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Public understanding of tax devolution:

Baseline report

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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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1. Introduction

Background

- 1.1 By April 2019 the Welsh Government and the National Assembly for Wales will be responsible for a range of taxes in Wales¹. These include:
- Land Transaction Tax (replaced Stamp Duty Land Tax in April 2018);
 - Landfill Disposals Tax (replaced Landfill Tax in April 2018); and
 - Welsh rates of Income Tax (partially devolved from April 2019).
- 1.2 These taxes are expected to contribute funding of around £2.5 billion annually for Welsh public services (Ifan and Poole, 2018). Combined 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.
- 1.3 The Wales Act 2014 also provides the Welsh Government with powers to create new taxes in areas of devolved competence subject to the approval of the National Assembly and Parliament. Following the Welsh Government's 2017 commitment² to consider the case for new taxes and the subsequent public debate initiated by the then Cabinet Secretary for Finance, a shortlist of four new tax ideas was announced alongside the outline draft Budget 2018-19 – a vacant land tax, a social care levy, a disposable plastics tax and a tourism tax. The Welsh Government is taking forward a broad programme of work to progress these new tax priorities. Further details can be found in the 2018 Tax Policy Work Plan³.
- 1.4 The Welsh Government carried out targeted engagement with tax organisations and professionals during the course of 2017 to raise awareness of the devolution of Land Transaction Tax and Landfill Disposals Tax. In 2018, the Welsh Revenue Authority (the body established to collect the taxes) continued this communications and engagement work. Following the draft budget announcement in October 2018, the Welsh Government launched a social media campaign, directly after the rates were proposed for Welsh rates of income tax. The objective of this campaign is to

¹ The Tax Collection and Management (Wales) Act 2016 provides the powers to collect and manage fully-devolved Welsh taxes, while the Wales Act 2014 and Wales Act 2017 provide for the partial devolution of Income Tax.

² As set out in the [Welsh Government \(2017\) Tax Policy Work Plan](#)

³ See [Welsh Government \(2018a\) Tax Policy Work Plan](#)

establish the link between the money earned and raised in Wales through Welsh taxes, and how it is spent on public services in Wales. The campaign continues with a second phase in early 2019, alongside engagement work with stakeholders and partners.

1.5 To help monitor the effectiveness of the 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 in the National Survey for Wales (2016-17 and 2017-18) and commissioned additional questions in the June 2018 wave of the Wales Omnibus Survey (conducted by Beaufort Research Ltd).

1.6 The aims of the questions are to:

- identify which taxes respondents have heard of and who, in the respondent's view, has the most control over setting the levels of these taxes;
- establish the degree of control respondents think the Welsh Government has over setting the levels of these taxes;
- establish which taxes respondents think will be controlled by the Welsh Government; and
- understand the degree to which respondents think that revenue raised from Welsh taxes will go towards public services in Wales.

1.7 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.

About the surveys

1.8 The National Survey for Wales involves face-to-face interviews with a representative sample of around 11,000 adults aged 16 and over each year. The survey covers a wide range of topics with a focus on wellbeing and people's views on public services. Questions on tax devolution were asked of a sub-sample of 2,544 respondents in 2016-17 and 1,856 respondents in 2017-18.

- 1.9 The Wales Omnibus Survey involves face-to-face interviews with a representative sample of a minimum of 1,000 adults aged 16 years and over who are resident in Wales. Fieldwork for the June 2018 wave took place between 4 and 17 June 2018, with a total of 1,006 interviews completed.

Significant differences

- 1.10 Statistical significance testing of the data was undertaken in the analysis to aid interpretation of the results and to inform the communications campaign. When a difference between two sub-groups is described as being ‘significant’ in this report, this means that the probability of obtaining the finding by chance is less than one in 20 – i.e. it is likely to reflect a genuine relationship in the population⁴.
- 1.11 More information on the survey methodologies, along with definitions of regions, educational attainment and socio-economic group classifications used in this report, are included in Annex A. Information about the questionnaires is attached at Annex B. Background information on UK and devolved Welsh taxes is attached at Annex C.

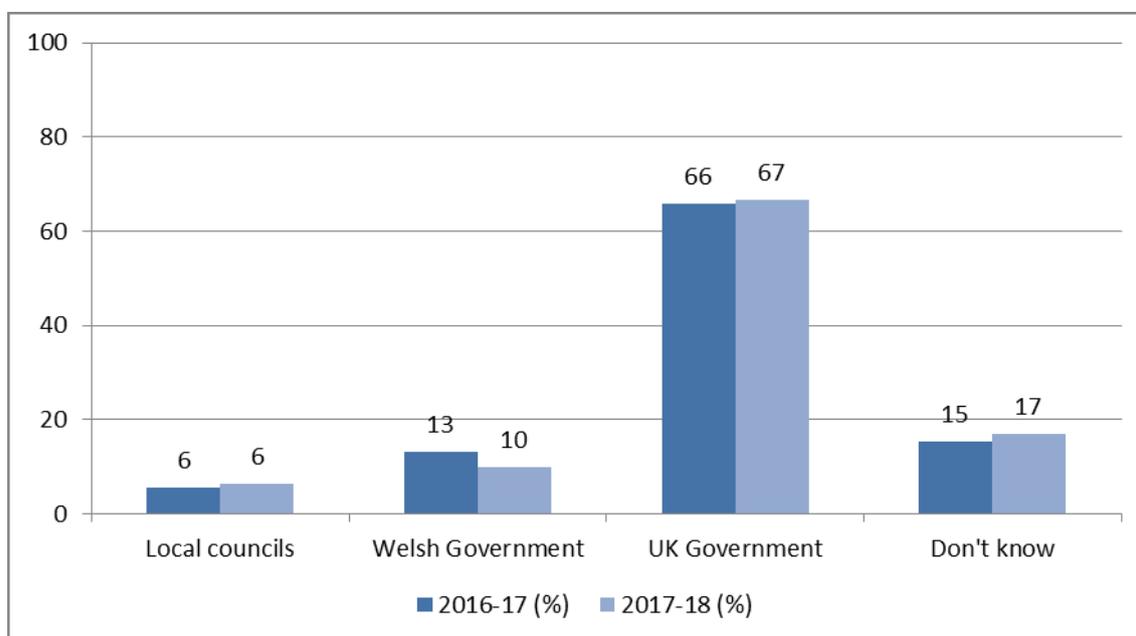
⁴ When survey data are tested for statistical significance, an assumption is made that the achieved sample represents a random sample of the relevant population. The National Survey for Wales uses random sampling, while the Wales Omnibus Survey uses proportional quota sampling. Genuine statistical significance cannot, strictly speaking, be established for the latter sampling method. Therefore, ‘significant’ differences based on data from the Wales Omnibus Survey refer to a pseudo-statistically significant difference at the 95 per cent confidence level.

2. Control over taxes paid in Wales

2.1 Respondents to the National Survey for Wales were asked who they currently thought had most control over the taxes they paid in Wales, choosing from a list of options – local councils; Welsh Government; UK Government; and ‘don’t know’.

2.2 In both survey years, two thirds of respondents said the UK Government had most control over taxes, while around one out of ten said the Welsh Government had most control (Figure 1).

Figure 1: Who has most control over taxes you pay?



Base: All respondents (2,544 in 2016-17 and 1,856 in 2017-18).

2.3 In 2017-18, there were significant differences in the proportion of respondents saying they 'don't know' who has most control over taxes they pay by age, educational attainment and region. The proportion of respondents saying they 'don't know' who has most control over the taxes they pay was highest among respondents:

- aged 16-34 years (24 per cent) compared with 14 per cent of those aged 35 years and above;

- with no qualifications (27 per cent), compared with 19 per cent of respondents with qualifications below degree level and 11 per cent of respondents with a degree or above; and
- living in Swansea Bay and the Valleys (both 21 per cent), with the lowest proportion (13 per cent) in Mid and West Wales (Figure 2).

Figure 2: Proportion of respondents saying they 'don't know' who has most control over the taxes they pay by region (%)



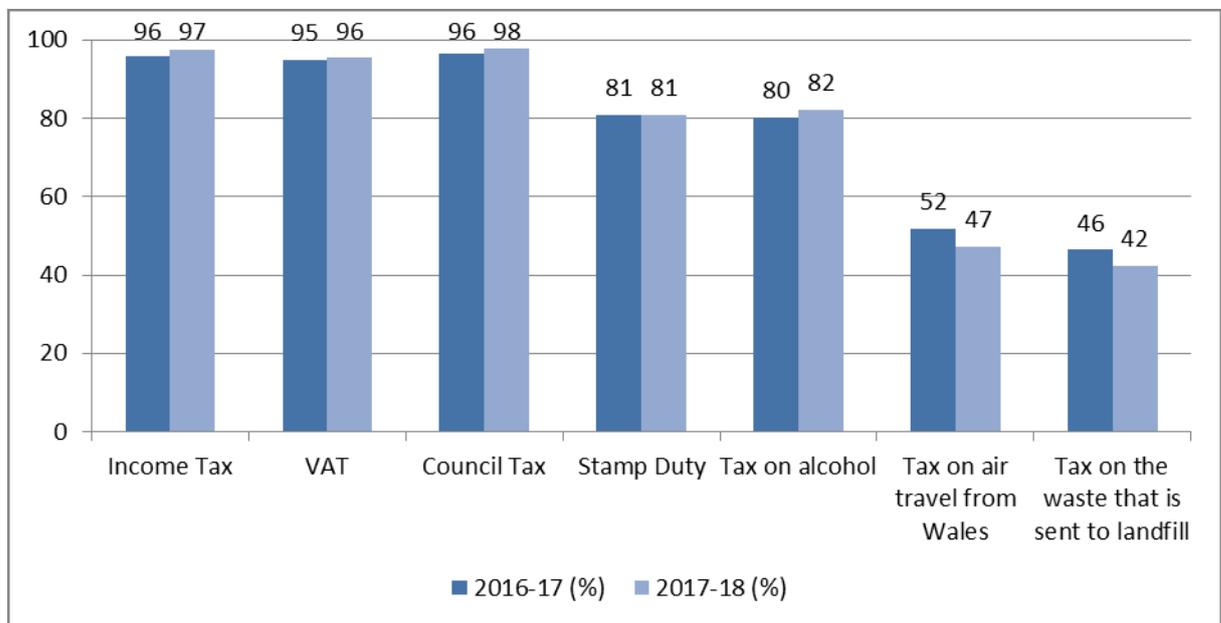
Base: All respondents (1,856 in 2017-18).

3. Awareness of different taxes

3.1 Respondents to the National Survey for Wales were asked about their awareness of various taxes. Almost all respondents had heard of Income Tax, Value Added Tax (VAT) and Council Tax. Around eight out of ten had heard of Stamp Duty and tax on alcohol.

3.2 In comparison, in 2017-18 less than half of respondents had heard about tax on air travel from Wales and tax on the waste that is sent to landfill (Figure 3).

Figure 3: Which taxes have you heard of?



