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Public understanding of tax devolution: 2020 update report

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Public understanding of tax devolution:

2020 update 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 Since April 2018, the Welsh Government and the National Assembly for Wales have been 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, 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.
- 1.4 Welsh Tax policy is being developed in line with the principles set out in the Welsh Government's Tax Policy Framework² and the priorities presented in the annual Tax Policy Work Plans, and reported in the Welsh Tax Policy Reports³.
- 1.5 During the course of 2019, the Welsh Government and the Welsh Revenue Authority (WRA) continued to collaborate on stakeholder engagement and communications activity relating to the management and collection of the Land Transaction Tax and Landfill Disposals Tax.
- 1.6 Alongside this, the Welsh Government has worked closely with HMRC and the UK Government to communicate the partial devolution of Income Tax. An important element of this collaboration has been to ensure clear and consistent messaging about the introduction of Welsh Rates of Income Tax (WRIT). As part of this, a Welsh Government flyer was included in the notification letter that HMRC sent out

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 See Welsh Government (2017)

³ See Welsh Government (2019a)

to all taxpayers in Wales as part of the first communications campaign aligned with the autumn draft Budget in 2018. This enabled Welsh Government messaging to reach around 2 million taxpayers in Wales.

- 1.7 HMRC will continue to collect WRIT, whereas the WRA is collecting Land Transaction Tax and Landfill Disposals Tax. To ensure clarity of messaging around fiscal devolution, communications and engagement activity since April 2019 for the devolved taxes has been kept separate and distinct to that of WRIT to prevent confusion among tax payers. However, the overall narrative of tax supporting public services in Wales continues to be shared across organisations (Welsh Government, 2019a).

Monitoring understanding of tax devolution

- 1.8 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 has included questions in the National Survey for Wales (2016-17; 2017-18; and 2018-19) and commissioned additional questions in the June 2018, March 2019 and June 2019 waves of the Wales Omnibus Survey (conducted by Beaufort Research Ltd).
- 1.9 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.
- 1.10 This report presents findings from which changes in public awareness and understanding of tax devolution in Wales are being monitored, with findings compared to the baseline study (Owens and Jones, 2019) where possible. The analysis will also be used to inform how communications are targeted among different groups of the population.

About the surveys

- 1.11 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; 1,856 respondents in 2017-18; and 1,926 respondents in 2018-19.
- 1.12 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 (1,006 interviews completed); the March 2019 wave took place between 25 February and 10 March 2019 (1,001 interviews completed); and the June 2019 wave took place between 3 and 21 June 2019 (1,025 interviews completed).

Significant differences

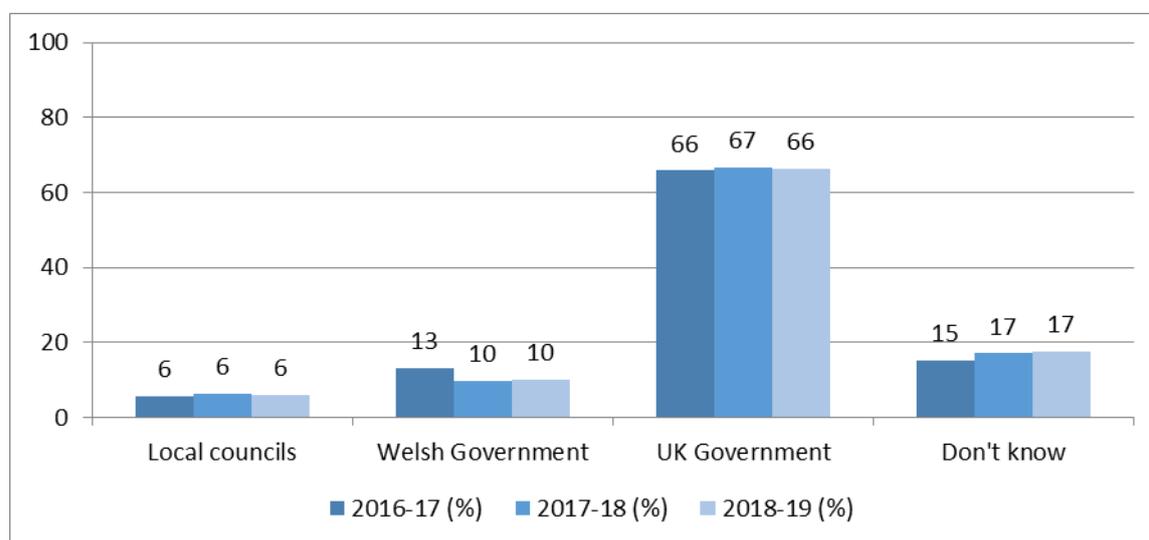
- 1.13 Statistical significance testing of the data was undertaken in the analysis to aid interpretation of the results. When a difference between two sub-groups is described as being 'significant' in this report, this means that the probability of obtaining the finding by chance is less than one in 20 – i.e. it is likely to reflect a genuine relationship in the population.
- 1.14 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.**
- 1.15 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.

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 each survey year, two thirds of respondents said the UK Government had most control over taxes, while around one out of ten respondents said the Welsh Government had most control (Figure 1). There were no significant changes in responses between the three survey years.

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



Base: All respondents to National Survey for Wales (2,544 in 2016-17; 1,856 in 2017-18; 1,926 in 2018-19).

2.3 In 2018-19, there were significant differences in the proportion of respondents saying they 'don't know' who has most control over taxes they pay by age and educational attainment but not by region.

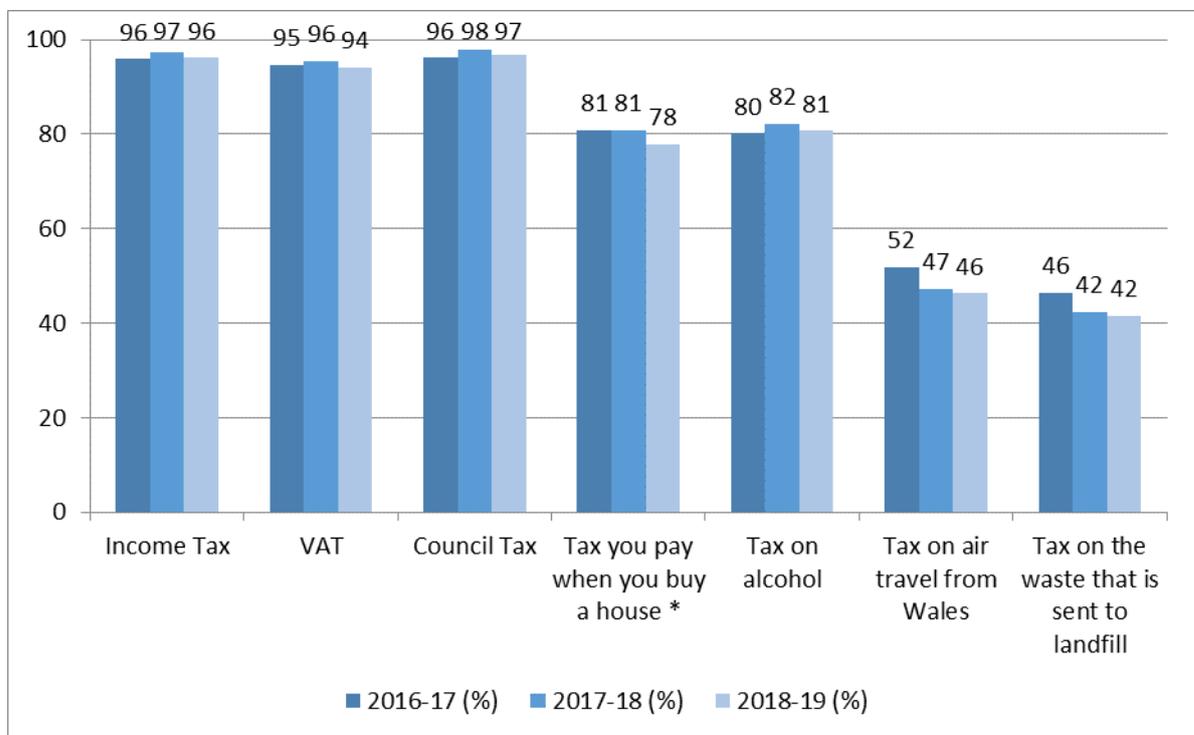
2.4 The proportion of respondents saying they 'don't know' who has most control over the taxes they pay was highest among respondents:

- aged 16-34 years (28 per cent) compared with 15 per cent of those aged 55+ years and 12 per cent of those aged 35-54 years; and
- with no qualifications (25 per cent) or qualifications below degree level (21 per cent) compared with 9 per cent of respondents with a degree or above.

3. Awareness of different taxes

- 3.1 Respondents to the National Survey for Wales were asked about their awareness of various taxes. In 2018-19, as in previous years, almost all respondents had heard of Income Tax, Value Added Tax (VAT) and Council Tax. Around eight out of ten had heard of tax you pay when you buy a house and tax on alcohol.
- 3.2 In comparison, in 2018-19 less than half of respondents had heard of tax on air travel from Wales and tax on the waste that is sent to landfill (Figure 2).

Figure 2: Which taxes have you heard of?



Base: All respondents to National Survey for Wales (2,544 in 2016-17; 1,856 in 2017-18; 1,926 in 2018-19).
* In 2016-17 and 2017-18, respondents were given a showcard that read 'Stamp Duty, that's the tax you pay when you buy a house'. In 2018-19, this was changed to 'Tax you pay when you buy a house'.

4. Devolution of taxes

National Survey for Wales

- 4.1 Respondents to the National Survey for Wales⁴ were told that ‘from April 2018, the Welsh Government has been able to set the levels of some taxes in Wales that were previously set by the UK Government’. The respondents were then asked ‘Which of these taxes do you think have come under the control of the Welsh Government?’⁵.
- 4.2 In 2018-19, around one third of respondents (34 per cent) correctly said that the tax you pay when you buy a house⁶ had come under Welsh Government control, increasing from 30 per cent in 2017-18, although this change was not statistically significant.
- 4.3 There was a statistically significant increase in the proportion that correctly said that tax on the waste that is sent to landfill⁷ had come under Welsh Government control, increasing from 40 per cent in 2017-18 to 49 per cent in 2018-19 (Figure 3).

