

Regulations laid before Senedd Cymru under section 25(2) of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017, for approval by resolution of Senedd Cymru within twenty-eight days beginning with the day on which the Regulations were made, disregarding any periods of dissolution or recess for more than four days.

W E L S H S T A T U T O R Y
I N S T R U M E N T S

2022 No. 1027 (W. 220)

**LAND TRANSACTION TAX,
WALES**

**The Land Transaction Tax (Tax
Bands and Tax Rates) (Wales)
(Amendment) Regulations 2022**

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) Regulations 2018 (S.I. 2018/128) (“the 2018 Regulations”) so as to insert revised tax bands and percentage tax rates for residential property transactions.

Regulation 3 applies the revised tax bands and percentage tax rates to residential property transactions where the effective date of the transaction falls on or after 10 October 2022.

Regulation 4 goes on to set out exceptions to the general application of the revised tax bands and percentage tax rates in respect of residential property transactions. Where the effective date for such transactions falls on or after 10 October 2022, but contracts were exchanged, or substantial performance of that contract took place prior to 10 October 2022, the buyer may elect to apply the tax bands and percentage tax rates that were in place before these Regulations came into force to that transaction. Such an election cannot be made in circumstances set out at regulation 5. The election must be made in accordance with the requirements of regulation 6, which also provides that such an election can only be made if it would not result in more tax being chargeable than would otherwise have been the case.

Regulation 7 sets out the revised tax bands and percentage tax rates that are to apply to the transactions specified in regulation 3.

The Welsh Ministers' Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to these Regulations. As a result, a Regulatory Impact Assessment has been prepared as to the likely costs and benefits of complying with these Regulations. A copy can be obtained from the Welsh Government, Cathays Park, Cardiff CF10 3NQ and on the Welsh Government website at www.gov.wales.

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2022 No. 1027 (W. 220)

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**The Land Transaction Tax (Tax
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Made 6 October 2022

Laid before Senedd Cymru 7 October 2022

Coming into force 10 October 2022

The Welsh Ministers make the following Regulations in exercise of the powers conferred on them by sections 24(1) and 78(1) of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017⁽¹⁾.

Title and commencement

1. The title of these Regulations is the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) (Amendment) Regulations 2022 and they come into force on 10 October 2022.

Interpretation

2. In these Regulations,—

⁽¹⁾ 2017 anaw 1.

- (a) “the 2018 Regulations” means the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) Regulations 2018⁽¹⁾;
- (b) words and expressions used in these Regulations have the same meaning as they have in the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017.

Application

3. Subject to regulation 4, these Regulations have effect in relation to residential property transactions—

- (a) with an effective date on or after 10 October 2022; and
- (b) to which Table 1 of the Schedule to the 2018 Regulations applies.

4. These Regulations do not have effect in relation to any transaction specified in regulation 3—

- (a) if the buyer makes an election in accordance with regulation 6; and
- (b) either:
 - (i) the transaction is effected in pursuance of a contract entered into and substantially performed before 10 October 2022; or
 - (ii) the transaction is effected in pursuance of a contract entered into but not substantially performed before 10 October 2022 and is not excluded by regulation 5.

5. A transaction is excluded by this regulation if it is a transaction specified in regulation 3 which is effected in pursuance of a contract entered into before 10 October 2022 and where —

- (a) there is any variation of the contract, or assignment of rights under the contract, on or after 10 October 2022;
- (b) the transaction is effected in consequence of the exercise on or after 10 October 2022 of any option, right of pre-emption or similar right; or
- (c) on or after 10 October 2022 there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the buyer under the contract becomes entitled to call for a transfer.

6.—(1) An election under regulation 4 must—

(1) S.I. 2018/128 (W.32), as amended by S.I. 2020/794 (W.174) and S.I. 2020/1618 (W.339).

- (a) be included in a return made to the WRA in respect of the transaction, or in an amendment of that return; and
- (b) comply with any requirements specified by the WRA as to its form or the manner of its inclusion.

(2) A buyer may only make an election under regulation 4 where the effect of such an election does not result in more tax being chargeable than would otherwise have been the case.

Amendment of the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) Regulations 2018

7.—(1) The Schedule to the 2018 Regulations is amended as follows—

(2) For Table 1 substitute—

“Table 1

Residential property transactions

<i>Tax band</i>	<i>Relevant consideration</i>	<i>Percentage tax rate</i>
Zero rate band	Not more than £225,000	0%
First tax band	More than £225,000 but not more than £400,000	6%
Second tax band	More than £400,000 but not more than £750,000	7.5%
Third tax band	More than £750,000 but not more than £1,500,000	10%
Fourth tax band	More than £1,500,000	12%

”.

Rebecca Evans

Minister for Finance and Local Government, one of the Welsh Ministers

6 October 2022