living in Mid and West Wales or Cardiff and South East Wales.

- 4.4 Around one quarter of respondents to the Wales Omnibus Survey (24 per cent) said they were aware that the Welsh Government would be able to set different income tax rates in Wales from April 2019. Awareness of this tended to be higher among respondents:
- aged 55 years and above;
  - from ABC1 socio-economic groups; and
  - living in Cardiff and South East Wales.

## 5. Control over specific taxes

**Respondents were less likely to correctly identify who has responsibility for setting taxes on air travel from Wales and on waste that is sent to landfill compared with other taxes.**

- 5.1 The National Survey for Wales included questions which sought to determine respondents' views on who had most control of a range of taxes (local councils, Welsh Government or UK Government). These questions were asked prior to the devolution of Land Transaction Tax, Landfill Disposals Tax and Welsh rates of Income Tax.
- 5.2 In 2017-18, a majority of respondents correctly identified that the UK Government had most control over Income Tax (72 per cent), VAT (79 per cent), Stamp Duty (69 per cent) and tax on alcohol (81 per cent).
- 5.3 The picture was less clear for tax on air travel from Wales, with around half of respondents in 2017-18 (48 per cent) correctly saying that the UK Government has most control over setting this tax, although a third (34 per cent) said that the Welsh Government had most control.
- 5.4 More than four out of ten respondents (45 per cent) in 2017-18 correctly said local councils have the most control over setting levels of Council Tax in Wales, while around one third (32 per cent) said the Welsh Government had most control.
- 5.5 There was a considerable split as to who respondents thought had the most control over setting levels of tax on the waste that is sent to landfill in Wales, with around one third (32 per cent) in 2017-18 correctly saying UK Government, and almost four out of ten (38 per cent) saying Welsh Government.
- 5.6 Across most of these taxes, respondents aged 35-54 years and qualified to degree level or above tended to be more likely than other respondents to correctly identify who had most control over the specific taxes.

## 6. Link between tax revenue and public services in Wales

**More than seven out of ten Wales Omnibus Survey respondents (72 per cent) would expect all or most of the money raised from Welsh taxes to go towards public services in Wales.**

- 6.1 The proportion correctly saying that all of the money raised from Welsh taxes would go towards public services in Wales was highest among those living in Cardiff and South East Wales (34 per cent) and lowest in North Wales (22 per cent).

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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