

SL(6)563 – the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) (Amendment) Regulations 2024

Background and Purpose

These Regulations amend the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) Regulations 2018. They increase the percentage tax rates for higher rates residential property transactions with an effective date falling on or after 11 December 2024.

The revised tax rates are shown in the following table:

Higher rates residential property transactions			
<i>Tax band</i>	<i>Relevant consideration</i>	<i>Previous tax rate</i>	<i>New tax rate</i>
First tax band	Not more than £180,000	4%	5%
Second tax band	More than £180,000 but not more than £250,000	7.5%	8.5%
Third tax band	More than £250,000 but not more than £400,000	9%	10%
Fourth tax band	More than £400,000 but not more than £750,000	11.5%	12.5%
Fifth tax band	More than £750,000 but not more than £1,500,000	14%	15%
Sixth tax band	More than £1,500,000	16%	17%

The Regulations also include transitional provision so that where substantial performance of a contract took place prior to 11 December 2024, or where contracts were entered into before that date (subject to certain exclusions), the previous tax rates will continue to apply.

The Regulations were made and laid before the Senedd on 10 December 2024 and came into force on 11 December 2024.



Procedure

Made affirmative.

The Regulations were made by the Welsh Ministers before they were laid before 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.

Technical Scrutiny

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

Merits Scrutiny

The following 2 points are identified for reporting under Standing Order 21.3 in respect of this instrument.

- 1. 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 (“WRA”) must pay amounts collected in the exercise of its functions into the Welsh Consolidated Fund.

These Regulations revise percentage tax rates for certain transactions subject to land transaction tax collected by the WRA.

- 2. 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.**

No consultation was undertaken in respect of these Regulations. The Explanatory Memorandum, at paragraph 5.1, notes that:

“There is no statutory requirement to consult on this instrument. The changes to the percentage tax rates for higher rates residential property transactions were announced by the Cabinet Secretary for Finance and Welsh Language on 10 December 2024 in the draft Budget. The changes follow the Welsh Government’s approach to tax policy making adopting a progressive and proportionate regime, as well as increasing LTT revenues overall to provide additional revenue to finance Welsh Government policy priorities. The setting of rates and thresholds for taxes is not an area of policy where consultation is generally undertaken, as any such consultation with a ‘live’ tax is highly



likely to have a distortive effect on behaviours and, in particular in relation to transaction taxes, the timing of those transactions.”

Welsh Government response

A Welsh Government response is not required.

Legal Advisers

Legislation, Justice and Constitution Committee

18 December 2024



Senedd Cymru

Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad

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Welsh Parliament

Legislation, Justice and Constitution Committee