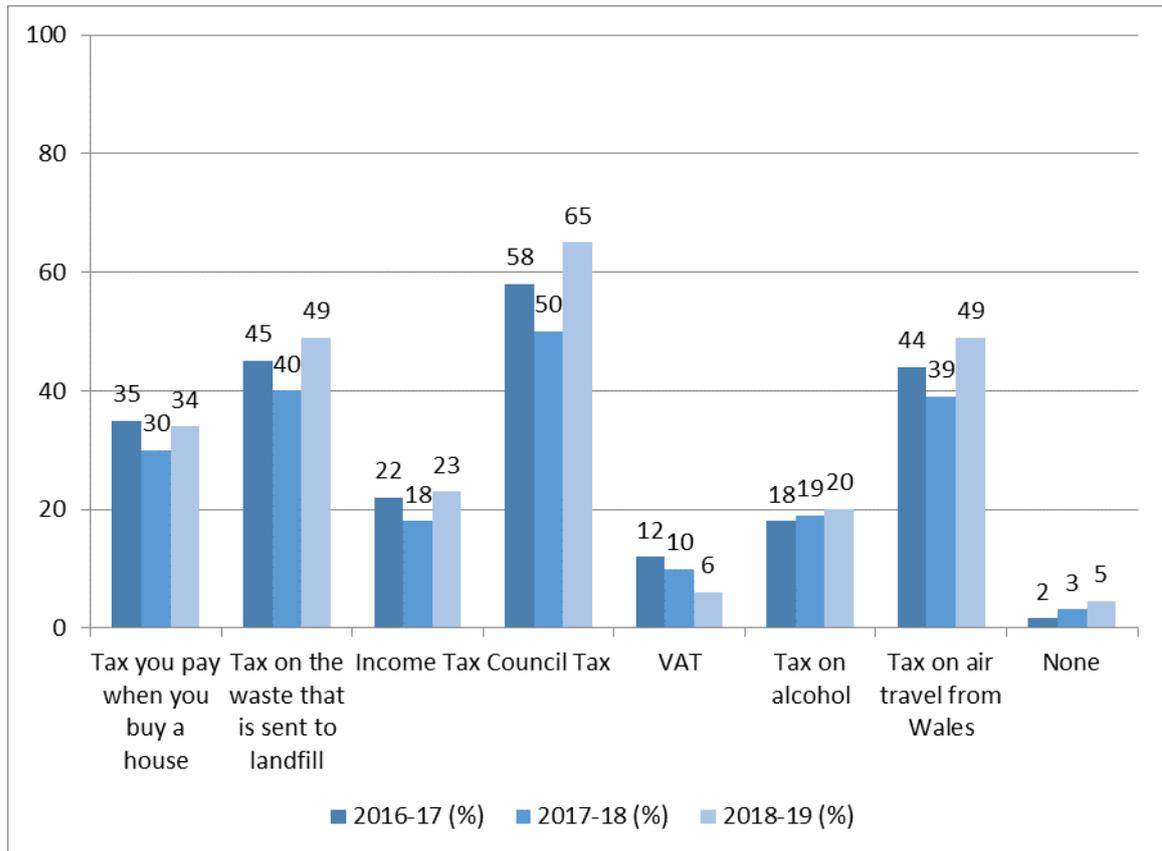
⁴ Excluding the small number of respondents who had not heard of any of the taxes mentioned.

⁵ In the 2016-17 and 2017-18 surveys, the respondents were asked ‘From April 2018, the Welsh Government will be able to set the levels of some taxes in Wales that are currently set by the UK Government. Which of these taxes do you think will come under the control of the Welsh Government?’

⁶ Formerly known as Stamp Duty Land Tax and now known as Land Transaction Tax in Wales.

⁷ Now known as Landfill Disposals Tax in Wales.

Figure 3: Taxes under Welsh Government control from April 2018



Base: National Survey for Wales respondents who had heard of at least one of the taxes mentioned (2,487 in 2016-17; 1,796 in 2017-18; 1,858 in 2018-19).

Wales Omnibus Survey

- 4.4 Following the devolution of land transaction and landfill taxes in April 2018, respondents to the June 2018 and March 2019 waves of the Wales Omnibus Survey were asked if they were aware that the Welsh Government already sets some taxes in Wales.
- 4.5 Between June 2018 and March 2019, the proportion of respondents who said they were aware that the Welsh Government already sets some taxes in Wales decreased slightly from 38 per cent to 35 per cent, although this change was not significant (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)?

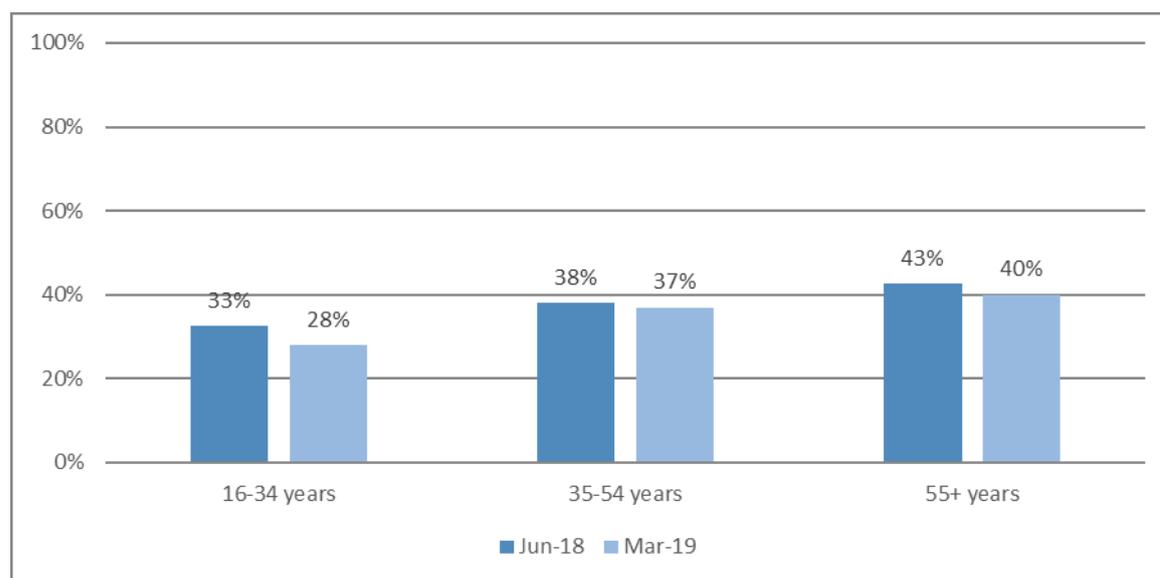
Response	Percentage of respondents June 2018 ^a	Percentage of respondents March 2019 ^a
Yes	38	35
No	61	62
Don't know	<1	2

Base: All respondents to Wales Omnibus Survey (1,006 June 2018; 1,001 March 2019)

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

4.6 In March 2019, there were significant differences in awareness that the Welsh Government already sets some taxes by age and socio-economic group but not by region. Awareness was lower among respondents aged 16-34 years (Figure 4) and from C2DE socio-economic groups⁸ (Figure 5).

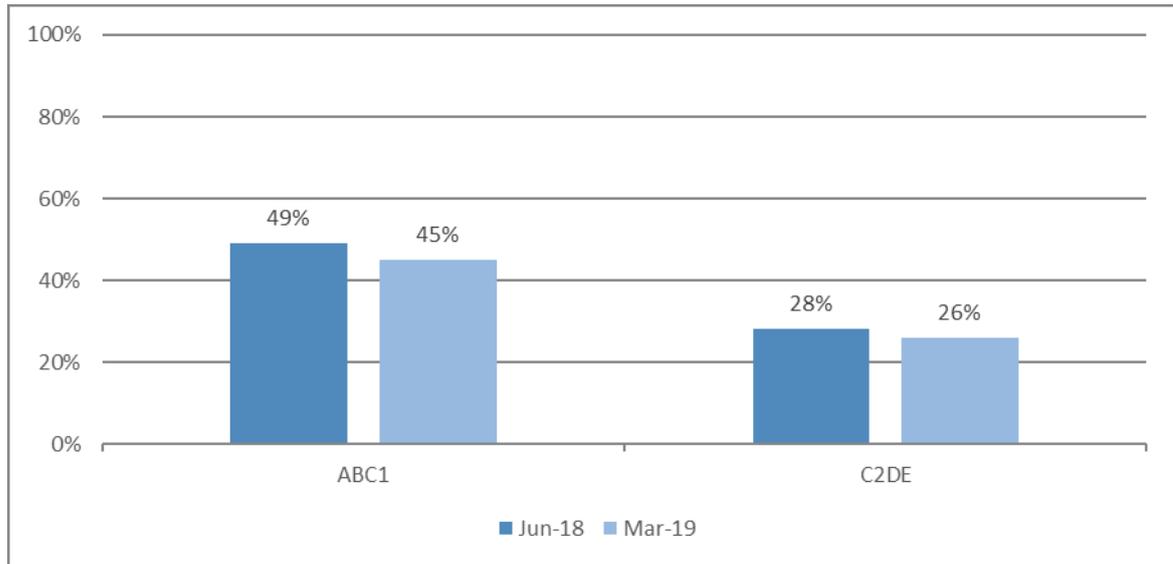
Figure 4: Awareness by age that Welsh Government already sets some taxes



Base: All respondents to Wales Omnibus Survey (1,006 June 2018; 1,001 March 2019)

⁸ See Table A.3 at Annex A for a definition of the socio-economic group classification used in the analysis of data from the Wales Omnibus Survey.