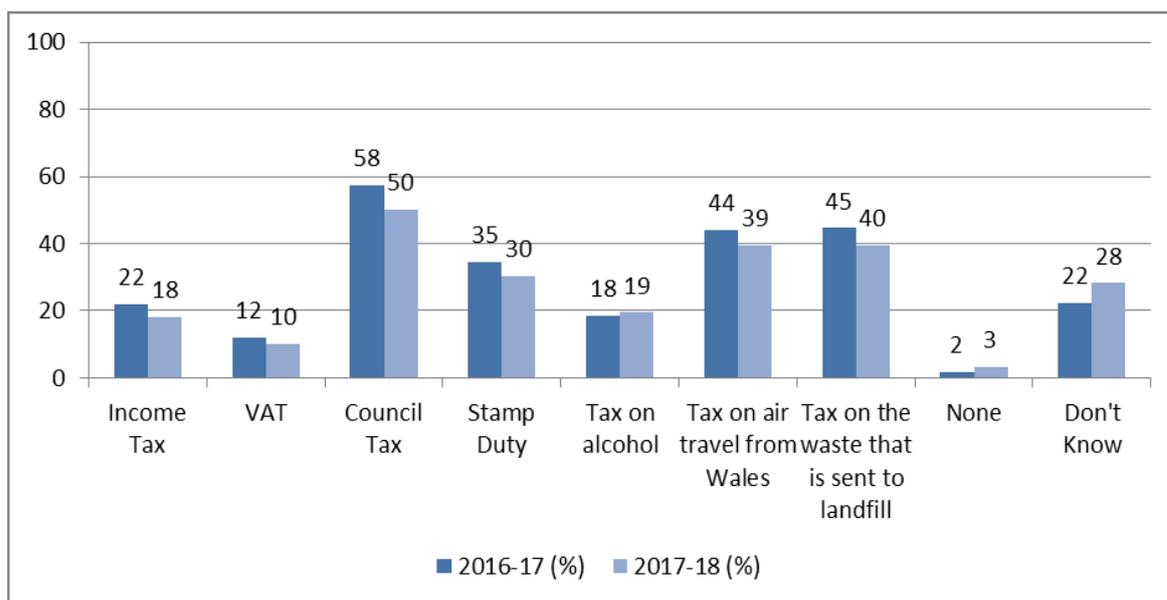
Base: All respondents (2,544 in 2016-17 and 1,856 in 2017-18).

4. Devolution of taxes

National Survey for Wales

- 4.1 Respondents to the National Survey for Wales⁵ were asked which taxes they thought would be devolved to Wales from April 2018.
- 4.2 Around a third correctly said that Stamp Duty⁶ would come under Welsh Government control, while around four out of ten correctly said that tax on the waste that is sent to landfill⁷ would (Figure 4).
- 4.3 For both of these taxes, the proportion of respondents saying they would come under Welsh Government control decreased by five percentage points between 2016-17 and 2018-19, although these changes were not statistically significant.

Figure 4: Which taxes will come under Welsh Government control from April 2018?



Base: Respondents who had heard of at least one of the taxes mentioned (2,487 in 2016-17 and 1,796 in 2017-18).

⁵ Excluding the small number of respondents who had not heard of any of the taxes mentioned.

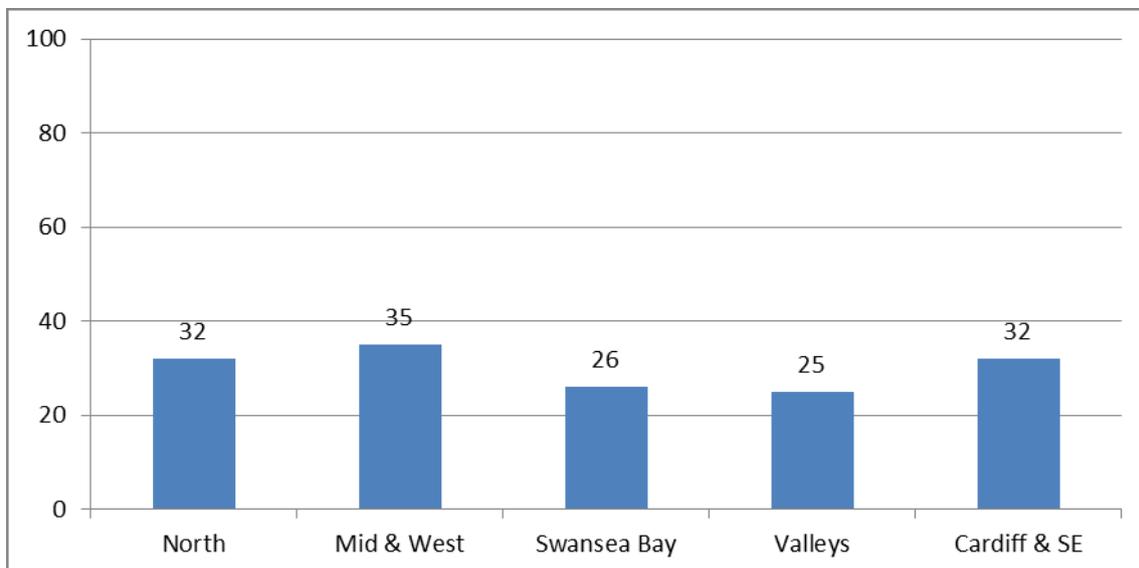
⁶ Now known as Land Transaction Tax in Wales.

⁷ Now known as Landfill Disposals Tax in Wales.

4.4 In 2017-18, there were significant differences in the proportion of respondents correctly saying that Stamp Duty would come under Welsh Government control in April 2018 by age, educational attainment and region. The proportion saying that Stamp Duty would come under Welsh Government control was highest among those:

- aged 35-54 years (38 per cent) compared with 28 per cent of 16-34 year olds and 26 per cent of those aged 55+ years;
- with a degree or above (39 per cent) compared with 27 per cent for those with qualifications below degree level, and 20 per cent for those with no qualifications); and
- living in Mid and West Wales (35 per cent), with the lowest proportion (25 per cent) in the Valleys (Figure 5).

Figure 5: Proportion of respondents correctly saying that Stamp Duty would come under Welsh Government control in April 2018 by region (%)



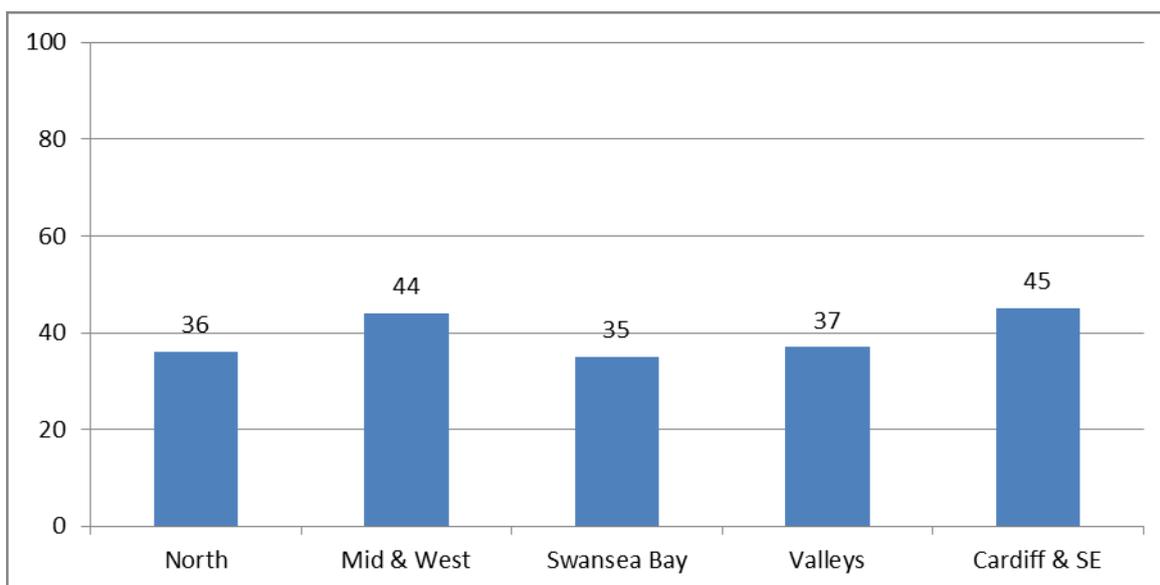
Base: Respondents who had heard of at least one of the taxes mentioned (1,796 in 2017-18).

4.5 In 2017-18, there were significant differences in the proportion of respondents correctly saying that tax on the waste that is sent to landfill would come under Welsh Government control in April 2018 by age, educational attainment and region.

The proportion saying that tax on waste sent to landfill would come under Welsh Government control was highest among respondents:

- aged 35-54 years (47 per cent) compared with 34 per cent of 16-34 year olds and 37 per cent of those aged 55+ years;
- with a degree or above (47 per cent) compared with 40 per cent for those with qualifications below degree level, and 22 per cent for those with no qualifications; and
- living in Cardiff and South East Wales (45 per cent) and Mid and West Wales (44 per cent), with the lowest proportion in Swansea Bay (Figure 6).

Figure 6: Proportion of respondents correctly saying that tax on the waste that is sent to landfill would come under Welsh Government control in April 2018 by region (%)



Base: Respondents who had heard of at least one of the taxes mentioned (1,796 in 2017-18).

Wales Omnibus Survey

- 4.6 Following the devolution of Land Transaction and Landfill taxes in April 2018, respondents to the June 2018 wave of the Wales Omnibus Survey were asked if they were aware that the Welsh Government already sets some taxes in Wales.
- 4.7 Less than four out of ten respondents said they were aware that the Welsh Government already sets some taxes in Wales (Table 1).

Table 1: Are you aware that the Welsh Government already sets some taxes in Wales, namely Land Transaction Tax (Stamp Duty Land Tax in England) and Landfill Disposals Tax (Landfill Tax in England)?

Response	Percentage of respondents ^a
Yes	38
No	61

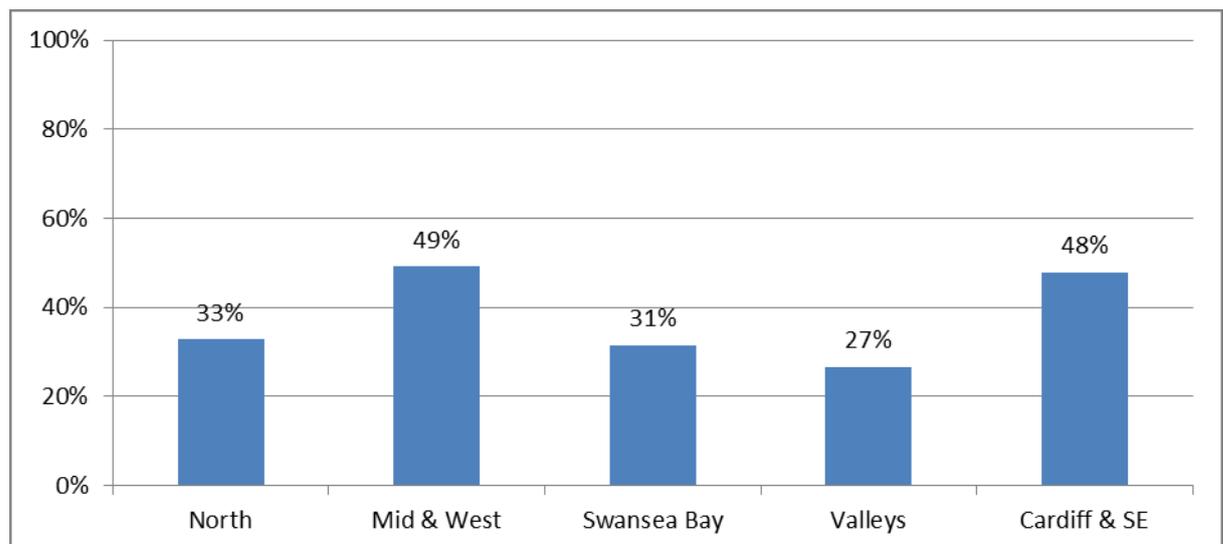
Base: All respondents (1,006 in June 2018)

(a) May not sum to exactly 100 per cent due to rounding.

