

Government Response: The Land Transaction Tax (Relief for Special Tax Sites) (Wales) Regulations 2024

Merit Scrutiny point:

- 1. Explain the reasoning for laying these Regulations before the Senedd prior to the conclusion of the CMA's consideration of the proposed scheme.**

Response:

The Welsh Government has developed a subsidy control scheme jointly with the UK government to cover all devolved and reserved reliefs, incentives and funding available in relation to special tax sites. The Welsh Government and UK government want to align the coming into force of the proposed LTT special tax sites relief with the coming into force of the UK government's designation of the Celtic Freeport special tax site and the availability of the reserved tax incentives. This will allow the LTT special tax site relief to be claimed immediately from the date that the special tax site is designated. The UK government laid regulations before Parliament on 17 October 2024 to designate the Celtic Freeport special tax site with respect to reserved reliefs. Both the designation and the LTT relief regulations are due to come into force on 26 November 2024, subject to the relevant procedures.

To achieve alignment on 26 November 2024, these Regulations were required to be laid before the Senedd prior to the conclusion of the CMA's consideration of the proposed subsidy control scheme. Whilst this has the potential to create a risk of claims of pre-emption, it will not be possible to provide any LTT relief to the Celtic Freeport special tax site prior to 26 November 2024, which will be after both the publication of the CMA's report on, and the registration of, the subsidy control scheme, thereby mitigating any risk.

- 2. In advance of the Senedd debate on the Regulations, confirm whether the CMA has raised any concerns in relation to the new LTT relief and, if so, the Government's response.**

Response:

The CMA published their report on the Welsh Freeports Subsidy Scheme on 1st November 2024: [Referral of the proposed Welsh Freeports Subsidy Scheme by the Welsh Government \(WG\) and the Ministry of Housing, Communities and Local Government \(MHCLG\) - GOV.UK](#)

The Welsh Government and UK government have 5 days to pay due regard to its content. After this period, but in advance of the Senedd debate on the Regulations, we will write to the Committee to advise whether the CMA has raised any concerns in relation to the LTT relief and, if so, provide the Government's response. The Welsh Freeports Subsidy Scheme was pre-referred to the Subsidy Advice Unit of the CMA, who advised whether improvements were needed before formal submission.