Figure 5: Awareness by socio-economic group that Welsh Government already sets some taxes



Base: All respondents to Wales Omnibus Survey (1,006 June 2018; 1,001 March 2019)

5. Perceived level of control over specific taxes

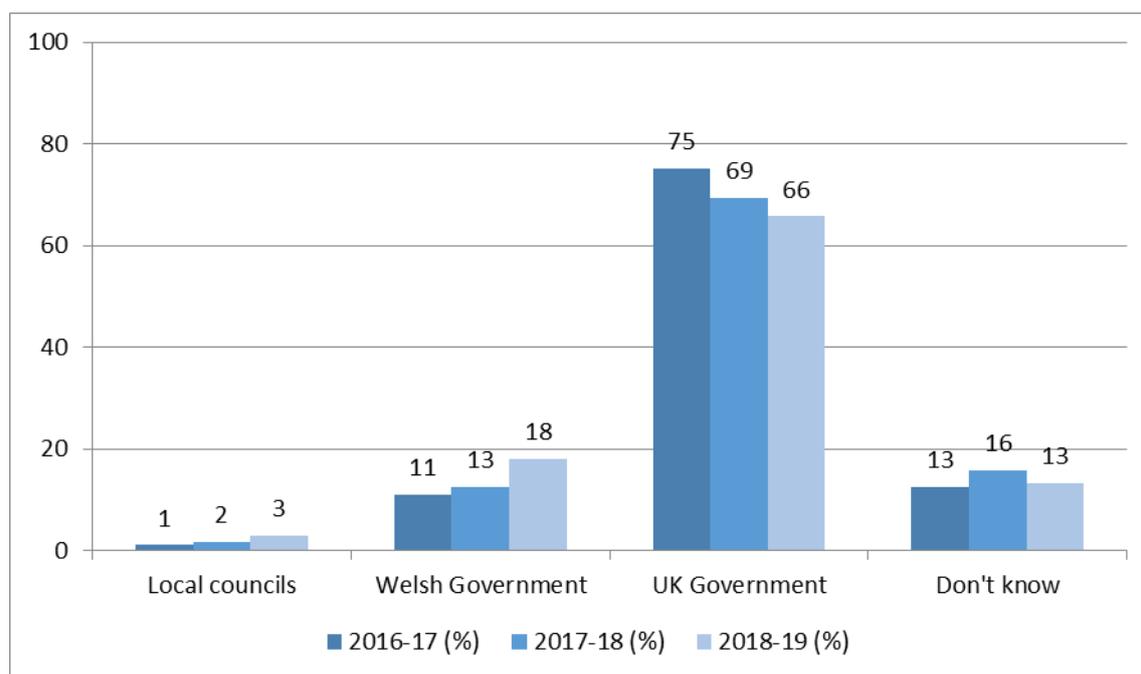
- 5.1 The National Survey for Wales included questions which sought to determine respondents' views on who had most control of a range of taxes (local councils, Welsh Government or UK Government), and the degree of control the Welsh Government currently has.
- 5.2 These questions were asked about devolved or partially devolved taxes (tax you pay when you buy a house, tax on the waste that is sent to landfill and Income Tax); local tax (Council Tax); and taxes that are not devolved (VAT, tax on alcohol, and tax on air travel). These are presented in turn below. Supplementary questions about the partial devolution of Income Tax were also included in the Wales Omnibus Survey.

6. Tax you pay when you buy a house

Devolved since April 2018 when Land Transaction Tax replaced Stamp Duty Land Tax in Wales.

- 6.1 Between 2016-17 and 2018-19, the proportion of respondents who said that the UK Government had most control over setting levels of tax you pay when you buy a house in Wales decreased significantly from 75 per cent to 66 per cent. Over the same period, the proportion saying the Welsh Government had most control increased significantly from 11 per cent to 18 per cent (Figure 6)⁹.
- 6.2 Despite these changes, a clear majority still said that the UK Government has most control setting levels since the tax has been devolved.

Figure 6: Who has most control over levels of the tax you pay when you buy a house in Wales?



Base: Respondents to National Survey for Wales who had heard of Stamp Duty Land Tax or the tax you pay when you buy a house (2,053 in 2016-17; 1,458 in 2017-18; 1,447 in 2018-19).

- 6.3 In 2018-19, there were significant differences in the proportion of respondents correctly saying that the Welsh Government has most control over levels of tax you

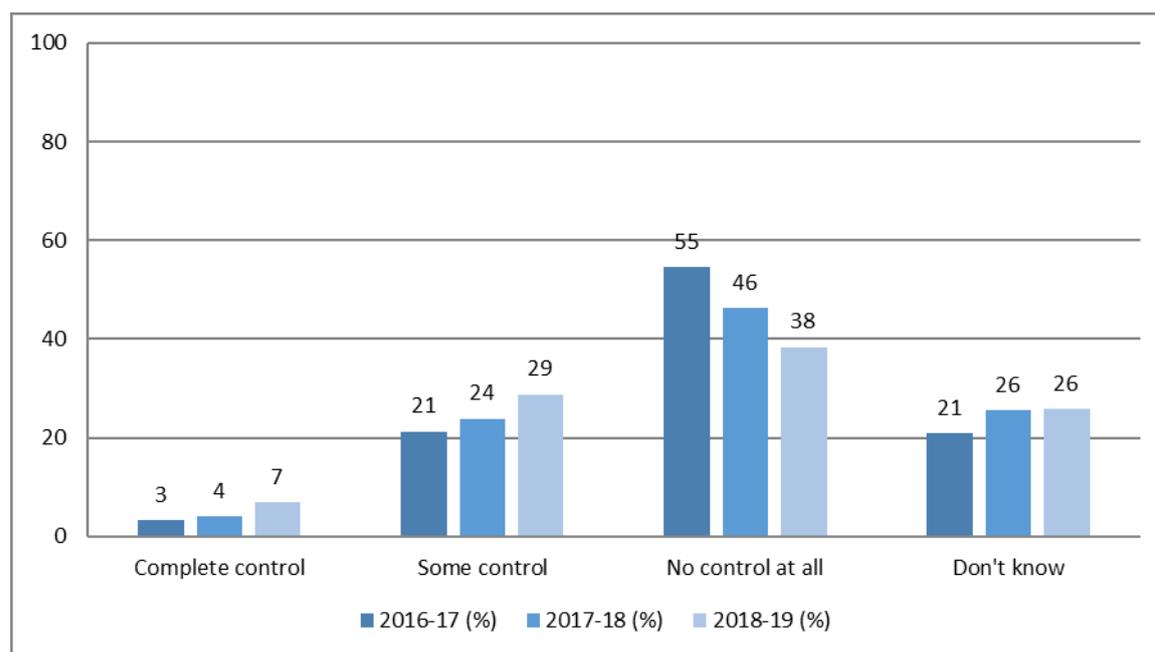
⁹ It should be noted that the wording of the question changed slightly in 2018-19. In 2016-17 and 2017-18, respondents were asked 'In Wales, who do you think has the most control over the levels of Stamp Duty?'. In 2018-19, this was changed to 'In Wales, who do you think has the most control over the levels of tax you pay when you buy a house?'

pay when you buy a house in Wales by age and educational attainment but not by region. The proportion correctly saying that the Welsh Government has most control over levels of this tax was highest among respondents:

- aged between 16-34 years (23 per cent) compared with 18 per cent of 35-54 year olds and 16 per cent 55+ year olds; and
- with a degree or above (20 per cent) or qualifications below degree level (19 per cent) compared with 13 per cent for those with no qualifications.

6.4 Between 2016-17 and 2018-19, the proportion of respondents who thought the Welsh Government had ‘no control at all’ over the tax you pay when you buy a house decreased significantly from 55 per cent to 38 per cent (Figure 7).

Figure 7: How much control do you think Welsh Government has over the tax you pay when you buy a house?



Base: Respondents to National Survey for Wales who had heard of Stamp Duty Land Tax (2,053 in 2016-17; 1,458 in 2017-18; 1,447 in 2018-19).

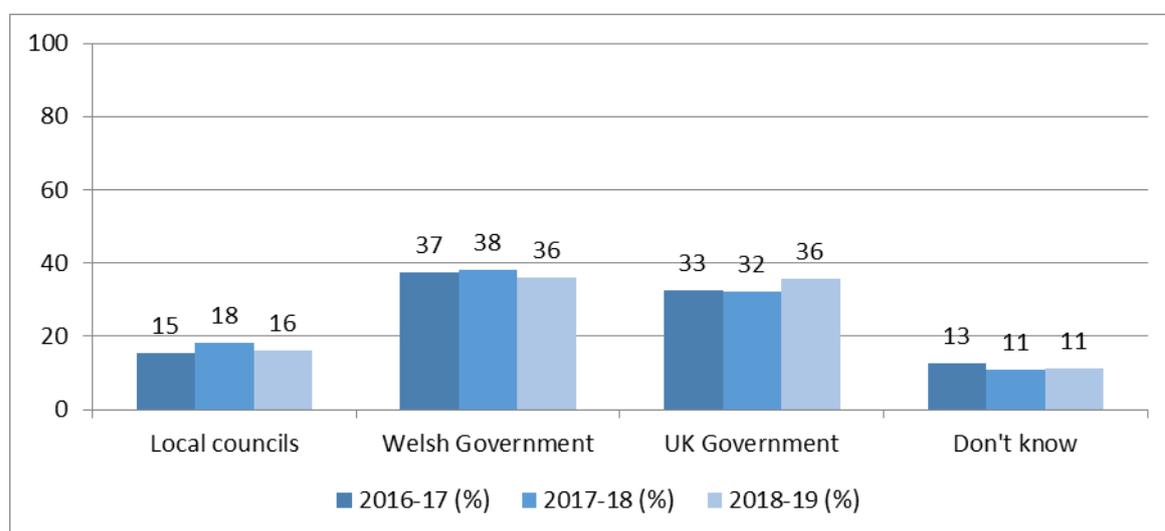
7. Tax on the waste that is sent to landfill

Devolved since April 2018 when Landfill Disposals Tax replaced Landfill Tax in Wales.

7.1 In each survey year 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. In 2018-19, 36 per cent of respondents correctly said Welsh Government, and the same proportion said UK Government (Figure 8).

7.2 Overall, there was little change observed between survey years despite the tax on landfill being devolved from April 2018.

Figure 8: Who has most control over levels of landfill tax in Wales?