4.8 There were significant differences in awareness that the Welsh Government already sets some taxes by age, socio-economic group and region. Awareness was higher among respondents:

- aged 55+ years, with 43 per cent being aware compared with 38 per cent of 35-54 year olds and 33 per cent of 16-34 year olds;
- from ABC1 socio-economic groups, with around half (49 per cent) being aware compared with over a quarter (28 per cent) of C2DE respondents; and
- living in Mid and West Wales (49 per cent) or Cardiff and South East Wales (48 per cent), with the lowest proportion (27 per cent) in the Valleys (Figure 7).

Figure 7: Awareness by region that Welsh Government already sets some taxes



Base: All respondents (1,006 in June 2018)

5. Perceived level of control over specific 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), and the degree of control the Welsh Government currently has.
- 5.2 These questions were asked about Income Tax, VAT, Council Tax, Stamp Duty, tax on alcohol, tax on air travel and tax on the waste that is sent to landfill, and are presented in turn below. Supplementary questions about the partial devolution of income tax were also included in the June 2018 wave of the Wales Omnibus Survey.

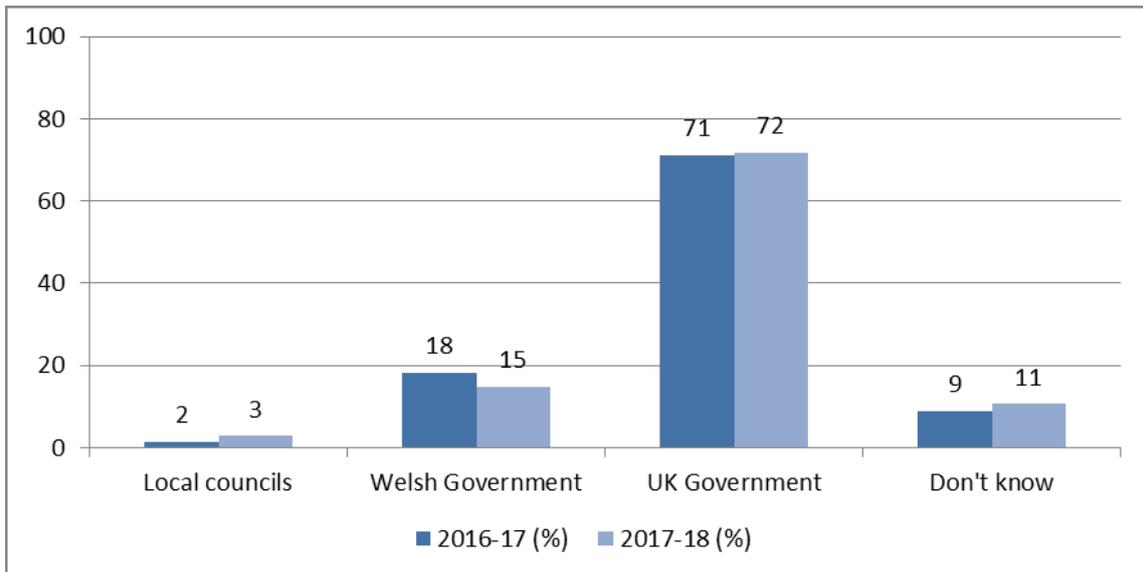
6. Income tax

Will be partially devolved from April 2019

National Survey for Wales

6.1 In both years of the National Survey for Wales, around seven out of ten respondents correctly said the UK Government has the most control over setting levels of Income Tax in Wales (Figure 8). This tax is due to be partially devolved from April 2019 (see Annex C for more information).

Figure 8: Who has most control over levels of Income Tax in Wales?



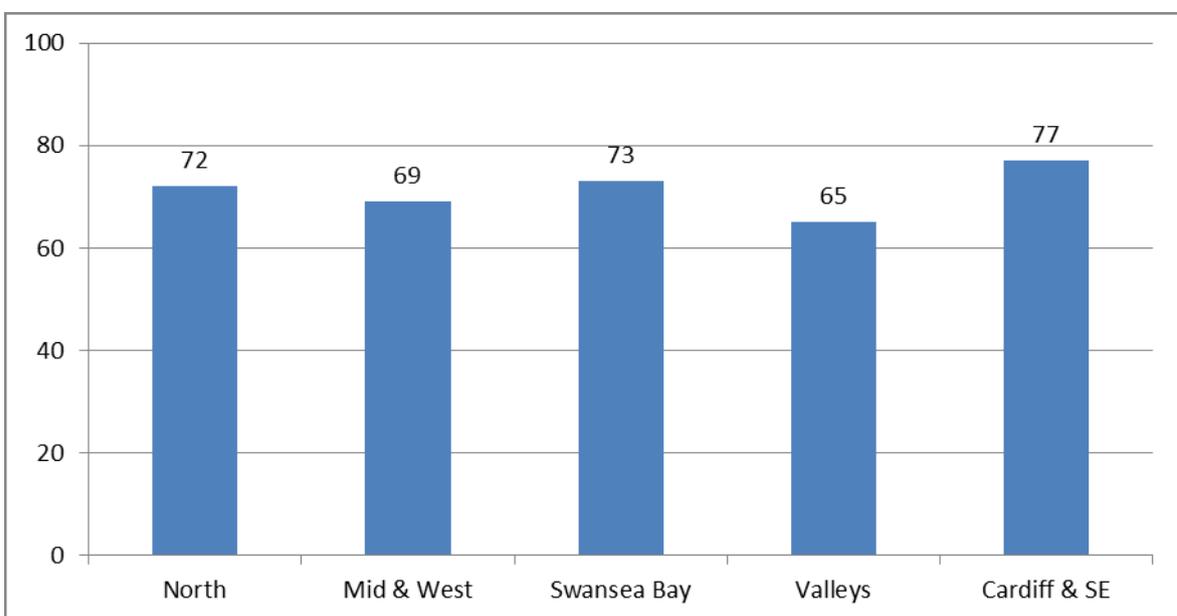
Base: Respondents who had heard of Income Tax (2,436 in 2016-17 and 1,754 in 2017-18).

6.2 In 2017-18, there were significant differences in the proportion of respondents correctly saying that the UK Government has most control over levels of Income Tax in Wales by age, educational attainment and region. The proportion correctly saying that the UK Government has most control over levels of Income Tax in Wales was highest among respondents:

- aged 35-54 years (77 per cent) and 55+ years (75 per cent), compared with 61 per cent of 16-34 year olds;

- with a degree and above (79 per cent), compared with 68 per cent for those with qualifications below degree level, and 61 per cent for those with no qualifications; and
- living in Cardiff and South East Wales (77 per cent), with the lowest proportion (65 per cent) in the Valleys (Figure 9).

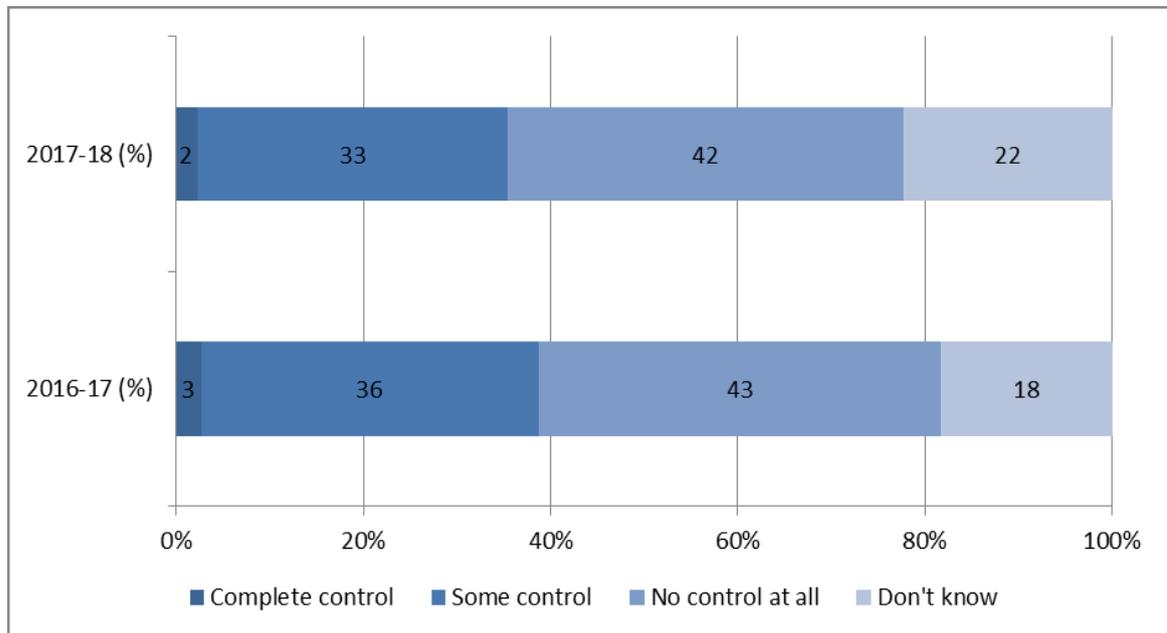
Figure 9: Proportion of respondents correctly saying that the UK Government has most control over levels of Income Tax in Wales by region (%)



Base: Respondents who had heard of Income Tax (1,754 in 2017-18).

6.3 In both survey years, around a third of respondents thought the Welsh Government had ‘some’ control over income tax in Wales, and a very small percentage thought it had ‘complete’ control (Figure 10).

Figure 10: How much control do you think Welsh Government has over income tax?



Base: Respondents who had heard of Income Tax (2,436 in 2016-17 and 1,754 in 2017-18).

Wales Omnibus Survey

6.4 Respondents to the June 2018 wave of the Wales Omnibus Survey were asked if they were aware that from 6 April 2019 the Welsh Government will be able to set different income tax rates in Wales. Around one quarter of respondents said they were aware of this (Table 2).

Table 2: Are you aware from 6 April 2019 the Welsh Government will be able to set different income tax rates in Wales?

Response	Percentage of respondents ^a
Yes	24
No	76
Don't know	1

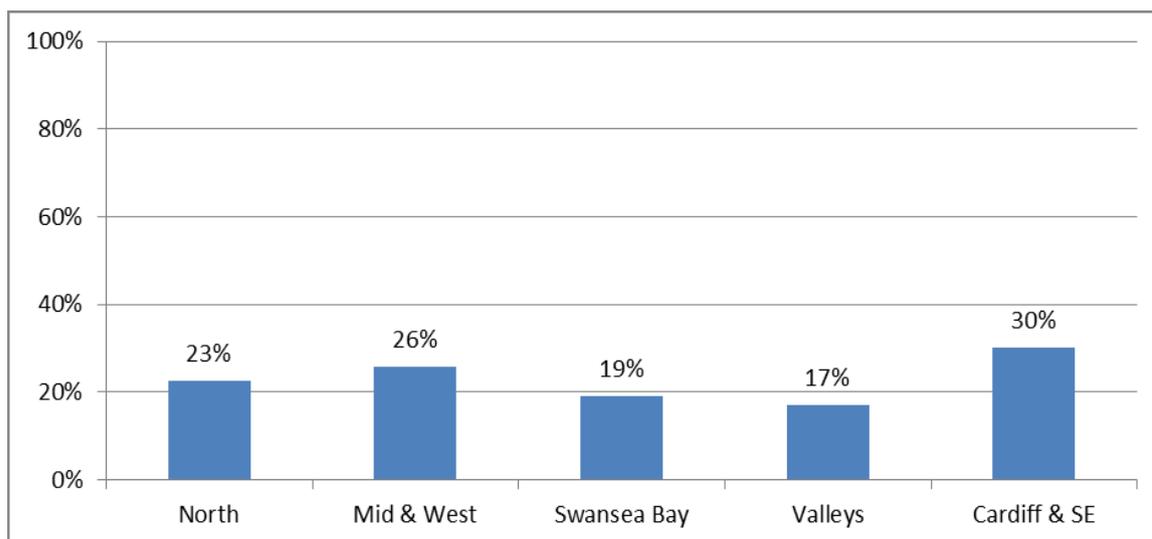
Base: All respondents (1,006 in June 2018)

(a) May not sum to exactly 100 per cent due to rounding.

