

SL(6)725 – The Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (Amendments to Schedule 5) Regulations 2026

Background and Purpose

Schedule 5 to the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 makes provision about transactions that are higher rates residential property transactions for land transaction tax (“LTT”) purposes.

These Regulations amend Schedule 5 to provide that the purchase of a single dwelling that is a higher rates residential property transaction ceases to be so if that dwelling is subsequently leased to a local authority in Wales. They also provide that the tax chargeable in respect of a transaction involving the purchase of multiple dwellings is reduced if any of those dwellings are subsequently leased to a local authority in Wales, in each case subject to certain conditions.

The Regulations also make supplemental provision about claiming refunds and further assessment of LTT.

Procedure

Senedd approval procedure.

The Welsh Ministers have laid a draft of the Regulations before the Senedd. The Welsh Ministers cannot make the Regulations unless the Senedd approves the draft Regulations.

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 must pay amounts collected in the exercise of its functions relating to devolved taxes, which includes the collection of LTT, into the Welsh Consolidated Fund.



These Regulations provide for a reduction in LTT liability in the circumstances described above.

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.

In a [Written Statement](#) dated 20 January 2026, the Cabinet Secretary for Finance and Welsh Language, Mark Drakeford MS, said:

“...[These Regulations]...provide a new refund for transactions that are subject to the higher residential rates of land transaction tax (“HRRLTT”). The new HRRLTT refund will apply where a person buys a dwelling costing £400,000 or less that is liable to HRRLTT and then leases it to a Welsh local authority, within 18 months of that purchase, and the lease meets the conditions in the regulations.

The refund is intended to incentivise the leasing of properties to Welsh local authorities under Leasing Scheme Wales..., a Welsh Government scheme which contributes towards the delivery of homes at affordable rents. This will help tackle the impact of homelessness and the use of temporary accommodation.”

Welsh Government response

A Welsh Government response is not required.

Legal Advisers

Legislation, Justice and Constitution Committee

2 February 2026