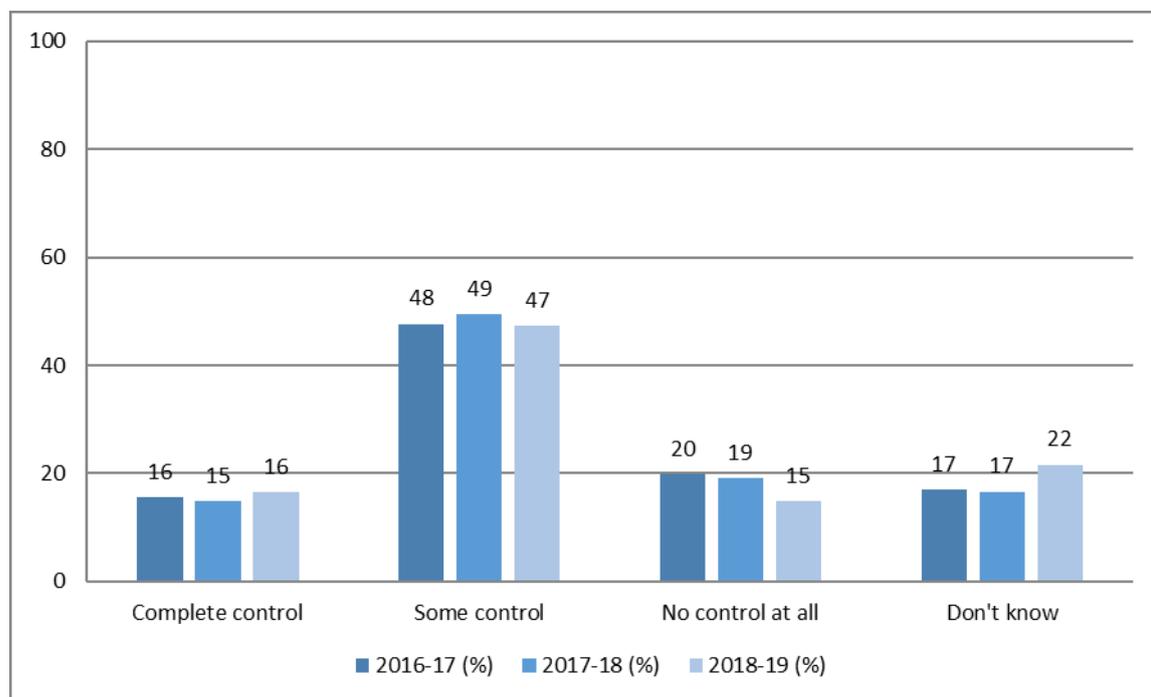
Base: Respondents to National Survey for Wales who had heard of tax on waste that is sent to landfill (1,179 in 2016-17; 762 in 2017-18; 773 in 2018-19).

7.3 In 2018-19, there was a significant difference in the proportion of respondents correctly saying that the Welsh 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.

7.4 The proportion correctly saying that the Welsh Government has most control over tax on the waste that is sent to landfill in Wales was highest among those aged 35-54 years (44 per cent), compared with 37 per cent of over 55 year olds and 20 per cent of those aged 16-34 years.

7.5 Almost two-thirds of respondents across all survey years thought that the Welsh Government had either 'some' or 'complete' control over landfill tax in Wales (Figure 9). While there was a small increase in the proportion saying they 'don't know' over this period, and a decrease in the proportion saying the Welsh Government has 'no control at all', neither of these changes were significant.

Figure 9: How much control do you think Welsh Government has over tax on the waste that is sent to landfill in Wales?



Base: Respondents to National Survey for Wales who had heard of tax on waste that is sent to landfill (1,179 in 2016-17; 762 in 2017-18; 773 in 2018-19).

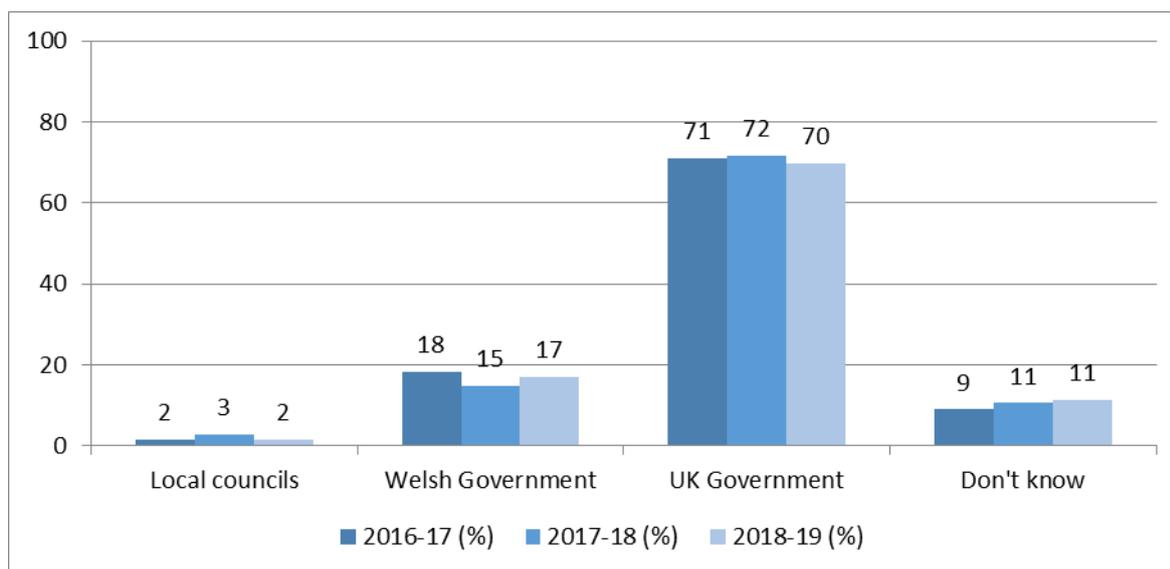
8. Income Tax

Partially devolved since April 2019 when Welsh Rates of Income Tax (WRIT) were introduced. This means that the Welsh Government has the power to decide the rates of Income Tax paid by taxpayers in Wales but does not have powers to change Income Tax bands or the Personal Allowance threshold, which remains with UK Government.

National Survey for Wales

- 8.1 Across each year 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 10). This tax has been partially devolved since April 2019 (see Annex C for more information) but the National Survey for Wales fieldwork preceded this date.

Figure 10: Who has most control over levels of Income Tax in Wales?



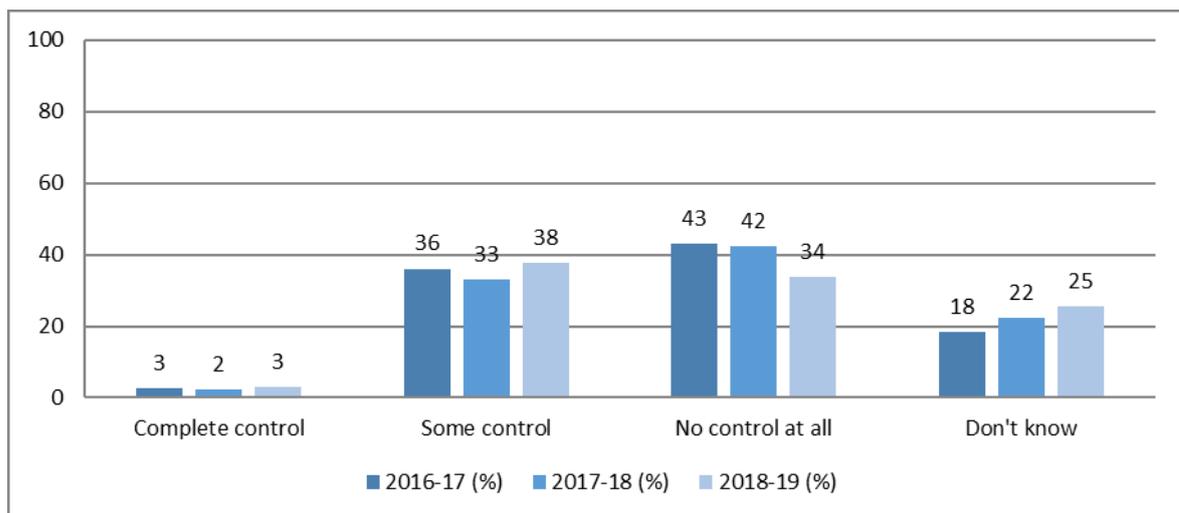
Base: Respondents to National Survey for Wales who had heard of Income Tax (2,436 in 2016-17; 1,754 in 2017-18; 1,786 in 2018-19).

- 8.2 In 2018-19, 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 and educational attainment but not 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 (76 per cent) and 55+ years (73 per cent), compared with 58 per cent of 16-34 year olds; and
- with a degree and above (77 per cent), compared with 65 per cent for those with qualifications below degree level, and 66 per cent for those with no qualifications.

8.3 Between 2016-17 and 2018-19, there was a significant decrease in the proportion of respondents who thought that the Welsh Government had ‘no control at all’ over Income Tax in Wales (Figure 11). While the partial devolution of Income Tax had not yet come into force, this raises the question of whether coverage of the forthcoming change had influenced perception.

Figure 11: How much control do you think Welsh Government has over Income Tax?



Base: Respondents to National Survey for Wales who had heard of Income Tax (2,436 in 2016-17; 1,754 in 2017-18; 1,786 in 2018-19).

Wales Omnibus Survey

8.4 Respondents to the Wales Omnibus Survey were asked if they were aware that from 6 April 2019 the Welsh Government is able to set different Income Tax rates in Wales.

8.5 Between June 2018 and June 2019, the proportion of respondents who said they were aware of this increased significantly from 24 per cent to 38 per cent (Table 2).