6.5 There were significant differences in awareness that the Welsh Government will be able to set different income tax rates in Wales by age, socio-economic group and region. Awareness was higher among respondents:

- aged 55+ years, with around one third (34 per cent) being aware compared one fifth (20 per cent) of 35-54 year olds and 14 per cent of 16-34 year olds;
- from ABC1 socio-economic groups (30 per cent) compared with 18 per cent of C2DE respondents; and
- living in Cardiff and South East Wales (30 per cent), with the lowest proportion (17 per cent) in the Valleys (Figure 11).

Figure 11: Awareness by region that Welsh Government will be able to set different income tax rates in Wales from April 2019



Base: All respondents (1,006 in June 2018)

6.6 Of those who were aware that the Welsh Government will be able to set different income tax rates from April 2019, almost six out of ten (57 per cent) said they became aware through TV, while one out of five said they found out through 'word of mouth' or that somebody told them (Table 3).

Table 3: How did you become aware that the Welsh Government will be able to set different income tax rates?

Response	Percentage of respondents ^a
TV	57
Word of mouth / someone told me	20
Radio	13
Other responses reported by fewer than 30 respondents ^b	
Internet / online	
Newspaper / magazine	
Social media	
Through work	

Base: Respondents who said they were aware that the Welsh Government will be able to set different income tax rates (237 in June 2018)

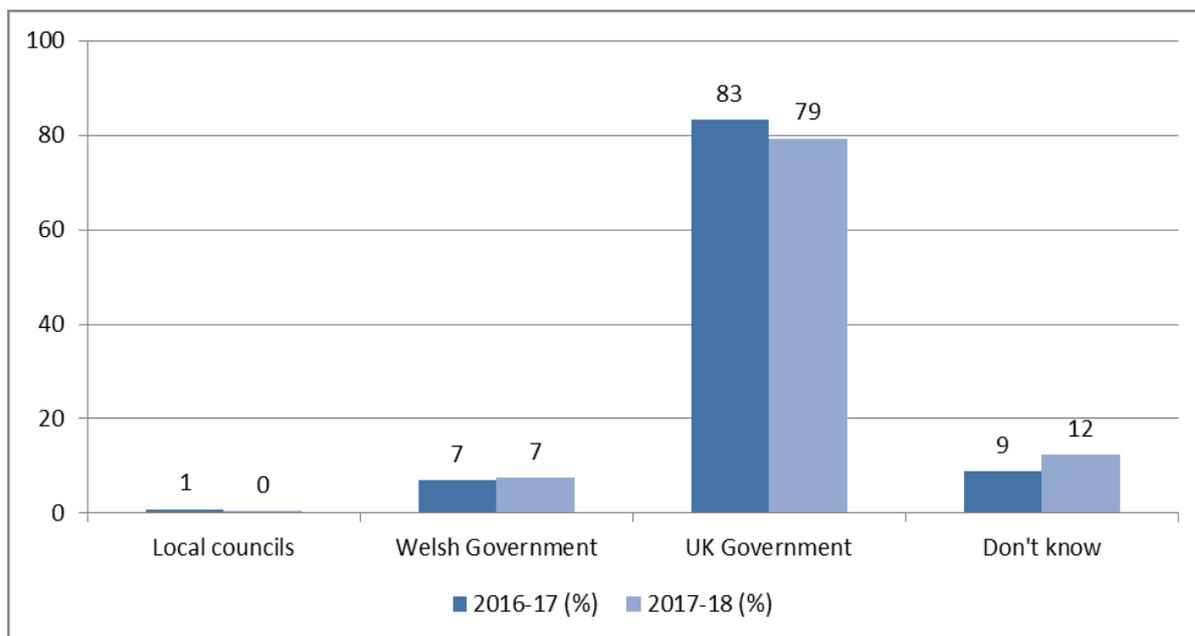
- (a) Table may sum to more than 100 per cent as respondents were able to give more than one answer.
- (b) 'Other' responses are presented alphabetically.

7. Value Added Tax

Not devolved

7.1 Analysis of the results for the National Survey for Wales for both 2016-17 and 2017-18 showed that around eight out of ten respondents correctly said the UK Government has the most control over setting levels of VAT in Wales. There was a small decrease in the proportion saying this between 2016-17 and 2017-18 (Figure 12) although this was not statistically significant.

Figure 12: Who has most control over levels of VAT in Wales?



Base: Respondents who had heard of VAT (2,407 in 2016-17 and 1,722 in 2017-18).

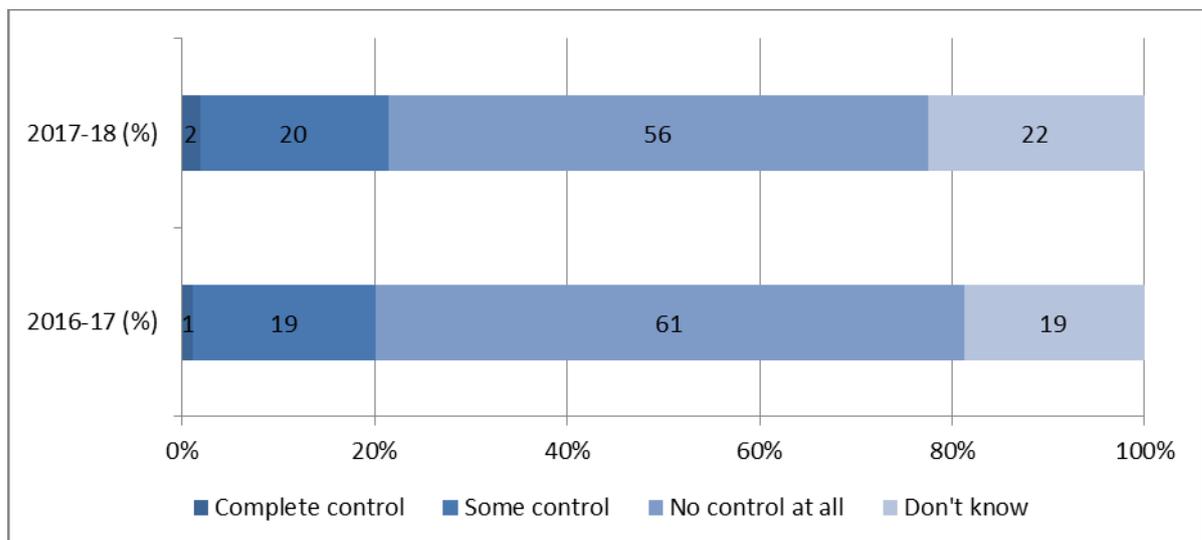
7.2 In 2017-18, there were significant differences in the proportion of respondents correctly saying that the UK Government has most control over levels of VAT in Wales, by age and educational attainment but not by region. The proportion correctly saying that the UK Government has most control over levels of VAT in Wales was highest among those:

- aged 35-54 years (86 per cent) and 55+ years (82 per cent), compared with 68 per cent of 16-34 year olds; and
- with a degree or above (87 per cent), compared with 75 per cent for those with qualifications below degree level and 73 per cent for those with no qualifications; and

7.3 In 2017-18, 56 per cent of respondents thought the Welsh Government had ‘no control at all’ over VAT in Wales, which was slightly lower than the 2016-17 figure of 61 per cent.

7.4 Very few respondents think that the Welsh Government has ‘complete’ control of setting VAT in Wales but around one out of five think it has ‘some’ control (Figure 13).

Figure 13: How much control do you think Welsh Government has over VAT?



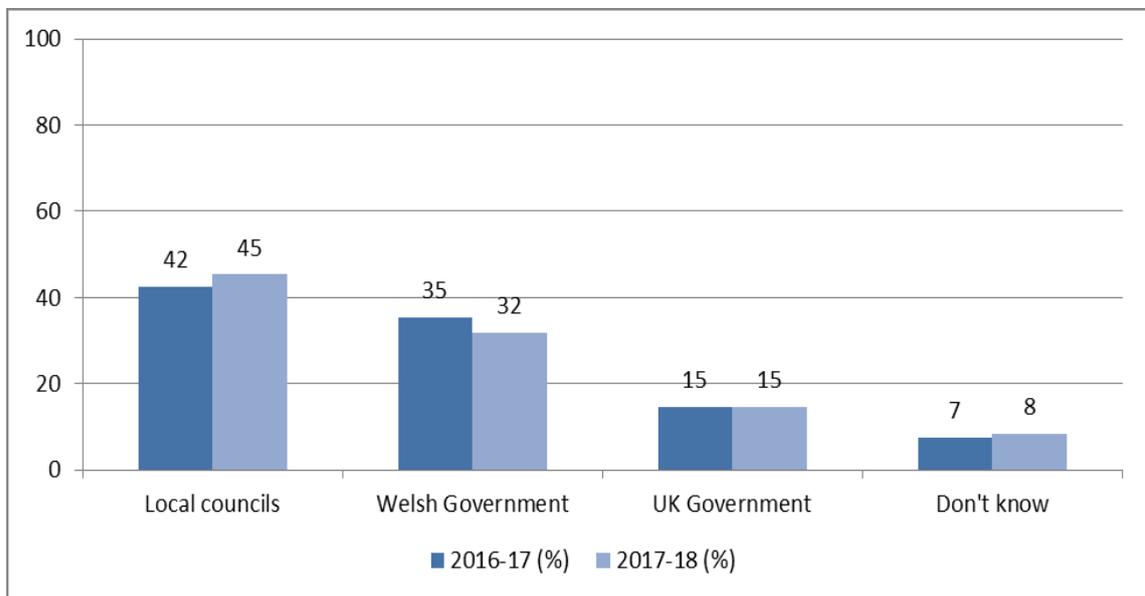
Base: Respondents who had heard of VAT (2,407 in 2016-17 and 1,722 in 2017-18).

8. Council Tax

Set by local councils

- 8.1 In both survey years, more than four out of ten respondents correctly said local councils have the most control over setting levels of Council Tax in Wales, while around one third said the Welsh Government has most control (Figure 14).

Figure 14: Who has most control over levels of Council Tax in Wales?

