

LGF 15
Bil Cyllid Llywodraeth Leol (Cymru)
Local Government Finance (Wales) Bill
Ymateb gan: Awdurdod Cyllid Cymru
Response from: Welsh Revenue Authority

Welsh Revenue Authority

Written evidence for the Local Government and Housing Committee for stage 1 scrutiny of the general principles of the Local Government Finance (Wales) Bill

Thank you for inviting us to submit written evidence to the to the Committee on any provisions in the Local Government Finance (Wales) Bill ('the Bill') we feel able to and which relates to our experience as the national revenue authority for Wales.

Sharing our experience in the collection of information from taxpayers has relevance to Section 12 of the Bill which relates to information to be provided to the VOA by the Welsh public.

We're a non-ministerial department of Welsh Government, formed in 2017.

As a small and multi-skilled organisation of over 80 specialists or professionals we manage 2 devolved taxes:

- Land Transaction Tax (LTT) is paid when you buy or lease a building or land over a certain price
- Landfill Disposal Tax (LDT) is paid when waste is disposed of to a landfill or elsewhere

Working together with taxpayers and their representatives, partner organisations and the public, we make sure taxes are collected fairly, efficiently and effectively.

Self-assessment

Our two taxes are self-assessed, meaning the taxpayer is required to submit a tax return containing a variety of information supporting their calculation of the tax that is due. In terms of Land Transaction Tax (LTT) the obligation to provide information follows a transaction and is therefore event based (buying property or land). In terms of Landfill Disposals Tax the obligation to submit information is for the disposal of landfill and happens on a periodic (quarterly returns) basis.

Local taxes in Wales are not self-assessed (i.e. the calculation of the tax liability is made by the state rather than the taxpayer themselves), so historically direct comparison with the calculation of devolved tax liability has been fairly limited. However, Section 12 of the Bill introduces new provisions placing the onus on taxpayers to provide information to the VOA on a more regular basis. In this regard, our experience of dealing with the public is more relevant. It provides evidence of the benefits of building trust with the users of your service to secure the provision of accurate and timely information.

Our approach

The WRA's experience of operating taxes in Wales is shaped by the approach we have adopted since we began to collect taxes almost 6 years ago. In essence, the

approach we have adopted puts creating trust at the heart of how we work with taxpayers and their agents. We have defined this approach through three terms:

Cydweithio - means 'to work together' and carries a sense of working towards a common goal

Cadarnhau - suggests a solid, robust quality that can be relied on. This is about providing certainty, being accurate and reinforcing trust

Cywiro - literally means 'returning to the truth' and is about the way we work with you to resolve errors or concerns

Our experience of using this way of working has been positive as it creates open, harmonious relationships with the public despite dealing with interactions that ordinarily can be quite complex and fraught.

In terms of what this means in practice, we encourage people to contact us if they need help, empowering our staff to be able to take time on calls to help people, building trust with the public and the WRA. We have focused on making our guidance easy to understand, providing training and tools to users to aid them in the calculation of the complex areas of tax and we encourage people to use our tax opinion service.

We recognise that some elements of the tax system are more complicated or difficult to interpret than others. Taxpayers might not pay the right amount of tax at the right time if we do not actively help them to understand how to apply the rules correctly.

We have developed our data analytical capabilities to better understand the information we receive from the 60,000 tax returns submitted by taxpayers and their representatives each year. We combine our data analysis with the learning from queries, operational data, and customer insights work. We use this collective knowledge alongside the ever-increasing expertise across our organisation to spot trends and identify emerging and potential tax risks early on.

We undertake engagement activity, research and tax enquiries to develop a rounded understanding of the tax risks. This engagement activity and the learning from it is vital to understanding why errors occur, so that we can develop effective and targeted solutions. This provides us with greater learning and knowledge, which in turn enables us to update our information requirements and improve our guidance and support to taxpayers so they better understand what we need them to submit

Our view

We have a wide range of information and enforcement powers available to us, including civil penalties, to address non-compliant taxpayer behaviour. The civil powers in the Bill to address the failure to provide accurate information relevant to a local tax liability appear similar in intent although they are not identical. So, in terms of the legislation, our experience suggests the provisions are capable of allowing for a similarly harmonious relationships to be fostered. .

However, our experience is that the efficacy of policy delivery, although obviously dependent on appropriate legislation, does not end there but rather the legislation is the starting point. It is the relationship with the public that is key to frictionless implementation of that legislation. Our approach places emphasis on building trust and supporting the vast majority of compliant taxpayers to do what they need to. Our experience has been a harmonious process where we have focused on working with taxpayers, agents, and their representative bodies to help them provide us with accurate information easily so that they can get their tax assessment right first time. This reduces tax risk and the number of instances where formal powers need to be used.

This approach has worked for us and building trust with taxpayers by being supportive and honest has created a positive working environment for our people and an environment that taxpayers feel safe to share information with us.

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