Table 2: Are you aware from 6 April 2019 the Welsh Government is able to set different Income Tax rates in Wales? ^a

Response	Percentage of respondents June 2018 ^b	Percentage of respondents March 2019 ^b	Percentage of respondents June 2019 ^b
Yes	24	36	38
No	76	61	61
Don't know	1	2	1

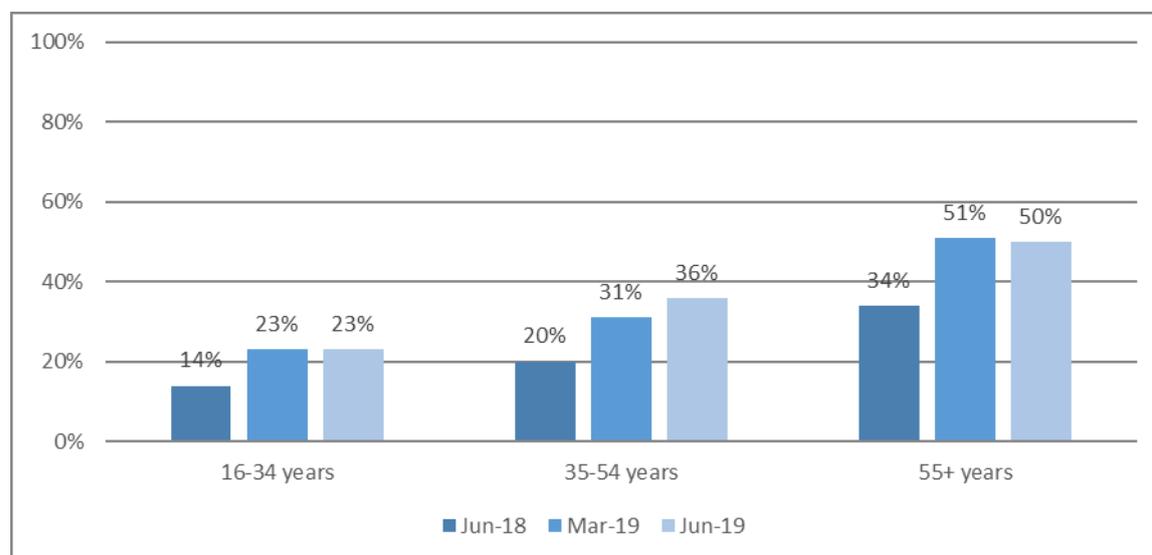
Base: All respondents to Wales Omnibus Survey (1,006 June 2018; 1,001 March 2019; 1,025 June 2019)

(a) In June 2018 and March 2019, respondents were asked 'Are you aware from 6 April 2019 the Welsh Government will be able to set different income tax rates in Wales?'

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

- 8.6 In June 2019, there were significant differences in awareness that the Welsh Government is able to set different Income Tax rates in Wales by age, socio-economic group and region.
- 8.7 Awareness was higher among respondents aged 55+ years. Between June 2018 and June 2019, the proportion of respondents who were aware that the Welsh Government is able to set different Income Tax rates increased across all age groups (Figure 12).

Figure 12: Awareness by age that Welsh Government will be able to set different Income Tax rates in Wales from April 2019

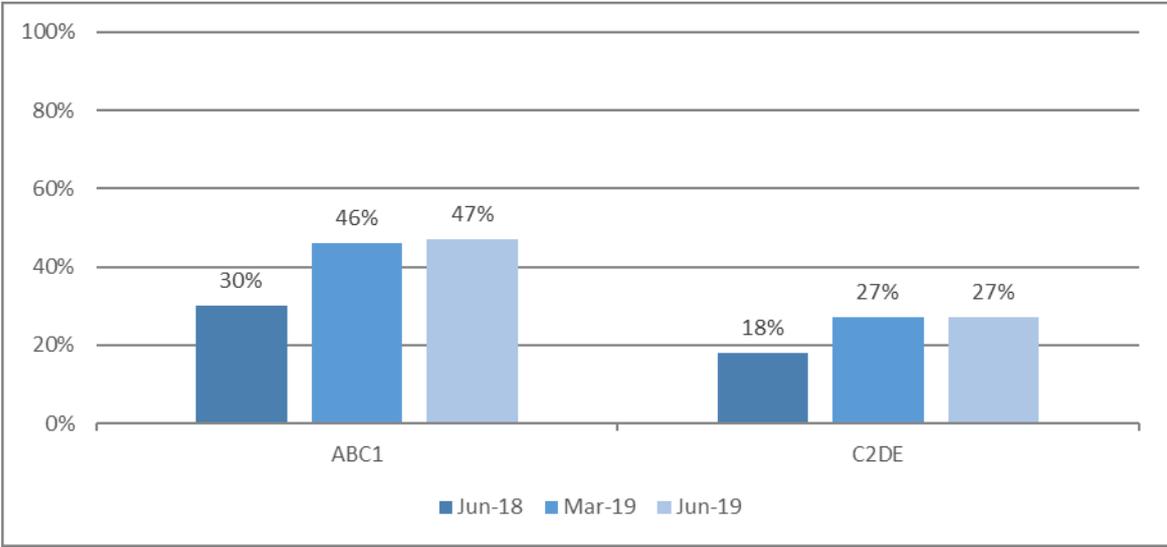


Base: All respondents to Wales Omnibus Survey (1,006 June 2018; 1,001 March 2019; 1,025 June 2019)

- 8.8 Awareness that the Welsh Government is able to set different Income Tax rates in Wales was also higher among respondents from ABC1 socio-economic groups.

Between June 2018 and June 2019, the proportion of respondents who were aware that the Welsh Government is able to set different income tax rates increased across both the ABC1 and C2DE socio-economic groups.

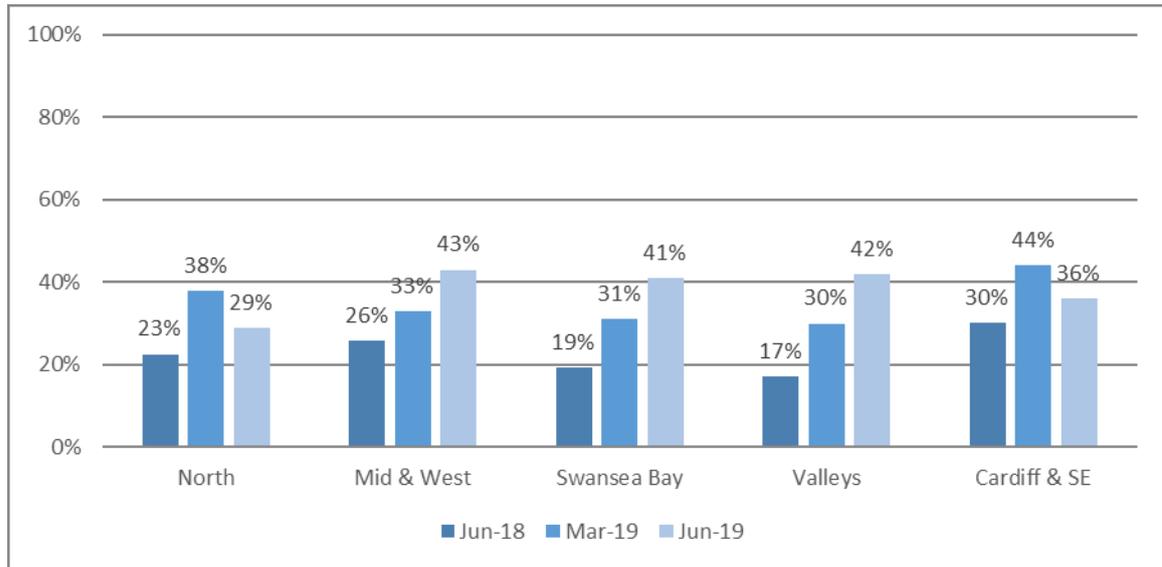
Figure 13: Awareness by socio-economic group that Welsh Government will be able to set different Income Tax rates in Wales from April 2019



Base: All respondents to Wales Omnibus Survey (1,006 June 2018; 1,001 March 2019; 1,025 June 2019)

8.9 Awareness that Welsh Government will be able to set different income tax rates in Wales from April 2019 was also higher among respondents living in mid and west Wales (Figure 14). Between June 2018 and June 2019, awareness increased across all age groups. However, the data also show decreases in awareness levels of respondents between March and June 2019 in North Wales and Cardiff and South East Wales.

Figure 14: Awareness by region that Welsh Government will be able to set different Income Tax rates in Wales from April 2019



Base: All respondents to Wales Omnibus Survey (1,006 June 2018; 1,001 March 2019; 1,025 June 2019)

- 8.10 Respondents to the March 2019 wave who were aware that the Welsh Government will be able to set different Income Tax rates in Wales were asked, unprompted, how they became aware of this.
- 8.11 Around four out of ten respondents (39 per cent) said they became aware through TV, while around one third (34 per cent) said they found out through a letter sent from HMRC (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	39
HMRC letter ^b	34
Word of mouth / someone told me	17
Other responses reported by fewer than 30 respondents ^c	
Internet / online	
Newspaper / magazine	
Radio	
Social media	
Through work	

Base: Respondents to Wales Omnibus Survey who said they were aware that the Welsh Government will be able to set different Income Tax rates (364 in March 2019)

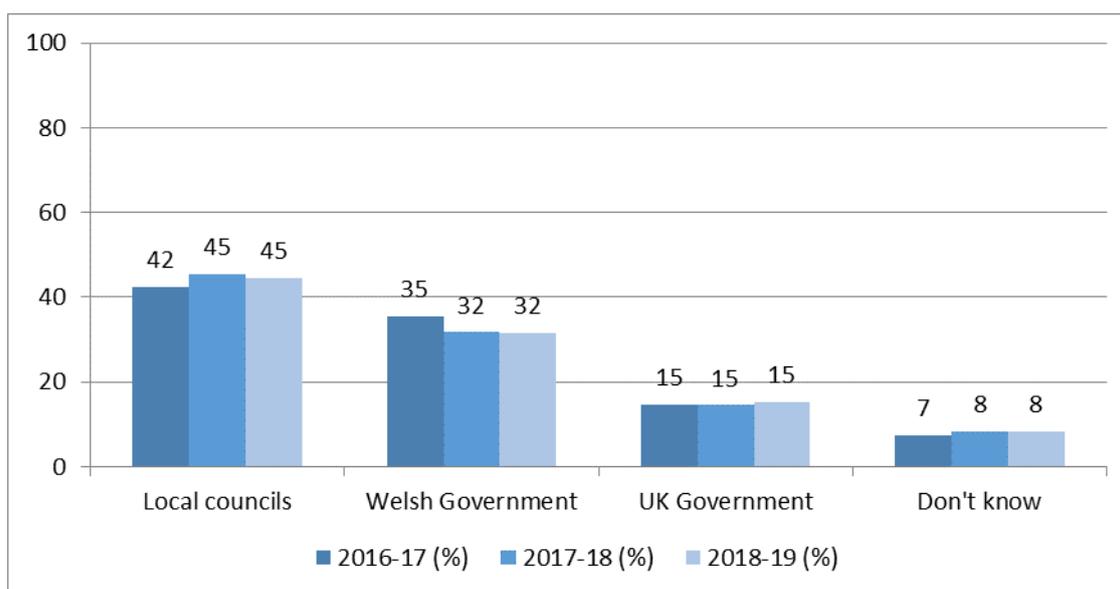
- (a) Table may sum to more than 100 per cent as respondents were able to give more than one answer.
- (b) In November 2018, HMRC issued a bilingual notification letter to over two million individuals in Wales who could be affected by the introduction of Welsh rates of Income Tax (WRIT). The letter confirmed that WRIT would be introduced from 6 April 2019 and was accompanied by a bilingual leaflet from the Welsh Treasury providing further information on WRIT.
- (c) 'Other' responses are presented alphabetically.

