

Rebecca Evans AS/MS
Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad
a Swyddfa'r Cabinet
Cabinet Secretary for Finance, Constitution & Cabinet Office



Eich cyf/Your ref P-06-1445
Ein cyf/Our ref RE/05076/24

Llywodraeth Cymru
Welsh Government

Jack Sargeant MS
Chair - Petitions committee
Senedd Cymru

27 June 2024

Dear Jack,

Thank you for your letter to the Cabinet Secretary for Housing, Local Government & Planning regarding Petition P-06-1445, ('Change Land Transaction Tax for First Time Buyers in Wales to be in line with the UK Government'). As the matter relates to land transaction tax (LTT), your letter has been passed to me to reply.

The Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 did not provide a first-time buyers relief when it was passed by the Senedd. The Welsh Government considers that the absence of such a LTT relief aligns with the Welsh Government's principle that Welsh taxes should raise revenue to fund public services as fairly as possible, and that taxation is fairer when it is progressive. Therefore, those buying the most expensive properties should pay the greatest share of tax. The Welsh Government considers that these aims and principles apply to all property transactions, whether they are first-time purchases or otherwise, and that those buying homes in the lower to middle range of our housing market should not pay any tax when buying their homes.

When LTT first came into force in April 2018 the main residential rates zero rate threshold was set at £180,000. This meant that at that time around 60% of transactions in Wales, including most first-time buyers, paid no tax on their home purchases.

In response to subsequent house price increases, on 10 October 2022 the Senedd approved regulations to raise the lowest point at which the LTT main residential rates are paid from £180,000 to £225,000. This change recognised house price increases that had occurred in intervening years and again meant that around 60% of homebuyers would pay no tax, including again the majority of first-time buyers.

LTT rates and bands are kept under review to ensure they are set appropriately, with consideration to the shape of the Welsh property market. This means there are differences between LTT rates and bands in Wales and those set for stamp duty land tax (SDLT) in England and Northern Ireland. The Office for National Statistics data for

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

March 2024 indicates that the average house price in Wales is £214,000, and the average first-time purchase costs £185,000.

The current rates and bands for SDLT first time buyers' relief provides full relief from SDLT on homes costing up to £425,000, and a reduction in the amount of SDLT payable of £8,750 on properties costing up to £625,000. In a Welsh context a home costing over £425,000 would be in the top 7%, and a home costing over £625,000 would be in the top 2% of residential transactions, by cost.

The Welsh Government would not provide a higher zero-rate threshold in line with the SDLT rates and bands for first-time buyers, because that would support some purchases well above our average house price, in preference to supporting those buying less expensive properties, for example for those taking their second steps on the property ladder as their families grow.

Thank you for contacting us to raise awareness of the petition.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

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