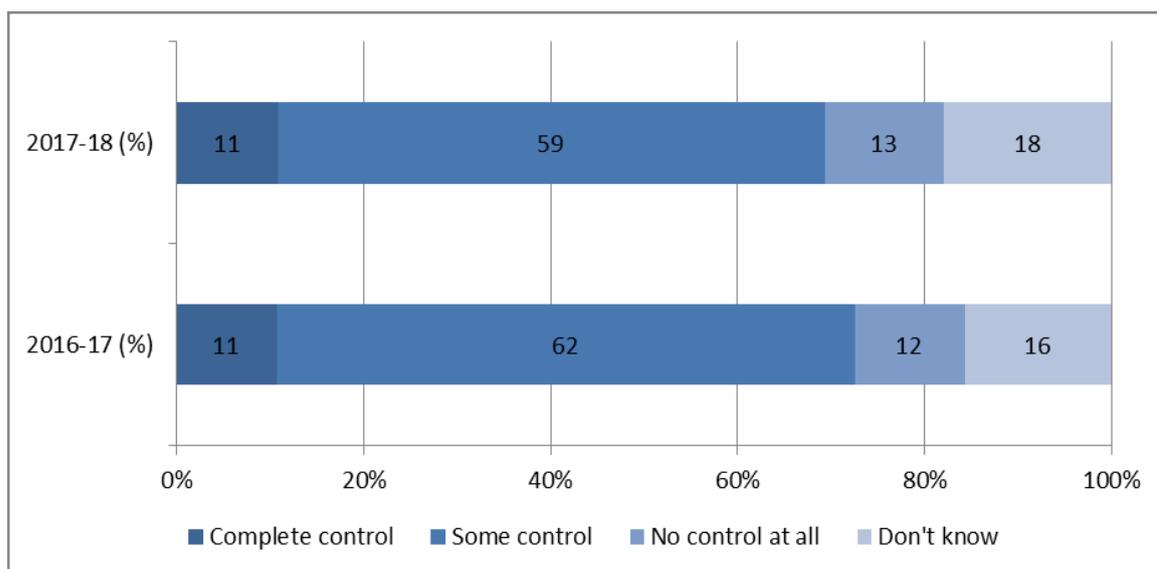


Base: Respondents who had heard of Council Tax (2,447 in 2016-17 and 1,762 in 2017-18).

- 8.2 In 2017-18, there was a significant difference in the proportion of respondents correctly saying that local councils have most control over levels of Council Tax in Wales, by educational attainment but not by age or region.
- 8.3 The proportion correctly saying that local councils have most control over levels of Council Tax in Wales was highest among respondents with a degree or above (50 per cent), compared with 45 per cent for those with no qualifications and 43 per cent for those with qualifications below degree level.

8.4 In both survey years, around six out of ten respondents thought the Welsh Government had ‘some’ control over the setting and management of the Council Tax system in Wales, and a further one out of ten thought it had ‘complete’ control (Figure 15).

Figure 15: How much control do you think Welsh Government has over council tax?



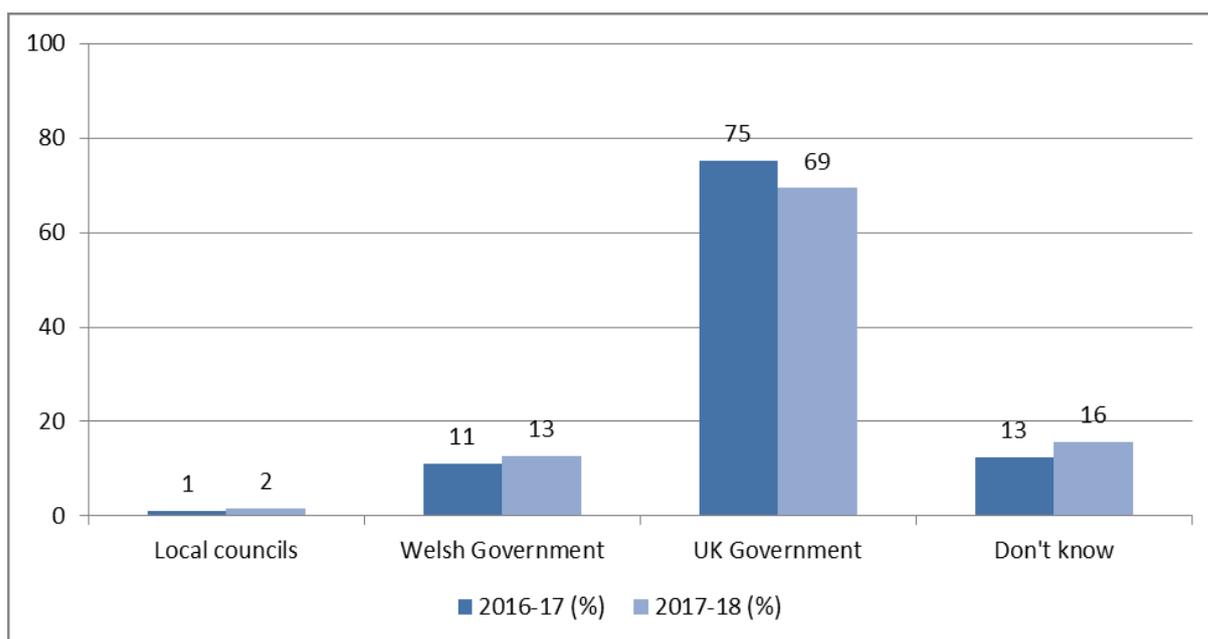
Base: Respondents who had heard of Council Tax (2,447 in 2016-17 and 1,762 in 2017-18).

9. Stamp Duty

Devolved from April 2018

- 9.1 Between 2016-17 and 2017-18, the proportion of respondents who thought that UK Government had most control over setting levels of Stamp Duty in Wales decreased significantly from 75 per cent to 69 per cent.
- 9.2 Survey fieldwork for 2017-18 shortly preceded the Welsh Government gaining devolved power over this issue in April 2018, which may explain this change (Figure 16).

Figure 16: Who has most control over levels of Stamp Duty in Wales?

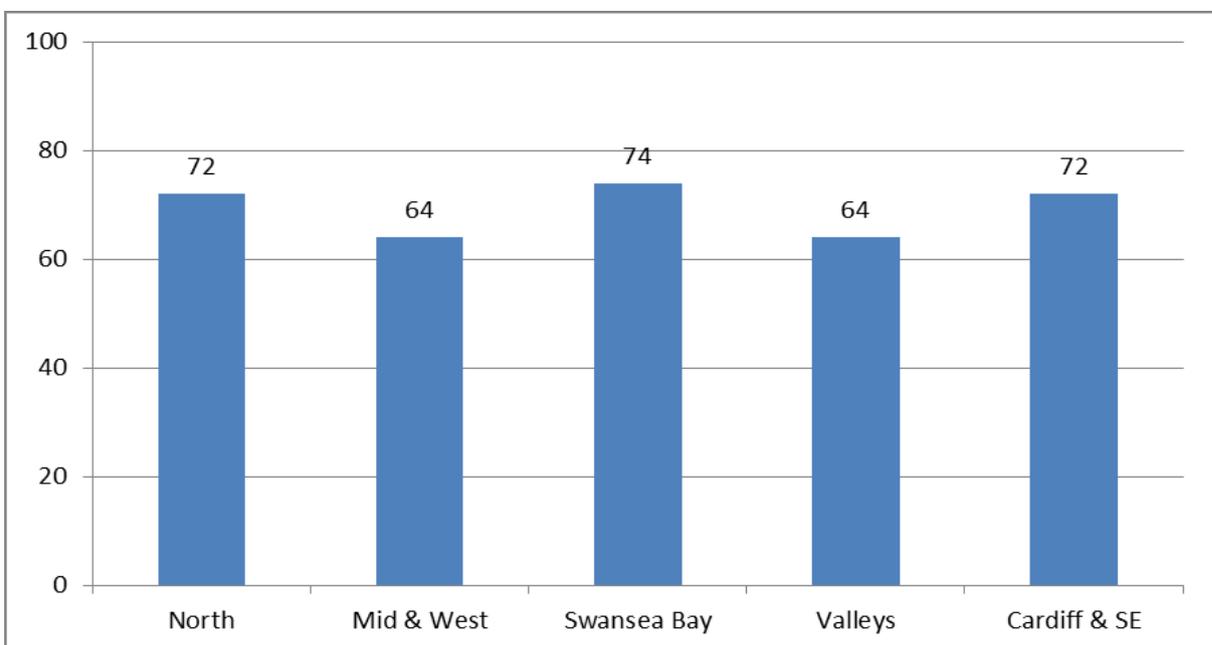


Base: Respondents who had heard of Stamp Duty (2,053 in 2016-17 and 1,458 in 2017-18).

- 9.3 In 2017-18, there were significant differences in the proportion of respondents correctly saying that the UK Government has most control over levels of Stamp Duty in Wales by age, educational attainment and region. The proportion correctly saying that the UK Government has most control over levels of Stamp Duty in Wales was highest among respondents:

- aged between 35-54 years (75 per cent) and 55+ years (74 per cent), compared with 52 per cent of 16-34 year olds;
- with a degree or above (73 per cent), compared with 67 per cent for those with qualifications below degree level and 61 per cent for those with no qualifications; and
- living in Swansea Bay, North Wales and Cardiff and South East Wales (Figure 17);

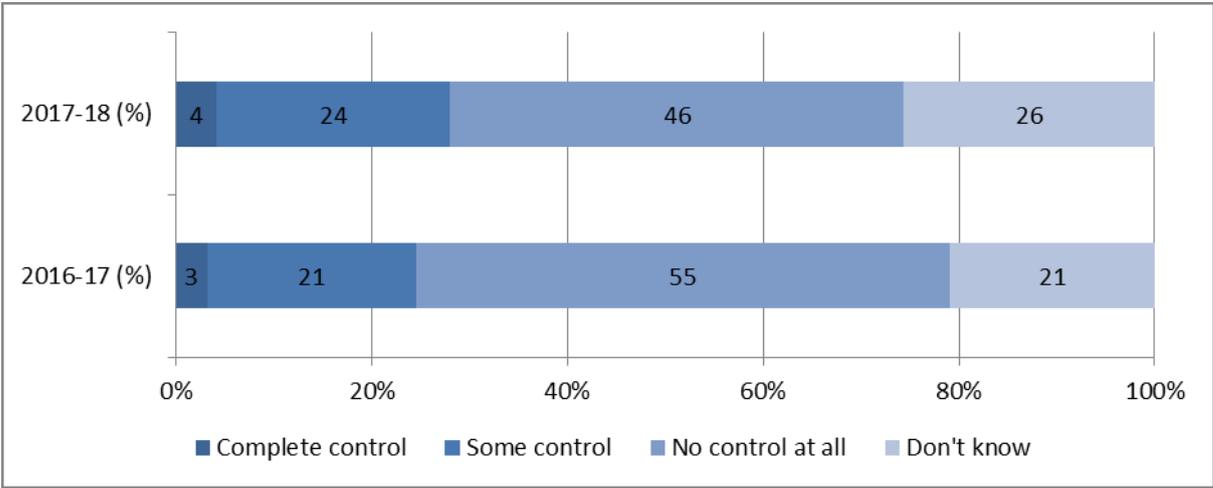
Figure 17: Proportion of respondents correctly saying that the UK Government has most control over levels of Stamp Duty in Wales by region (%)



Base: Respondents who had heard of Stamp Duty (1,458 in 2017-18).

9.4 Between 2017-18 and 2018-19, the proportion of respondents who thought the Welsh Government had ‘no control at all’ over Stamp Duty decreased significantly from 55 per cent to 46 per cent (Figure 18).

Figure 18: How much control do you think Welsh Government has over Stamp Duty?