9. Council Tax

Set by local councils.

- 9.1 In each survey year, 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 15).

Figure 15: Who has most control over levels of Council Tax in Wales?

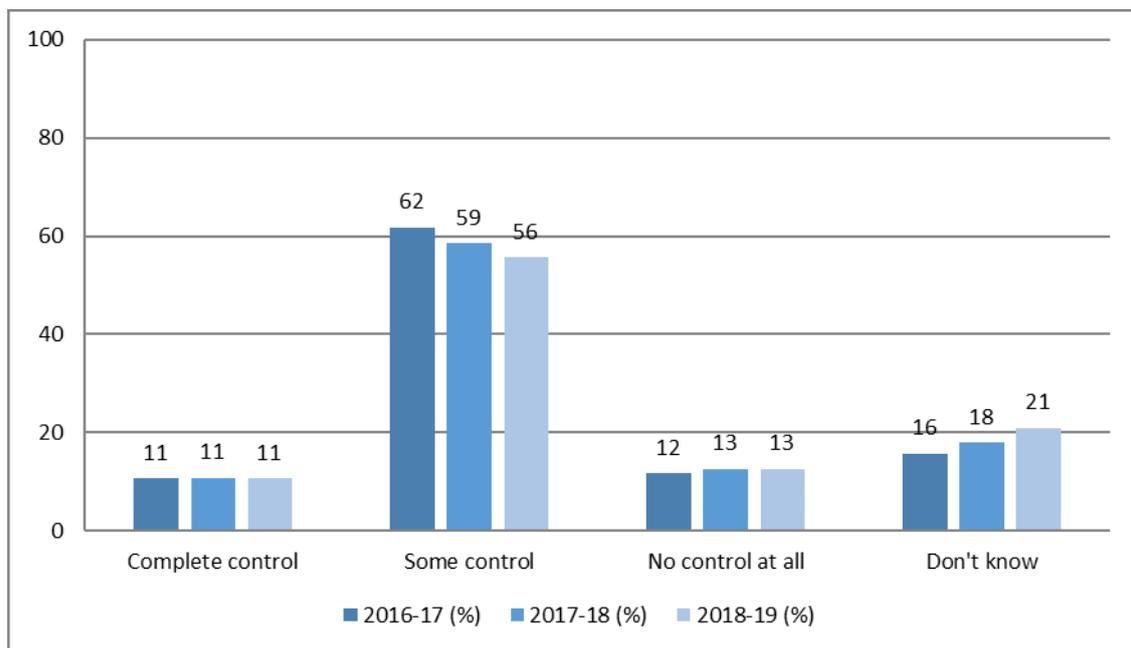


Base: Respondents to National Survey for Wales who had heard of Council Tax (2,447 in 2016-17; 1,762 in 2017-18; 1,798 in 2018-19).

- 9.2 In 2018-19, 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.
- 9.3 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 (51 per cent), compared with 40 per cent for those with qualifications below degree level or no qualifications.

9.4 The proportion of respondents who thought the Welsh Government had ‘some’ control over the level of Council Tax in Wales decreased from 62 per cent in 2016-17 to 56 per cent in 2018-19 although this change was not significant. However, the proportion who ‘don’t know’ increased significantly from 16 per cent to 21 per cent over the same period (Figure 16). This is despite there being no change in the status of who controls Council Tax in Wales during this period.

Figure 16: How much control do you think Welsh Government has over council tax?



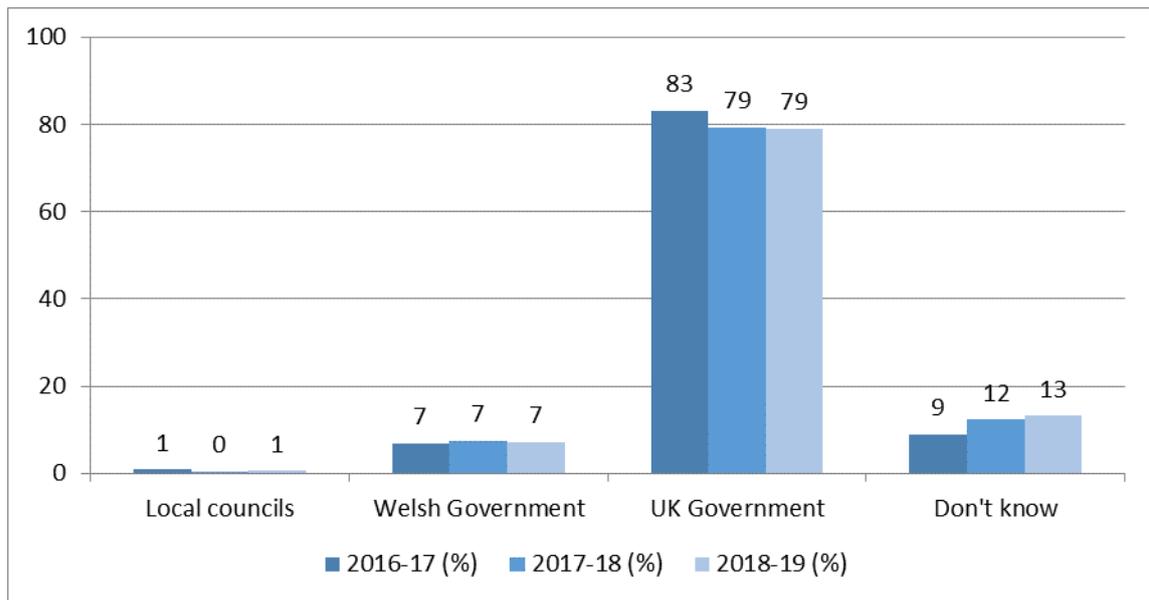
Base: Respondents to National Survey for Wales who had heard of Council Tax (2,447 in 2016-17; 1,762 in 2017-18; 1,798 in 2018-19).

10. Value Added Tax

Not devolved.

- 10.1 Analysis of the results in each year of the National Survey for Wales showed that around eight out of ten respondents correctly said the UK Government has the most control over setting levels of VAT in Wales (Figure 17).

Figure 17: Who has most control over levels of VAT in Wales?



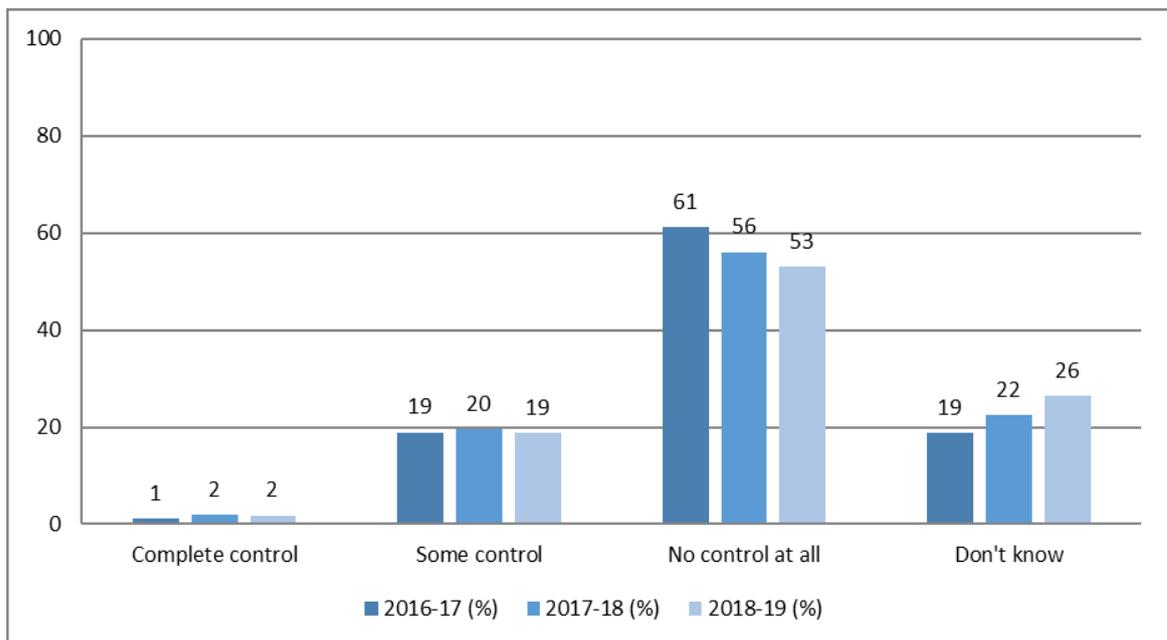
Base: Respondents to National Survey for Wales who had heard of VAT (2,407 in 2016-17; 1,722 in 2017-18; 1,748 in 2018-19).

- 10.2 In 2018-19, 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 (85 per cent) and 55+ years (83 per cent), compared with 66 per cent of 16-34 year olds; and
- with a degree or above (86 per cent), compared with 76 per cent for those with no qualifications and 73 per cent for those with qualifications below degree level.

10.3 The proportion of respondents who think the Welsh Government has ‘no control at all’ over VAT has decreased from 61 per cent in 2016-17 to 53 per cent in 2018-19; while the proportion saying the ‘don’t know’ has increased from 19 per cent to 26 per cent over the same period (Figure 18). This is despite there being no change in the status of who controls VAT.

