

The Welsh Tax Acts etc. (Power to Modify) Act 2022 (Extension of Expiry Date) Regulations 2026

March 2026

1. This Statutory Instrument was considered by the Finance Committee (the Committee) under Standing Order 27.8A.¹
2. The Committee took evidence from the Cabinet Secretary for Finance and Welsh Language (the Cabinet Secretary) on 5 March 2026.²

Background and purpose

3. The Welsh Tax Acts etc. (Power to Modify) Act 2022 (the 2022 Act)³ came into force on 9 September 2022. Section 1(1) of the 2022 Act provides that the Welsh Ministers may make regulations which modify certain enactments for the purposes set out in section 1(1)(a) to (d) of the 2022 Act, subject to certain conditions and restrictions.

4. The power under section 1 of the 2022 Act (the power) expires on 8 September 2027. However, section 7(2) of the 2022 Act provides that the Welsh Ministers may by regulations provide that the power may continue in force for a further period, ending no later than 30 April 2031. The deadline for approval by Senedd Cymru of regulations extending the expiry of the power is 8 September 2027.

5. Regulations proposing to extend the expiry of the power may not be laid before the conclusions of the review of the operation and effect of the Act (the review) has been published by the Welsh Ministers in accordance with section 6 of the 2022 Act. The conclusions of that review were published on 13 February 2026.⁴

6. Regulation 2 of these Regulations provides that the regulation-making power under section 1 is to continue in force until 30 April 2031.

Procedure

7. The Regulations are subject to the Senedd approval procedure. This means that the Welsh Ministers cannot make the Regulations unless the Senedd approves the draft Regulations.

¹ [Standing Orders of the Welsh Parliament](#)

² [Finance Committee, RoP, 5 March 2026](#)

³ [Welsh Tax Acts etc. \(Power to Modify\) Act 2022](#)

⁴ [Welsh Ministers' Review of the Welsh Tax Acts etc. \(Power to Modify\) Act 2022](#)

8. The Senedd is scheduled to consider the Regulations in Plenary on 17 March 2026. If approved, the Regulations are expected to be made by the Welsh Ministers and come into force on 20 March 2026.

Policy context

9. In the review, the Cabinet Secretary confirmed that he would bring forward draft Regulations to extend the power to the maximum permitted date of 30 April 2031 “to provide the next Senedd and Welsh Government with the time to establish the approach they consider appropriate to make changes to devolved taxes”.⁵ The draft Regulations were laid on 24 February 2026.⁶

10. The review highlights that the power has not been used in the “three and a half years since the power became available to the Welsh Ministers”. However, it states that the Welsh Government gave serious consideration to its use (in the context of land transaction tax) to respond to the abolition of the stamp duty land tax relief for purchases of multiple dwellings, which came into effect on 1 June 2024.⁷

11. On the justification for seeking to extend the power, despite it not being used to date, the Cabinet Secretary said:

“We haven't used the powers, but we came quite close to thinking about using them in 2024, when the UK Government decided to repeal the multiple dwellings relief in England. At that point, because we've got a different system, the block grant adjustment begins to take money away from us because of the comparison between the money we're raising and the money that's being raised in England. So, the reason for having this fallback power is simply to protect the resources available to Wales, where you can't go through the relatively drawn-out process of primary legislation to respond to them.”⁸

12. When asked why Welsh Ministers are seeking an extension of the power to the maximum period permitted, the Cabinet Secretary explained:

⁵ Welsh Government, *Written Statement: Review of the Welsh Tax Acts etc. (Power to Modify) Act 2022 and consultation response report*, 13 February 2026

⁶ *The Welsh Tax Acts etc. (Power to Modify) Act 2022 (Extension of Expiry Date) Regulations 2026 and Explanatory Memorandum*

⁷ *Welsh Ministers' Review of the Welsh Tax Acts etc. (Power to Modify) Act 2022*, paragraph 2.4

⁸ *Finance Committee, RoP*, 5 March 2026, paragraph 105

“I think it is sensible for this Senedd to take the decision to extend those powers for the one five-year period for which they are available while we can do it. An incoming Government otherwise would find themselves having to make some very rapid decisions in this area ... Those early months are inevitably months when Governments are being established, when new priorities are being found, when people's minds are on big things. I think we can just ensure orderly government by extending those powers now.”⁹

13. He emphasised that extending the power now does not bind a future Government.¹⁰

Appropriate mechanisms for making changes to Welsh Tax Acts

14. Alongside the review, the Welsh Government also published a summary of responses to its consultation on the appropriate mechanisms for making changes to the Welsh Tax Acts.¹¹ In his written statement, the Cabinet Secretary noted:

“The consultation confirmed that while primary legislation is viewed as the most appropriate mechanism for tax changes, there is broad recognition that Wales still requires flexible powers to respond swiftly to external events affecting devolved taxes.”¹²

15. The consultation set out a number of alternative approaches:

- an annual finance bill for Wales,
- an annual (or less frequent) tax bill for Wales,
- a new version of the Welsh Tax Acts etc. (Power to Modify) Act 2022,
- once the Welsh Tax Acts etc. (Power to Modify) Act 2022 expires, to rely on the current regulation making powers and primary legislation as and when necessary.¹³

