

# **SL(6)540 – The Land Transaction Tax (Relief for Special Tax Sites) (Wales) Regulations 2024**

## **Background and Purpose**

These Regulations amend the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (the “**2017 Act**”) to insert a new Schedule 21A (Relief for Special Tax Sites) which provides for a new relief from land transaction tax (“**LTT**”) for qualifying transactions of land within a “special tax site”.

The Explanatory Memorandum to these Regulations<sup>1</sup> states that this will include:

*“a designated freeport(s) and, potentially in future, any designated investment zone(s)...in Wales.*

*...The tax incentives relating to special tax sites, including the LTT relief, are key drivers of the Freeport Programme and have been designed with the intention of helping sites attract private investment and to deliver the policy objectives of both the Freeports and Investment Zones programmes in Wales.”*

Paragraph 2 of the new Schedule 21A inserted by these Regulations applies the new LTT relief to one site - the Celtic Freeport special tax site<sup>2</sup> – with effect from 26 November 2024.

## **Procedure**

Draft affirmative.

The Welsh Ministers have laid a draft of the Regulations before the Senedd. The Welsh Ministers cannot make the Regulations unless the Senedd approves the draft Regulations.

## **Technical Scrutiny**

No points are identified for reporting under Standing Order 21.2 in respect of this instrument.

## **Merits Scrutiny**

The following 3 points are identified for reporting under Standing Order 21.3 in respect of this instrument.

- 1. Standing Order 21.3(i) – that it imposes a charge on the Welsh Consolidated Fund or contains provisions requiring payments to be made to that Fund or any part of the government or to any local or public authority in consideration of any licence or**

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<sup>1</sup> Page 2, paragraphs 1.1 and 1.5

<sup>2</sup> The area designated by the UK Government as a special area by the Designation of Special Tax Sites (Celtic Freeport) Regulations 2024/1035 made on 16 October 2024.



**consent or of any services to be rendered, or prescribes the amount of any such charge or payment.**

Section 25 of the Tax Collection and Management (Wales) Act 2016 provides that the Welsh Revenue Authority must pay amounts collected in the exercise of its functions, which includes the collection of LTT, into the Welsh Consolidated Fund.

These Regulations provide for relief from LTT for certain transactions involving land situated within a special tax site until 30 September 2029.

**2. Standing Order 21.3(ii) – that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd.**

The Explanatory Memorandum notes<sup>3</sup> that,

*“...In order to apply this LTT relief to any new special tax sites in the future (whether they be freeports or investment zones) or make any amendments to existing special tax site areas, further amendments will be required to ...[the 2017 Act]...via further regulations. Such regulations would also require the approval of the Senedd.”*

**3. Standing Order 21.3(ii) – that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd.**

The Explanatory Memorandum also confirms<sup>4</sup> that the new LTT relief is a subsidy, in respect of which a proposed “Subsidy Control Scheme for Welsh Freeports” has been submitted to the Competition and Markets Authority (“**CMA**”) in accordance with section 31 of the Subsidy Control Act 2022. The Memorandum further notes that a report from the CMA on the proposed scheme is expected by 1 November 2024. It states:

*“...Following a mandatory ‘cooling-off’ period and an opportunity to consider the CMA’s report (and if needed, make amendments to the proposed scheme in light of that), it is anticipated that this scheme will be registered on the UK subsidy Transparency database as required under the Subsidy Control Act 2022. That registration will have occurred before the Senedd debate and vote on the making of the Regulations.”*

The Government is therefore asked to:

1. explain the reasoning for laying these Regulations before the Senedd prior to the conclusion of the CMA’s consideration of the proposed scheme; and
2. in advance of the Senedd debate on the Regulations, confirm whether the CMA has raised any concerns in relation to the new LTT relief and, if so, the Government’s response.

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<sup>3</sup> Page 3, paragraph 2.3

<sup>4</sup> Page 4, paragraph 3.4



## Welsh Government response

A Welsh Government response to the third merits reporting point is required.

### **Government Response: The Land Transaction Tax (Relief for Special Tax Sites) (Wales) Regulations 2024**

#### **Merit Scrutiny point 3:**

##### **1. Explain the reasoning for laying these Regulations before the Senedd prior to the conclusion of the CMA's consideration of the proposed scheme**

The Welsh Government has developed a subsidy control scheme jointly with the UK government to cover all devolved and reserved reliefs, incentives and funding available in relation to special tax sites. The Welsh Government and UK government want to align the coming into force of the proposed LTT special tax sites relief with the coming into force of the UK government's designation of the Celtic Freeport special tax site and the availability of the reserved tax incentives. This will allow the LTT special tax site relief to be claimed immediately from the date that the special tax site is designated. The UK government laid regulations before Parliament on 17 October 2024 to designate the Celtic Freeport special tax site with respect to reserved reliefs. Both the designation and the LTT relief regulations are due to come into force on 26 November 2024, subject to the relevant procedures.

To achieve alignment on 26 November 2024, these Regulations were required to be laid before the Senedd prior to the conclusion of the CMA's consideration of the proposed subsidy control scheme. Whilst this has the potential to create a risk of claims of pre-emption, it will not be possible to provide any LTT relief to the Celtic Freeport special tax site prior to 26 November 2024, which will be after both the publication of the CMA's report on, and the registration of, the subsidy control scheme, thereby mitigating any risk.

##### **2. In advance of the Senedd debate on the Regulations, confirm whether the CMA has raised any concerns in relation to the new LTT relief and, if so, the Government's response.**

The CMA published their report on the Welsh Freeports Subsidy Scheme on 1st November 2024: [Referral of the proposed Welsh Freeports Subsidy Scheme by the Welsh Government \(WG\) and the Ministry of Housing, Communities and Local Government \(MHCLG\) - GOV.UK](#)

The Welsh Government and UK government have 5 days to pay due regard to its content. After this period, but in advance of the Senedd debate on the Regulations, we will write to the Committee to advise whether the CMA has raised any concerns in relation to the LTT relief and, if so, provide the Government's response. The Welsh Freeports Subsidy Scheme was pre-referred to the Subsidy Advice Unit of the CMA, who advised whether improvements were needed before formal submission.

## Committee Consideration



Senedd Cymru  
**Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad**  
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Welsh Parliament  
**Legislation, Justice and Constitution Committee**

The Committee considered the instrument and Government response at its meeting on 4 November 2024 and reports to the Senedd in line with the reporting points above.



Senedd Cymru

**Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad**

—

Welsh Parliament

**Legislation, Justice and Constitution Committee**