

SL(5)783– The Land Transaction Tax (Temporary Variation of Rates and Bands for Residential Property Transactions) (Wales) (Amendment) Regulations 2021

Background and Purpose

These Regulations amend the Land Transaction Tax (Temporary Variation of Rates and Bands for Residential Property Transactions) (Wales) Regulations 2020 (“the 2020 Regulations”). The purpose of these Regulations is to specify an extension to the current temporary variation to the land transaction tax (“LTT”) rates and bands provided for in the 2020 Regulations that will apply to purchases of certain residential property transactions. This extension commences on 1 April 2021 and ends on 30 June 2021; providing a continuous temporary change period from 27 July 2020 to 30 June 2021, with the rates and bands reverting back to those in force prior to 27 July 2020, after that date.

The table below shows the rates and bands as they applied before 27 July 2020 (when the temporary rates came into effect under the 2020 Regulations) and the temporary rates that will now be extended by these regulations until 30 June 2021.

<i>Relevant consideration</i>	<i>Percentage tax rate (Set by the 2018 Regulations)</i>	<i>Temporary rates Set by the 2020 Regulations and extended by the 2021 Regulations</i>
Not more than £180,000	0%	0%
More than £180,000 but not more than £250,000	3.5%	
More than £250,000 but not more than £400,000	5%	No change
More than £400,000 but not more than £750,000	7.5%	No change
More than £750,000 but not more than £1,500,000	10%	No change
More than £1,500,000	12%	No change

In her letter dated 3 March 2021 to the Llywydd, the Minister for Finance and Trefnydd stated her intention for these regulations to be debated in plenary on 23 March 2021.



Procedure

Provisional Affirmative Procedure.

This instrument contains regulations made under the provisional affirmative procedure set out in section 25(2) of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 ("the 2017 Act"). These Regulations are therefore made without a draft having been laid before, and approved by the Senedd.

The Senedd must approve the Regulations within 28 days (excluding any days when the Senedd is: (i) dissolved, or (ii) in recess for more than four days) of the date they were made for them to continue to have effect. The Senedd must vote to approve the Regulations by 8 May 2021 (due to recess and Senedd elections).

Technical Scrutiny

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

Merits Scrutiny

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

1. 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 states that "this targeted tax reduction will support taxpayers who are paying the main rates of LTT (broadly, those buying their homes) and who may need additional support in deciding to buy their homes as a result of the uncertainty as we move from the peak of the pandemic and towards our economic recovery." The Explanatory Memorandum states that "the tax bands and percentage tax rates applicable to residential property transactions will revert back to those in force before 27 July 2020 on 1 July 2021."

2. 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 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 into the Welsh Consolidated Fund. These Regulations revise tax bands and percentage tax rates for certain transactions subject to land transaction tax collected by the WRA.

Welsh Government response

A Welsh Government response is not required.



Legal Advisers
Legislation, Justice and Constitution Committee
10 March 2021



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