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



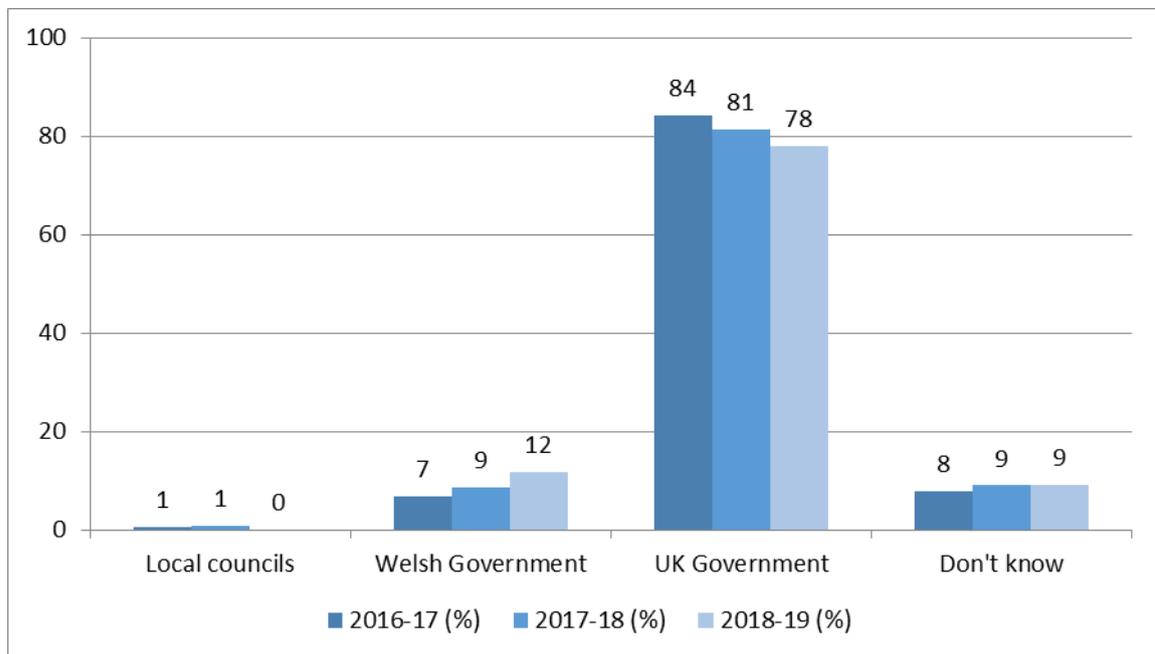
Base: Respondents to National Survey for Wales who had heard of VAT (2,407 in 2016-17; 1,722 in 2017-18; 1,748 in 2018-19).

11. Tax on alcohol

Not devolved.

- 11.1 Between 2016-17 and 2018-19, the proportion of respondents who thought that UK Government had most control over setting levels of tax on alcohol in Wales decreased significantly from 84 per cent to 78 per cent (Figure 19).

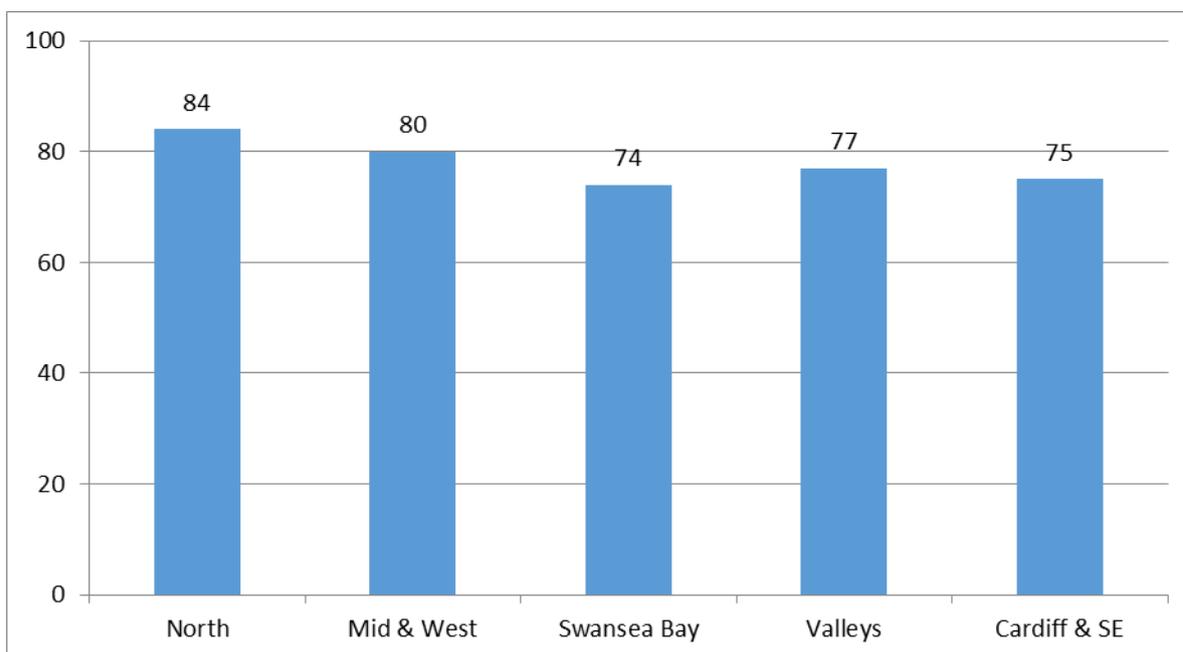
Figure 19: Who has most control over levels of tax on alcohol in Wales?



Base: Respondents to National Survey for Wales who had heard of tax on alcohol (2,037 in 2016-17; 1,483 in 2017-18; 1,496 in 2018-19).

- 11.2 In 2018-19, 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 region but not by age or educational attainment.
- 11.3 The proportion correctly saying that the UK Government has most control over levels of tax on alcohol in Wales was highest among respondents living in North Wales (84 per cent), with the lowest proportion (74 per cent) in Swansea Bay (Figure 20).

Figure20: Proportion of respondents correctly saying that the UK Government has most control over levels of tax on alcohol in Wales by region (%)

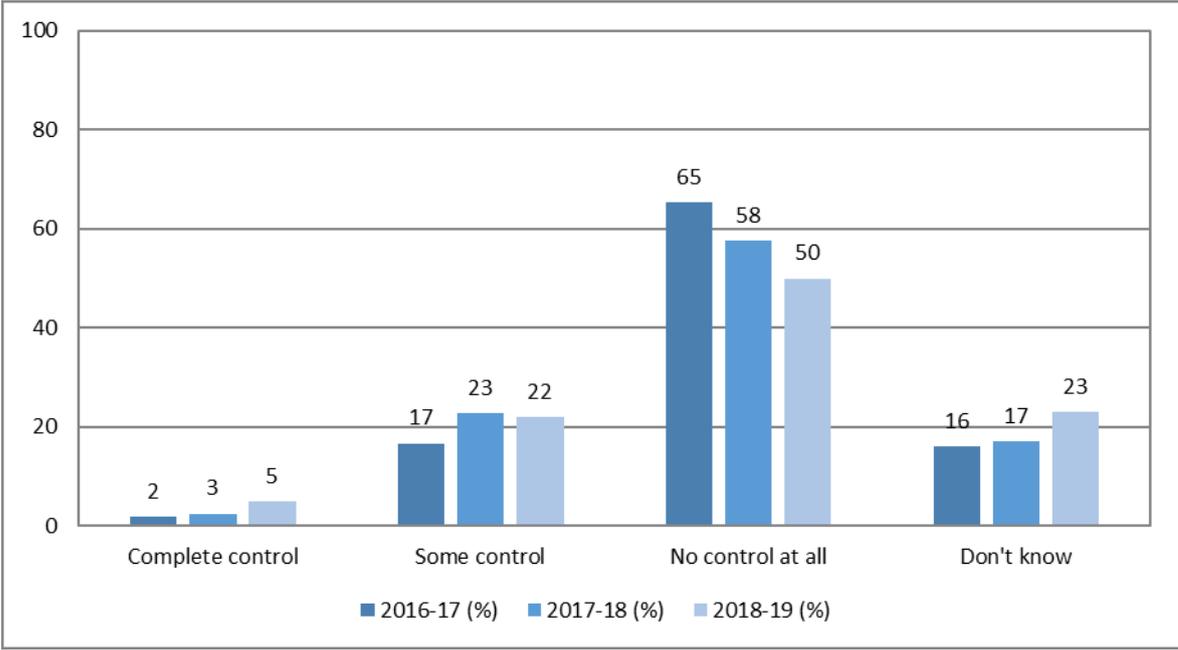


Base: Respondents to National Survey for Wales who had heard of tax on alcohol 1,496 in 2018-19).

- 11.4 Between 2016-17 and 2018-19, 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 50 per cent; while the proportion who ‘don’t know’ increased significantly from 16 per cent to 23 per cent (Figure 21).
- 11.5 This raises the question of whether coverage of the Public Health (Minimum Price for Alcohol) Wales Act 2018¹⁰ influenced a change in perception, even though it is not a tax.

¹⁰ [Public Health \(Minimum Price for Alcohol\) Wales Act 2018](#)

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



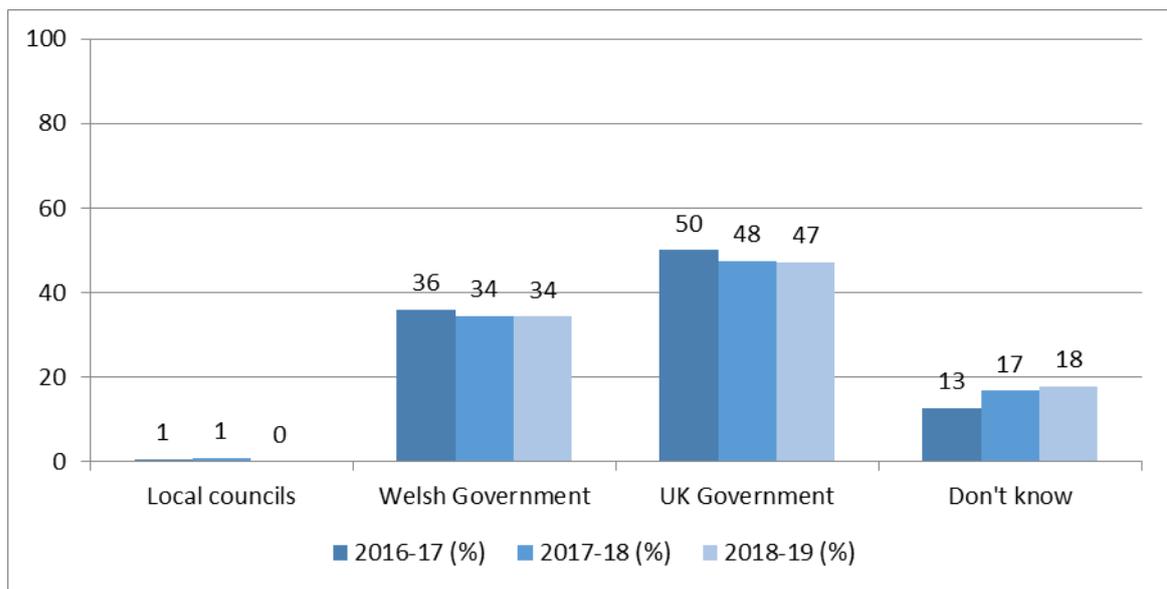
Base: Respondents to National Survey for Wales who had heard of tax on alcohol (2,037 in 2016-17; 1,483 in 2017-18; 1,496 in 2018-19).

