# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Welsh Devolved Taxes and Welsh Rates of Income Tax - Draft Budget 2022-23** |
| **DATE** | **20 December 2021** |
| **BY** | **Rebecca Evans MS, Minister for Finance and Local Government** |

Devolved and partially devolved Welsh taxes support the spending priorities as set out in the draft Budget I have published today. Our tax policies also provide an opportunity to deliver the Government’s wider policy priorities in pursuit of a stronger, fairer, greener Wales.

This statement sets out my tax plans included within the draft Budget.

Welsh Rates of Income Tax

The draft Budget assumes the three Welsh Rates of Income Tax (basic, higher and additional) will remain at 10% (10p in the pound) for 2022-23. This will be subject to Senedd approval through a Rate Resolution and will mean that Welsh taxpayers will continue to pay the same rates as their English and Northern Irish counterparts.

This reflects our Programme for Government commitment not to raise Welsh rates of income tax for as long as the economic impact of the pandemic lasts.

Alongside this draft Budget, I am publishing an updated Ready Reckoner for the Welsh Rates of Income Tax. This provides estimates of the potential revenue impact from changes to each of the three Welsh Rates.

Landfill Disposal Tax

From 1 April 2022, I intend to raise Landfill Disposal Tax rates in line with forecast inflation (RPI measure). This is consistent with the UK landfill tax rates for 2022-23, to support the policy objective of reducing waste disposed of at landfill, and to help meet our goal of becoming a zero waste nation.

It has been important to maintain stability over these rates given the economic uncertainty generated by the pandemic and the UK’s departure from the European Union.

By setting rates that are consistent with UK landfill tax, public services in Wales will continue to benefit from the tax revenue, while ensuring the risk of the movement of waste across borders is reduced.

The Regulation required to put effect to these changes will be laid in the Senedd on 22 December 2021.

The changes to the rates from 1 April 2022 are set out in Annex 1.

Land Transaction Tax

I am maintaining the current rates and thresholds for residential and non-residential Land Transaction Tax (LTT).

LTT will continue to have the highest starting threshold for the residential main rates in the UK, with the majority of homebuyers in Wales either paying the same or less tax compared to its predecessor, stamp duty land tax. LTT will also continue to have the highest starting threshold for non-residential property transactions in the UK.

I recognise the role that residential higher rates of LTT could play in delivering our wider agenda to address the issues relating to the high levels of second homes and holiday lets in certain parts of Wales. I am launching today a

[consultation on local variation to Land Transaction Tax for second homes and short-term holiday lets](https://gov.wales/second-homes-local-variation-to-land-transaction-tax-rates).

Tax Policy Report

Alongside publication of the draft Budget, I have published the first

[Tax Policy Report](https://gov.wales/tax-policy-report-december-2021) against the Work Plan for 2021-26. The Report sets out progress on the range of activities in which we are engaged, taking forward our tax related Programme for Government commitments including in the areas of local government finance reform, and preparing a consultation on legislation permitting local authorities to raise a tourism levy.

**Annex 1:**

**Table 1: Landfill Disposal Tax rates from 1 April 2022**

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| **Rate** | **2022-23** |
| Standard rate | £98.60 per tonne |
| Lower rate | £3.15 per tonne |
| Unauthorised disposals rate | £147.90 per tonne |