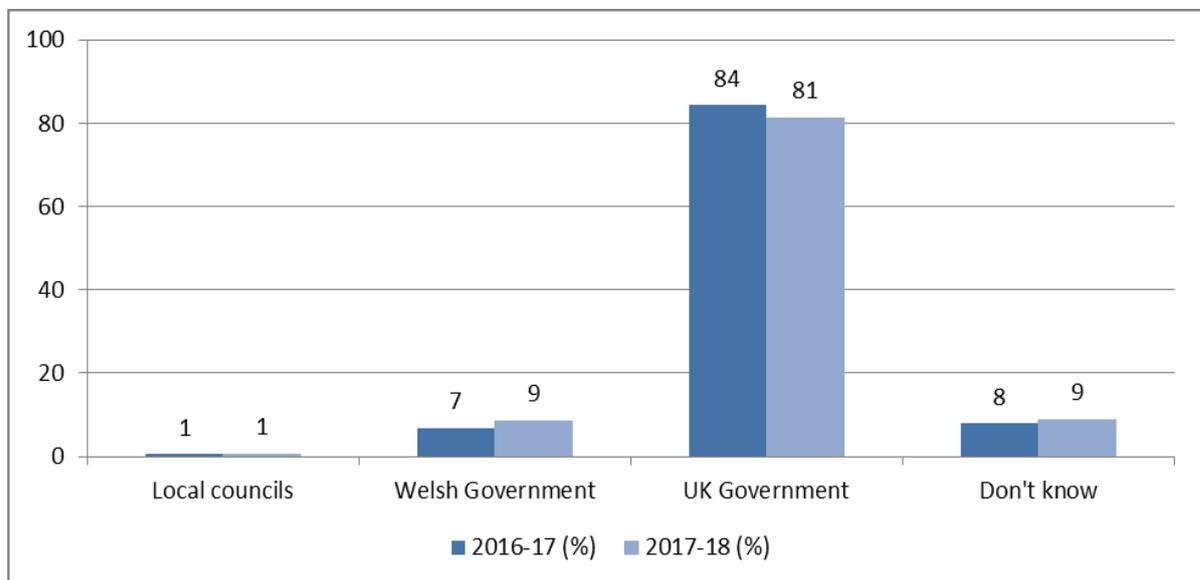
Base: Respondents who had heard of Stamp Duty (2,053 in 2016-17 and 1,458 in 2017-18).

10. Tax on alcohol

Not devolved

10.1 Between 2016-17 and 2017-18, the proportion of respondents who thought that UK Government had most control over setting levels of tax on alcohol in Wales decreased slightly from 84 per cent to 81 per cent (Figure 19), although this was not statistically significant.

Figure 19: Who has most control over levels of tax on alcohol in Wales?



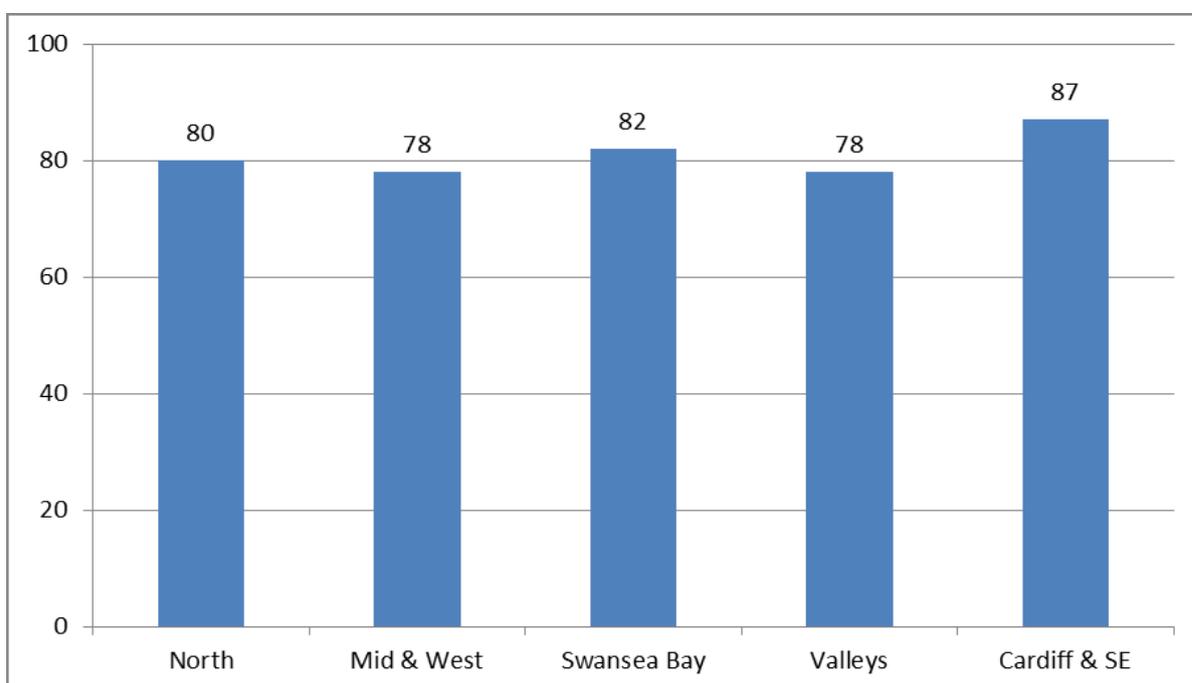
Base: Respondents who had heard of tax on alcohol (2,037 in 2016-17 and 1,483 in 2017-18).

10.2 In 2017-18, there were significant differences in the proportion of respondents correctly saying that the UK Government has most control over levels of tax on alcohol in Wales by age, educational attainment and region. The proportion correctly saying that the UK Government has most control over levels of tax on alcohol in Wales was highest among respondents:

- aged 35-54 years (87 per cent), compared with 80 per cent of those aged 55+ years and 77 per cent of 16-34 year olds;

- with a degree and above (87 per cent), compared with 78 per cent for those with qualifications below degree level and 74 per cent for those with no qualifications; and
- living in Cardiff and South East Wales (87 per cent), with the lowest proportion (78 per cent) in Mid and West Wales (Figure 20).

Figure 20: Proportion of respondents correctly saying that the UK Government has most control over levels of tax on alcohol in Wales by region (%)

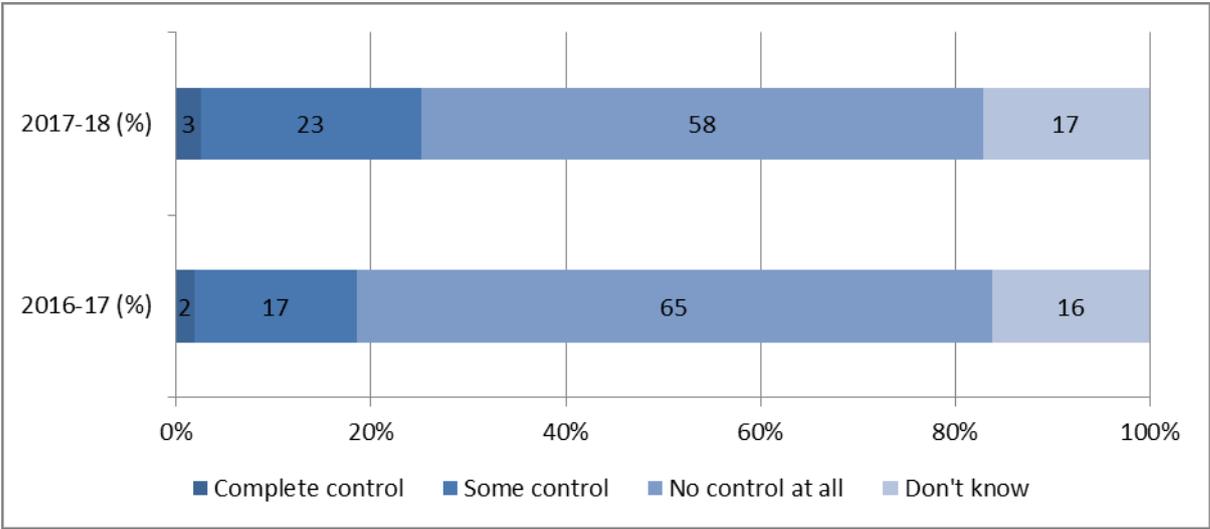


Base: Respondents who had heard of tax on alcohol (1,483 in 2017-18).

10.3 Between 2016-17 and 2017-18, the proportion of respondents who said the Welsh Government has ‘no control at all’ over tax on alcohol decreased significantly from 65 per cent to 58 per cent (Figure 21). This shift raises the question of whether coverage of the Public Health (Minimum Price for Alcohol) Wales Act 2018⁸ influenced a change in perception, even though it is not a tax.

⁸ [Public Health \(Minimum Price for Alcohol\) Wales Act 2018](#)

Figure 21: How much control do you think Welsh Government has over tax on alcohol?



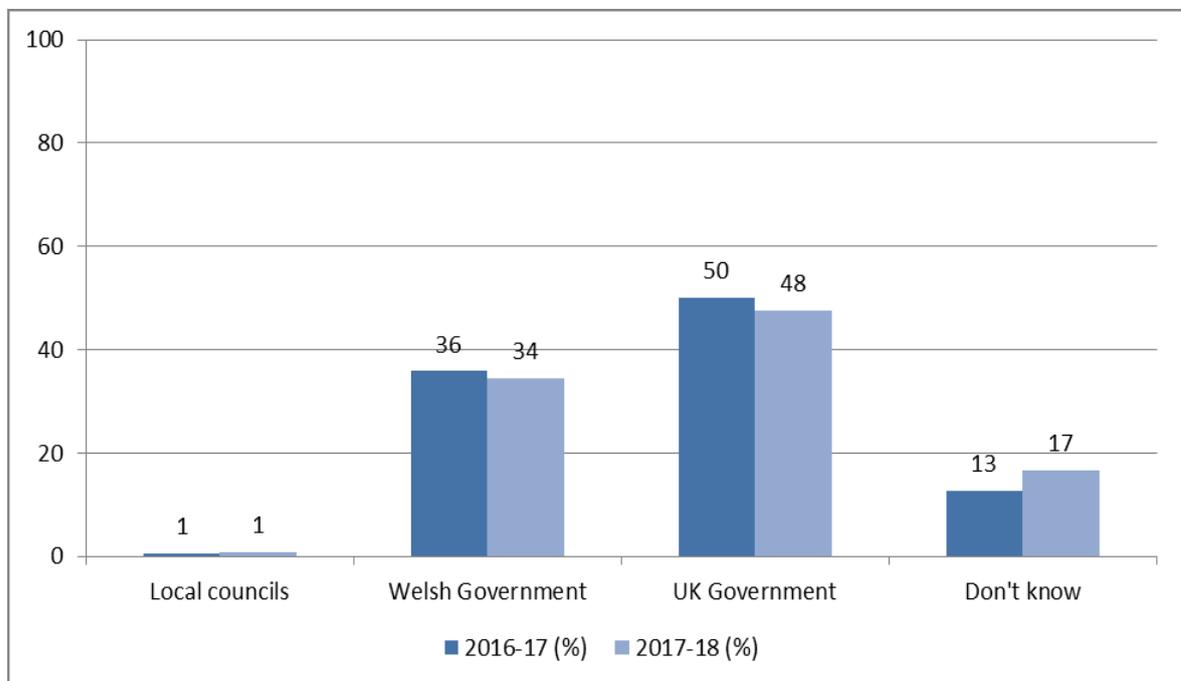
Base: Respondents who had heard of tax on alcohol (2,037 in 2016-17 and 1,483 in 2017-18).

11. Tax on air travel

Not devolved

- 11.1 In both survey years, around half of respondents correctly said that the UK Government has most control over setting levels of tax on air travel from Wales (Figure 22). However, in both survey years over one third of respondents thought that the Welsh Government has most control.