12. Tax on air travel

Not devolved.

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

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



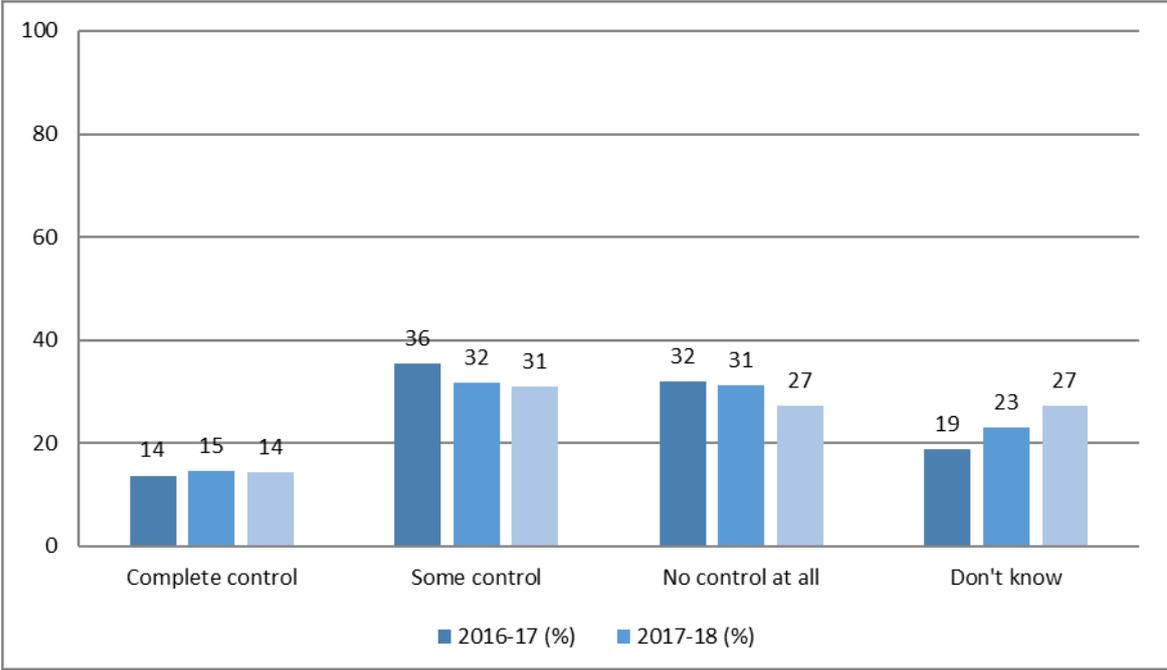
Base: Respondents to National Survey for Wales who had heard of tax on air travel (1,319 in 2016-17; 851 in 2017-18; 859 in 2018-19).

- 12.2 In 2018-19, 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.
- 12.3 Between 2016-17 and 2018-19, there was a significant increase in the proportion of respondents who said they 'don't know' how much control the Welsh Government has over tax on air travel (Figure 23). It should be noted that during this period, the Welsh Government had published a study into the devolution of Air Passenger Duty to Wales¹¹ and the UK Parliament Welsh Affairs Committee carried out an inquiry¹².

¹¹ Northpoint Aviation (2017)

¹² House of Commons Welsh Affairs Committee (2019)

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



Base: Respondents to National Survey for Wales who had heard of tax on air travel (1,319 in 2016-17, 851 in 2017-18; 859 in 2018-19).

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 Between June 2018 and March 2019, the proportion of respondents correctly saying that 'all of it' would go towards public services in Wales decreased from 29 per cent to 24 per cent (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 June 2018 ^a	Percentage of respondents March 2019 ^a
All of it	29	24
Most of it	43	49
Some of it	25	20
None of it	1	1
<i>Don't know</i>	3	6

Base: All respondents to Wales Omnibus Survey (1,006 June 2018; 1,001 March 2019)

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

- 13.3 In March 2019, 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 but not by socio-economic group or region.
- 13.4 The proportion of respondents correctly saying that all of the money raised from Welsh taxes would go towards public services in Wales was higher among those aged 55+ years (30 per cent) and 35-54 years (26 per cent) than those aged 16-34 years (16 per cent).

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; 1,856 respondents in 2017-18; and 1,926 respondents in 2018-19.

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 wave took place between 4 and 17 June 2018 (1,006 interviews completed); the March 2019 wave took place between 25 February and 10 March 2019 (1,001 interviews completed); and the June 2019 wave took place between 3 and 21 June 2019 (1,025 interviews completed).

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

National Survey for Wales

The full questionnaires for the National Survey for Wales, including the modules on tax devolution, are available via the following link: [National Survey for Wales: Questionnaires](#)

Wales Omnibus Survey

15.1 The additional questions commissioned in the June 2018 and March 2019 waves 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]

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

Q4. 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

15.2 The additional question commissioned in the June 2019 wave of the Wales Omnibus Survey (Beaufort Research Ltd.) was as follows:

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

- Yes
- No
- Don't know

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

Land Transaction Tax (LTT)

- 16.1 Land Transaction Tax (LTT) replaced stamp duty land tax in Wales from April 2018 and is collected by the Welsh Revenue Authority to support public services in Wales. The new tax is broadly consistent with stamp duty land tax; however, the Welsh Government is able to determine the thresholds, bands and rates that are used. Certain changes have also been 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, 2019e).

Landfill Disposals Tax (LDT)

- 16.2 From 1 April 2018 Landfill Disposals Tax (LDT) replaced landfill tax in Wales. Similar to landfill tax, LDT is a tax on the disposal of material as waste to landfill and is charged by weight. It is paid by landfill site operators, who pass on these costs to waste operators through their gate fee. Up until 31 March 2018, landfill tax was collected and managed in Wales by HMRC on behalf of the UK Government. The tax is now collected and managed by the WRA (Welsh Government, 2019d) and is used to support public services in Wales.

Income Tax

- 16.3 From April 2019, the Income Tax paid by taxpayers in Wales was partially devolved to the Welsh Government. This means that the Welsh Government now has the power 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 taxpayers in Wales or keep them the same as the income tax rates paid in England and Northern Ireland.
- 16.4 Overall responsibility for many aspects of income tax, including income tax bands and the personal allowance threshold, remain with UK Government and the tax will continue to be collected by HMRC, the UK's tax, payments and customs authority (Tipples and Morgan, 2019; Welsh Government, 2018).

Council Tax

- 16.5 Council tax is a tax on domestic property set by local authorities in order to collect sufficient revenue to provide local authority services. This includes elements for the county or county borough council, the police authority and, where applicable, the local community or town council. It is calculated based on the council tax band assigned to each dwelling in each local authority, which are each allocated to one of nine valuation bands A to I (Welsh Government, 2019c).
- 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.

Value Added Tax (VAT)

- 16.7 Value Added Tax (VAT) is a transaction tax charged on the sale of goods and services that is set by the UK Government. The administration, collection and enforcement of VAT is carried out by HMRC. Most goods and services attract VAT, although there are some, such as insurance, finance and certain types of education and training, which are exempt.
- 16.8 There are three rates of VAT: the standard rate of VAT charged on most goods and services is 20 per cent; a reduced rate of 5 per cent is charged on domestic fuel and power, and other items such as domestic energy saving products and children's car seats; and a zero rate that applies to specified businesses, including children's clothes and footwear, books and newspapers, and some food and drink (Welsh Government, 2019b).

Tax on alcohol – Alcohol Duty

- 16.9 Most products containing alcohol are subject to a series of excise duties: either spirits duty, wine duty, beer duty or cider and perry duty. These duties are collected by HMRC and are levied on manufacturers and importers. Alcohol is also subject to VAT. The rate of alcohol duties is adjusted annually by the Chancellor of the Exchequer as part of the Budget, with changes coming into force that day under the terms of the Provisional Collection of Taxes Act 1968.
- 16.10 In Wales, the Public Health (Minimum Price for Alcohol) (Wales) Act 2018 received Royal Assent in August 2018 and is expected to come into force in March 2020.

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

- 16.11 Air Passenger Duty (APD) is a tax levied on passengers flying out of the UK and applies to both short and long-haul flights. APD was fully devolved to Scotland in 2018, with long haul flights devolved to Northern Ireland in 2012. It is a reserved matter in Wales, which means the UK Government therefore sets rates of APD for both Wales and England. HMRC estimates that Wales currently contributes £11 million in Air Passenger duties to the UK Treasury, which is the equivalent of 0.4% of UK APD reserves (House of Commons Welsh Affairs Committee, 2018).
- 16.12 The Welsh Government has consistently called for APD to be devolved to Wales. In 2012, the Silk Commission published its proposals for devolving fiscal powers to Wales and recommended the devolution of long haul rates of APD, as in Northern Ireland, with further consideration being given to full devolution in the future.
- 16.13 In 2016, the UK Government confirmed it did not intend to devolve APD to Wales on the grounds it would create market distortions due to the proximity of Cardiff airport to other UK airports, particularly Bristol. The Welsh Government produced a report in June 2017 which challenged the UK Government's assessment, and more recently the UK Parliament's Welsh Affairs Committee conducted an inquiry into 'Devolution of Air Passenger Duty to Wales'. The Committee's report, published in June 2019, recommended that APD should be devolved to Wales. The UK Government was called upon to set out plans to do so by 2021 (Tipples, 2019).

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