**WRITTEN STATEMENT**

**BY**

**THE WELSH GOVERNMENT**

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| **TITLE** | **Responses to the consultation “Tax Devolution – enabling changes to the Welsh Tax Acts”** |
| **DATE** | **21 December 2020** |
| **BY** | **Rebecca Evans AM, Minister for Finance and Trefnydd** |

Today I am publishing a summary of consultation responses on [‘Tax Devolution – enabling changes to the Welsh Tax Acts’](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fgov.wales%2Fsites%2Fdefault%2Ffiles%2Fconsultations%2F2020-07%2Fenabling-changes-to-welsh-tax-legislation-consultation-document.pdf&data=04%7C01%7CGovernment.Plenary.Business%40gov.wales%7C5be4aca1098f4a1c3ee808d8a59b2bb3%7Ca2cc36c592804ae78887d06dab89216b%7C0%7C0%7C637441433148837981%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=fsaLUmdjJNRTiCVeZGMC0Ge5QAg5mkulBaC8f%2BIxgqs%3D&reserved=0). The consultation sought views on the conferring of regulation making powers on the Welsh Ministers to ensure they can make changes, subject to Senedd approval, to the “Welsh Tax Acts” at short notice in a number of circumstances.

For the last two and a half years, the Welsh Government, in partnership with the Welsh Revenue Authority, has successfully implemented Welsh taxes that reflect our distinctive circumstances. The introduction of two devolved taxes - land transaction tax and landfill disposals tax – and the establishment of the Welsh Revenue Authority all owe much to the valuable contributions provided by a wide range of stakeholders and organisations. I would now like to extend my thanks to those who gave their time to respond to this technical consultation, and for the continued helpful insights provided by tax and legal experts and practitioners.

I welcome the overall positive response to the principles of the legislative proposal set out in this consultation. It was generally acknowledged that a new procedure is needed to enable Welsh Ministers to respond in a timely way to any tax policy changes made by the UK government which impact on our devolved taxes and consequently has a material impact on the Welsh Government’s overall resources.

I note with interest opinions from respondents on a potential Finance Bill for Wales in the future, and the appreciation that in recent years there have been significant increases in the fiscal responsibilities of the Senedd. I was pleased, however, that respondents acknowledged the current volume of legislative change is probably insufficient to justify the introduction of such a mechanism at the current time. I agree with the view that this option should be kept under review and is a decision to be considered by the next Senedd.

I appreciate and take on board views in this consultation on the use of regulation making powers to make specific types of changes, and that these powers should be used sparingly, under strict conditions, and not for routine policy changes. Over the coming months, my officials will continue to engage with stakeholders on refining the legislative proposal and this will include consideration of the mitigating safeguards that will be included. For example, it is proposed that ‘power 2’ will enable changes to be made in specific circumstances where Welsh Ministers consider it in the public interest to do so. However, Welsh Ministers will only be able to use the power where the Senedd agrees that the circumstances giving rise to the change make it necessary for the changes to come into force immediately or shortly thereafter. ‘Power 2’ will also be subject to a longer scrutiny period ensuring the scrutiny is proportionate to the nature of the change being made. This could, for example, enable the relevant committees to take evidence and to write their respective reports, and for stakeholders to submit evidence as part of the scrutiny process.

Finally, I agree with the unanimous view of respondents that taxpayer protection is key. Recognising the initial temporary nature of these changes, in a scenario where the Senedd does not approve the regulations, the risk should be borne by the Welsh Government alone. This would mean a taxpayer who pays more tax as a result of the rejected regulations being in force at the time they make their return will be entitled to claim a repayment.

I am conscious that this work is timely as now, more than ever, we need to protect revenues available for our essential public services. At the moment, every time there is a UK budget cycle we take the risk that there may be a change which impacts on a devolved tax. Such changes could have implications for businesses, the property market and a direct budgetary impact on resources. And this may now be more likely as recovery measures start to be implemented.

I will, of course, continue to keep members updated as this work progresses.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Senedd returns I would be happy to do so.