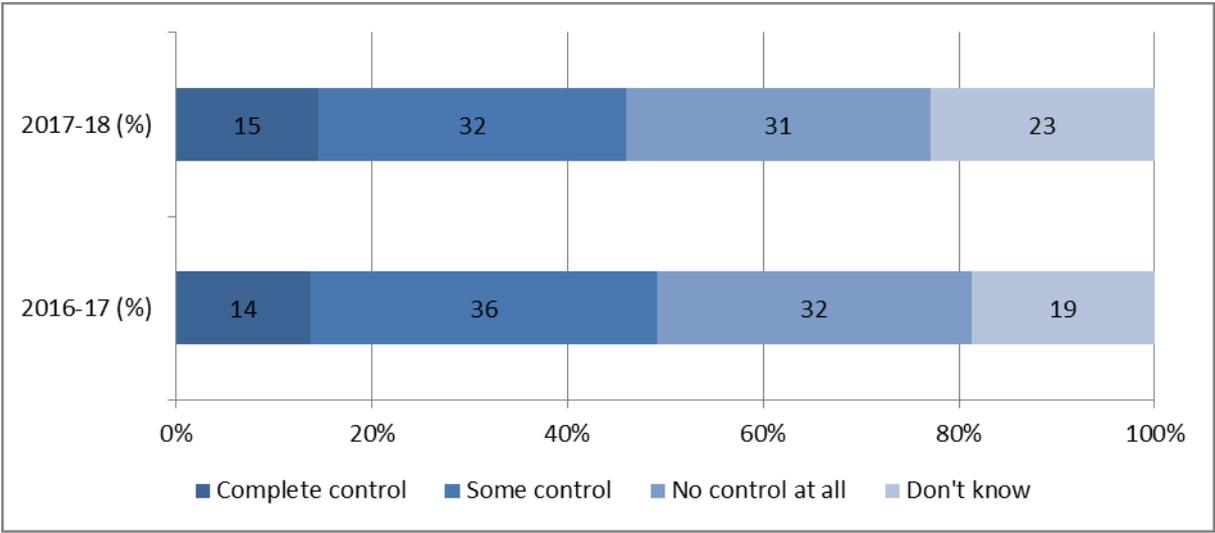
Figure 22: Who has most control over levels of tax on air travel from Wales?



Base: Respondents who had heard of tax on air travel (1,319 in 2016-17 and 851 in 2017-18).

- 11.2 In 2017-18, there were no significant differences in the proportion of respondents correctly saying that the UK Government has most control over levels of tax on air travel from Wales by age, educational attainment or region.
- 11.3 In both survey years, almost half of respondents thought that the Welsh Government had 'some' or 'complete' control over tax on air travel, while around three out of ten thought the Welsh Government had 'no control at all' (Figure 23).

Figure 23: How much control do you think Welsh Government has over tax on air travel from Wales?



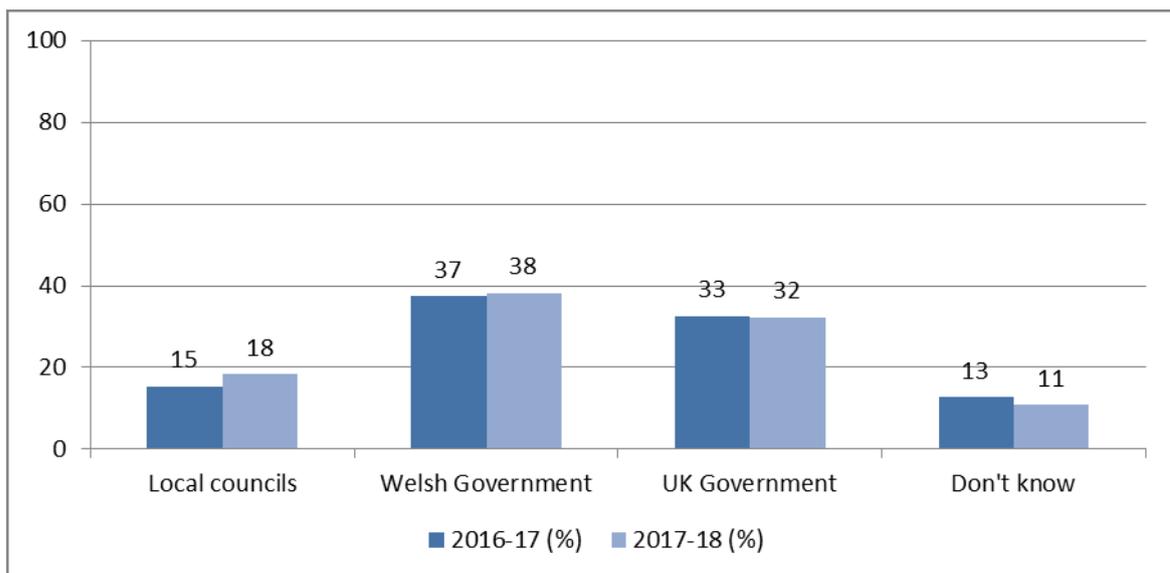
Base: Respondents who had heard of tax on air travel (1,319 in 2016-17 and 851 in 2017-18).

12. Tax on the waste that is sent to landfill in Wales

Devolved from April 2018

- 12.1 In both survey years there was a considerable split in the answers provided by respondents as to who has the most control over setting levels of tax on the waste that is sent to landfill in Wales, with around one third correctly saying UK Government, and almost four out of ten saying Welsh Government (Figure 24).
- 12.2 It should be noted that the survey fieldwork for 2017-18 shortly preceded the devolution of tax on the waste that is sent to landfill in Wales in April 2018.

Figure 24: Who has most control over levels of landfill tax in Wales?

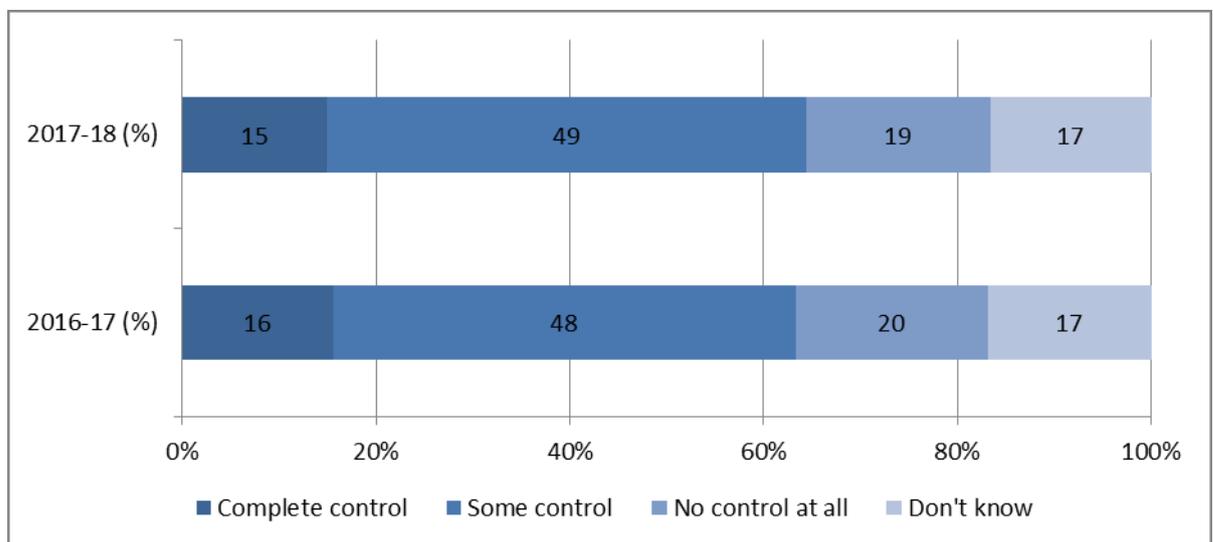


Base: Respondents who had heard of tax on waste that is sent to landfill (1,179 in 2016-17 and 762 in 2017-18).

- 12.3 In 2017-18, there was a significant difference in the proportion of respondents correctly saying that the UK Government has most control over levels of tax on the waste that is sent to landfill in Wales by age but not by educational attainment or region.

- 12.4 The proportion correctly saying that the UK Government has most control over tax on the waste that is sent to landfill in Wales was highest among those aged 35-54 years (39 per cent), compared with 30 per cent of those aged 55+ years and 28 per cent of 16-34 year olds.
- 12.5 Around two-thirds of respondents in both survey years thought that the Welsh Government had either 'some' or 'complete' control over landfill tax in Wales (Figure 25).

Figure 25: How much control do you think Welsh Government has over tax on the waste that is sent to landfill in Wales?



Base: Respondents who had heard of tax on waste that is sent to landfill (1,179 in 2016-17 and 762 in 2017-18).

13. Link between tax revenue and public services in Wales

- 13.1 Respondents to the Wales Omnibus Survey were asked how much of the money raised from Welsh taxes they would expect to go towards public services in Wales (such as schools, hospitals and other services).
- 13.2 In total, 72 per cent thought that ‘all’ or ‘most of it’ would go towards public services in Wales, while a quarter thought ‘some of it’ would (Table 4)

Table 4: How much of the money raised from Welsh taxes would you expect to go towards public services in Wales (such as schools, hospitals and other services)?

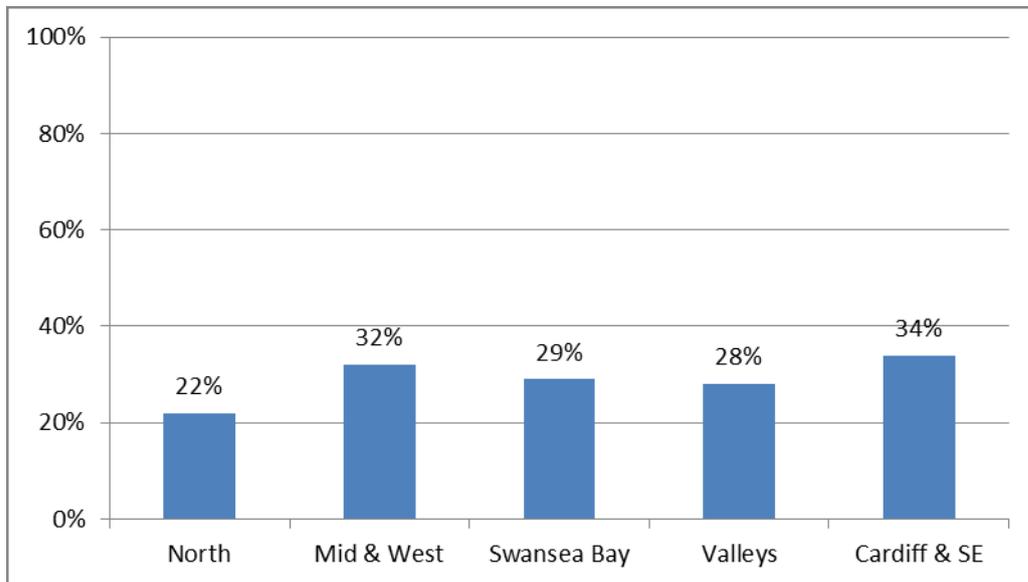
Response	Percentage of respondents ^a
All of it	29
Most of it	43
Some of it	25
None of it	1
<i>Don't know</i>	3

Base: All respondents (1,006 in June 2018)

(a) May not sum to exactly 100 per cent due to rounding

- 13.3 There were significant differences in the proportion of respondents correctly saying that all of the money raised from Welsh taxes would go towards public services in Wales, by age and region but not by socio-economic group. The proportion correctly saying that all of the money raised from Welsh taxes go towards public services in Wales was highest among those:
- aged 35-54 years (33 per cent) and 55+ years (30 per cent) compared with 23 per cent of 16-34 year olds; and
 - living in Cardiff and South East Wales (34 per cent), with the lowest proportion (22 per cent) in North Wales (Figure 26).

