**WRITTEN STATEMENT**

**BY**

**THE WELSH GOVERNMENT**

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| **TITLE** | **Consultation Document: Tax Devolution – enabling changes to the Welsh Tax Acts** |
| **DATE** | **16 July 2020** |
| **BY** | **Rebecca Evans MS, Minister for Finance and Trefnydd** |

Today I am publishing a consultation on ‘Tax Devolution – enabling changes to the Welsh Tax Acts’. I am seeking views on the conferring of regulation-making powers on 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.

The devolution of taxes in Wales marked an historic moment in Welsh political history. For the last two years the Welsh Government, together with the Welsh Revenue Authority, has successfully implemented our own 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.

We now need to consider whether we have the right and appropriate tools to ensure we can make changes to the “Welsh Tax Acts” at short notice in the following circumstances:

1. to stop avoidance or evasion of the devolved Welsh taxes,
2. to comply with international obligations,
3. in situations of exceptional need, such as in response to a tribunal or higher courts decision, or in response to national emergencies such as Covid-19, and
4. in specific circumstances where Welsh Ministers consider it expedient in the public interest to do so. In particular, in response to tax policy changes made by the UK government to ‘predecessor’ taxes (that is, one where we have an equivalent devolved tax).

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.

With the introduction of Welsh rates of income tax on 6 April 2019, around £5 billion of spending in Wales is now funded through devolved and local taxation - land transaction tax, landfill disposals tax, Welsh rates of income tax, council tax and non-domestic rates. The two devolved taxes have already brought in over £500 million in their first two years, revenue which directly funds public services in Wales.

My principles for Welsh taxes are well established. I am looking to develop taxes that are fair to the businesses and individuals who pay them; which are simple, with clear rules, aiming to minimise the costs of compliance and administration; that support growth and jobs, which in turn will help tackle poverty; and which provide stability and certainty for taxpayers. Ultimately, the aim is to use taxation as a lever to help achieve policy objectives and also for revenue generation to fund our critical public services upon which our residents depend.

I am determined to ensure we have the appropriate tools in place for our devolved taxes. A key aim of the legislative proposal is to provide Welsh Ministers with powers to be able to respond to the UK Budget in a timely, proportionate and agile way in order to protect Welsh revenues. I welcome and look forward to your views on the consultation document, which is available via the following website link:

[https://gov.wales/enabling-changes-to-welsh-tax-legislation](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fgov.wales%2Fenabling-changes-to-welsh-tax-legislation&data=02%7C01%7CLaura.Fox%40gov.wales%7C01ff5dd268304863abe108d827d08e05%7Ca2cc36c592804ae78887d06dab89216b%7C0%7C0%7C637303123967593813&sdata=lvrgUGE6aI4mBmZMiPw0U6%2BtMj9EXiA1S4w1FlATve4%3D&reserved=0)

The consultation document will be available for an extended period until 15 October to allow for publishing over the summer period.