Figure 26: Aware all of the money raised from Welsh taxes goes towards public services in Wales (%)



Base: All respondents (1,006 in June 2018)

14. Annex A: Methodology

National Survey for Wales

- 14.1 The National Survey for Wales involves face-to-face interviews with a representative sample of around 11,000 adults aged 16 and over each year, and it runs throughout the year.
- 14.2 Each year, a sample of addresses is selected at random from the Royal Mail's list of addresses. Survey interviews then take place face-to-face with one randomly selected adult in each selected household. No replacement of addresses or individuals is allowed.
- 14.3 The sample in each local authority is broadly in proportion to local authority population size, with a minimum effective sample size of 250 in the smaller authorities and an effective sample size of 750 in Powys. The results are weighted to be representative of the adult population in Wales.
- 14.4 Fieldwork for the National Survey for Wales is carried out by the Office for National Statistics.
- 14.5 Questions on tax devolution were asked of a sub-sample of 2,544 respondents in 2016-17 and 1,856 respondents in 2017-18.

Wales Omnibus Survey

- 14.6 The Wales Omnibus Survey sample is designed to be representative of the population resident in Wales aged 16 years and over. The Surveys are conducted four times a year – in March, June, September and November – and a fresh sample is drawn each time. The unit of sampling is Lower Super Output Area (LSOA) and 69 interviewing points throughout Wales are selected with probability proportional to resident population, after stratification by unitary authority and social group.
- 14.7 Within each sampling point, demographic quota controls of age and social class within sex are employed for the selection of respondents. Quotas are set to reflect the individual demographic profile of each selected point.

- 14.8 The data have been weighted by age group within gender within unitary authority grouping to give each cell its correct incidence within the Wales total derived from the results of the 2011 Census.
- 14.9 A fresh sample of interviewing locations and individuals are selected for each survey and no more than one person per household is interviewed. Interviews are conducted face to face in the homes of respondents utilising CAPI (Computer Aided Personal Interviewing) technology.
- 14.10 Fieldwork for the June 2018 survey took place between 4 and 17 June with a total of 1,006 face-to-face interviews conducted and analysed.

Proportional quota sampling

- 14.11 When survey data are tested for statistical significance, an assumption is made that the achieved sample represents a random sample of the relevant population. The National Survey for Wales uses random sampling, while the Wales Omnibus Survey uses proportional quota sampling. Genuine statistical significance cannot, strictly speaking, be established for the latter sampling method. Therefore, 'significant' differences based on data from the Wales Omnibus Survey refer to a pseudo-statistically significant difference at the 95 per cent confidence level. This means that, if the survey did use a random sample, the probability of obtaining the finding by chance would be less than one in 20.

Chi-square analysis

- 14.12 The chi-square test has been used in the analysis to determine whether an observed relationship between two categorical variables in the sample is likely to reflect a genuine association in the population (i.e. the total adult population resident in Wales aged 16 years and over).

Definition of regions

14.13 Table A.1, below, shows which unitary authorities in Wales make up the regions used in the analysis of data from the National Survey for Wales and Wales Omnibus Survey.

Table A.1: Definition of regions

Region	Unitary authorities
North Wales	Isle of Anglesey Gwynedd Conwy Denbighshire Flintshire Wrexham
Mid & West Wales	Ceredigion Powys Pembrokeshire Carmarthenshire
Swansea Bay	Swansea Neath Port Talbot Bridgend
Valleys	Rhondda Cynon Taf Merthyr Tydfil Caerphilly Blaenau Gwent
Cardiff & South East Wales	Vale of Glamorgan Cardiff Newport Torfaen Monmouthshire

Definition of educational attainment

14.14 Table A.2, below, provides a definition of the educational attainment classification used in the analysis of data from the National Survey for Wales.

Table A.2: Definition of educational attainment

Educational attainment	Definition
Degree or above	Postgraduate degree (e.g. MSc, PhD) First degree (e.g. BA, BSc, B. Ed.) or equivalent
Qualification below degree level	HNC / HND / BTEC Higher, or equivalent A / AS levels or equivalent Trade apprenticeships O Level / GCSE grades A-C or equivalent O Level / GCSE grades D-G or equivalent Other qualifications
No qualifications	No qualifications

Definition of socio-economic groups

14.15 Table A.3, below, provides a definition of the socio-economic group classification used in the analysis of data from the Wales Omnibus Survey.

Table A.3: Definition of socio-economic groups

Socio-economic group	Definition
ABC1	
A	High managerial, administrative or professional
B	Intermediate managerial, administrative or professional
C1	Supervisory, clerical and junior managerial, administrative or professional
C2DE	
C2	Skilled manual workers
D	Semi and unskilled manual worker
E	State pensioners, casual or lowest grade workers, unemployed with state benefits only

15. Annex B: Questionnaires

15.1 The full questionnaires for the 2016-17 and 2017-18 National Survey for Wales, including the modules on tax devolution, are available via the following links:

National Survey for Wales 2016-17 questionnaire

15.2 [National Survey for Wales 2016-17 Questionnaire](#)

National Survey for Wales 2017-18 questionnaire

15.3 [National Survey for Wales 2017-18 questionnaire](#)

Wales Omnibus Survey

15.4 The additional questions commissioned in the June 2018 wave of the Wales Omnibus Survey (Beaufort Research Ltd.) were as follows:

Q1. Are you aware from 6 April 2019 the Welsh Government will be able to set different income tax rates in Wales?

- Yes
- No
- Don't know

IF YES AT Q1

Q2. How did you become aware of this? Do not prompt – code all mentioned

- Internet / online
- Radio
- Social media (Facebook, Twitter, etc.)
- TV
- Word of mouth / someone told me
- Other (please specify) _____
- Don't know

ASK ALL

Q3. Are you aware that the Welsh Government already sets some taxes in Wales, namely Land Transaction Tax (Stamp Duty Land Tax in England) and Landfill Disposals Tax (Landfill Tax in England)?

- Yes
- No
- Don't know

Showcard A

QT4. How much of the money raised from Welsh taxes would you expect to go towards public services in Wales (such as schools, hospitals and other services)?

Single code

- All of it
- Most of it
- Some of it
- None of it
- Don't know

16. Annex C: Background information on UK and devolved Welsh taxes

Income Tax

- 16.1 From 2019-20, the income tax paid by Welsh taxpayers will be partially devolved to the Welsh Government. This will allow the Welsh Government to vary the rates of income tax (subject to the National Assembly's approval as part of its annual budget setting process) in each tax band paid by Welsh taxpayers or keep them the same as the income tax rates paid by English and Northern Irish taxpayers. Revenues from these rates will form part of the Welsh Government's budget (Ifan and Poole, 2018). Overall responsibility for many aspects of income tax will remain with the UK Government and the tax will continue to be collected by HM Revenue and Customs (HMRC) (Welsh Government, 2018).

Value Added Tax (VAT)

- 16.2 VAT rates for the sale of goods and services are set by the UK Government. The standard rate of VAT charged on most goods and services is 20 per cent, while a reduced rate of five per cent is charged on some goods and services including children's car seats and home energy.
- 16.3 Some goods and services are charged a zero rate of VAT, including most food and children's clothes, while some things such as postage stamps and financial and property transactions are exempt from VAT.

Council Tax

- 16.4 Most aspects of the council tax system have been administered within Wales since devolution in 1999. Local authorities are responsible for the setting, collection and enforcement of council tax.
- 16.5 Introduced in 1992, council tax is payable on all domestic properties unless they are covered by exemptions. Council tax rates are set annually by local authorities and are calculated using nine valuation bands (bands A to I) set at 2003 property values. Council tax is a hybrid tax made up of 50 per cent property tax and 50 per cent personal tax.

- 16.6 A full Council Tax bill is based on at least two adults living in a property. Depending on the characteristics of the property or household, bill payers may qualify for a discount or reduction in their bills, alternatively if they are eligible for an exemption they will be exempt from a council tax bill.
- 16.7 It forms an integral part of local council budgets and it is the means by which local householders contribute to the local authority services. In 2016-17 council tax across Wales raised £2.4 billion from over 1.3 million properties (Welsh Government, 2018).

Tax on alcohol – Alcohol Duty

- 16.8 Excise duties are levied on three major categories of goods – alcoholic drinks, tobacco and road fuels – and are the responsibility of the UK Government in Wales. For the purposes of taxation, alcoholic drinks are classed in five categories: beer; still cider and perry; sparkling cider and perry; wine and made-wine; sparkling wine and made-wine; and spirits. Duty is charged on each of these categories at a fixed rate – a number of pence per litre. In the case of beer and spirits, the rate of duty is set in relation to alcoholic strength. Wine, made-wine, cider and perry are subject to specific duties (i.e., by volume), although duty rates are banded by reference to alcoholic strength (Seely, 2017).
- 16.9 In Wales, the Public Health (Minimum Price for Alcohol) (Wales) Act 2018 received Royal Assent in August 2018. While the Act will introduce a minimum price for the sale and supply of alcohol in Wales it should be noted that this is not a tax on alcohol.

Tax on air travel

- 16.10 Air Passenger Duty (APD) is charged on all passenger flights from UK airports. The tax was introduced in the UK Government's November 1993 Budget and came into effect on 1 November 1994. Since its introduction, provisions have been made to devolve aspects of APD to the devolved administrations in Scotland and Northern Ireland. The UK Government maintains control over the setting and collection of tax on air passengers in Wales.

16.11 In February 2015, the UK Government announced it would consider the case for devolving APD to the Welsh Government. The UK Government and regional airports in south-west England have expressed concerns that lower APD rates in Wales would put them at a significant competitive disadvantage. In 2017, the Welsh Government published new independent analysis supporting the devolution of APD to the Welsh Government. The Welsh Affairs Committee announced an inquiry on the devolution of APD to Wales in the autumn of 2018 to which the Welsh Government has responded to support the case, along with unanimous strong support from businesses in Wales.

Landfill Tax - Landfill Disposals Tax (LDT)

16.12 The Landfill Disposals Tax (LDT) was introduced in Wales from 1 April 2018, replacing the UK Government's Landfill Tax. The purpose of LDT is to reduce the amount of waste sent to landfill. It is paid by around 20 landfill sites across Wales, and is forecast to raise around £28 million in 2018-19 (Bangor University, 2017), making it by far the smallest of the tax revenues under Welsh Government control (Ifan and Poole, 2018). The lower and standard rates of tax will remain consistent with those in the rest of the UK for a period of 2 years (Welsh Government, 2018c).

Stamp Duty Land Tax - Land Transaction Tax (LTT)

16.13 From April 2018, Stamp Duty Land Tax (SDLT) was replaced by Land Transaction Tax (LTT) in Wales. LTT is payable when buildings or land are bought or leased over a certain price. The new legislation is broadly consistent with SDLT; however, the Welsh Government is able to determine the thresholds, bands and rates that are used. Certain changes will also be made to simplify the tax and make it fairer, improve its efficiency and effectiveness, and provide a greater focus on Welsh needs and priorities (Welsh Government, 2018d).

17. References

Bangor University (2017) Independent Scrutiny and Assurance of Devolved Tax Forecasts for Wales. Final Report: October 2017. Bangor: Bangor University.

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Seely, A. (2017) Alcohol taxation and the pub trade. House of Commons Library Briefing Paper, No. 1373. London: UK Parliament.

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UK Government (n.d.) [VAT rates.](#)

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Welsh Government (2018b) [Council Tax.](#)

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Welsh Government (2018d) [Landfill Disposals Tax.](#)

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