⁹ Finance Committee, RoP, 5 March 2026, paragraph 95

¹⁰ Finance Committee, RoP, 5 March 2026, paragraph 102

¹¹ Making Changes to the Welsh Tax Acts: Summary of Responses

¹² Welsh Government, Written Statement: Review of the Welsh Tax Acts etc. (Power to Modify) Act 2022 and consultation response report, 13 February 2026

¹³ Making Changes to the Welsh Tax Acts: Summary of Responses, Question 5

16. A further “hybrid approach” is also discussed in the review, modelled on the Provisional Collection of Taxes Act 1968¹⁴ or section 109 of the Finance Act 2003¹⁵. This would allow legislative changes to take immediate effect via regulations or a motion, but only temporarily, unless later confirmed in an Act of the Senedd introduced within a set timeframe.¹⁶

17. The review also notes that, during the passage of the 2022 Act, “a significant number of current Senedd Members of all parties had concerns at the absence of an opportunity to amend the tax legislation that they approve”. The review goes on to say:

“The next Senedd may feel equally strongly. Therefore, the next Welsh Government and Senedd may wish to consider developing a process for changes to be made through primary legislation. As such, I consider that a new version of the Welsh Tax Acts etc. (Power to Modify) Act 2022, by itself, will not be an appropriate future mechanism due to the likely lack of support within the Senedd.”¹⁷

18. When asked for his thoughts on the feasibility of delivering a balanced approach which addresses the need for primary legislation while maintaining flexibility, the Cabinet Secretary said:

“... I've seen and we've debated here in the past, Chair, the case for an annual tax Bill, but when we have only two relatively modest taxes, I'm not sure that that's a proportionate way of responding to our responsibilities. If our fiscal responsibilities grow, then I think the case for an annual tax Bill will become more compelling. We hope to have a vacant land tax available to us in Wales before too long, and every time you get a bit more tax authority, then the case for the annual Bill strengthens.”¹⁸

19. At present, the Cabinet Secretary believes the current approach “probably remains the best one”, with predictable and controllable matters going through

¹⁴ [Provisional Collection of Taxes Act 1968](#)

¹⁵ [Finance Act 2003](#)

¹⁶ [Welsh Ministers' Review of the Welsh Tax Acts etc. \(Power to Modify\) Act 2022, paragraphs 4.16-4.19](#)

¹⁷ [Welsh Ministers' Review of the Welsh Tax Acts etc. \(Power to Modify\) Act 2022, paragraph 4.10](#)

¹⁸ [Finance Committee, RoP, 5 March 2026, paragraph 107](#)

primary legislation, and unforeseen external events being addressed through regulations that are subsequently “regularised by the Senedd”. He added:

“I think the debate in the next Senedd will be how long a time should elapse between the Welsh Government using its powers and the Senedd approval process, and whether that approval process should be the regulation-making process or whether it should be by a primary piece of activity. I think those are debates probably that lie beyond this Senedd. For now, the hybrid approach, I think, serves us best.”¹⁹

Committee view

20. The Committee notes that the 2022 Act, as passed, was intended as a temporary and exceptional mechanism, providing Welsh Ministers with a broad power to amend tax legislation at pace in response to external events.

21. During its legislative passage, Senedd Committees were highly critical of the Welsh Tax Acts etc. (Power to Modify) Bill, primarily due to concerns that it granted Welsh Ministers excessive executive power at the expense of parliamentary scrutiny. In its report on the general principles of the Bill, the Committee questioned whether a very broad regulation-making power was the best or most proportionate mechanism for making tax changes, as such powers are typically reserved for primary legislation. The Legislation, Justice and Constitution Committee concluded that the Bill “does not represent an appropriate legislative vehicle” and should only be a temporary measure. Both Committees favoured the development of a longer-term package of legislative measures to deliver tax proposals.²⁰ These concerns led to the Bill being amended to introduce a series of safeguards including a sunset provision, as well as the statutory review requiring Welsh Ministers to assess both the operation of the Act and alternative legislative mechanisms.

22. We acknowledge the Cabinet Secretary’s explanation that, although the power has not been used since coming into force, it has been put in place to, amongst other things, protect funding available to Wales by enabling the Welsh Government to respond quickly to unforeseen events which may lead to a budgetary shortfall. We also note his view that extending the power to the

¹⁹ Finance Committee, RoP, 5 March 2026, paragraph 109

²⁰ Senedd Committees critical of the Welsh Government’s approach to tax, 14 April 2022

maximum permissible period would avoid placing unnecessary pressure on an incoming government early in the Seventh Senedd.

23. At present, the Cabinet Secretary believes the existing approach, with changes proposed through regulations that are subsequently approved by the Senedd, provides the most proportionate balance between scrutiny and responsiveness. However, we consider that this temporary framework cannot remain the default long-term approach. We note that the Welsh Government’s own review highlighted the significant concerns among Senedd Members regarding the limited opportunity to amend tax proposals that are introduced by secondary legislation. The review also indicates that a future “new version” of the 2022 Act is unlikely to attract Senedd support, reinforcing the need to develop a more robust and constitutionally-appropriate legislative model.

24. The Committee is clear that work on establishing a long-term legislative mechanism for amending Welsh Tax Acts must begin without delay in the next Senedd. Any future system has to provide a stronger balance between the need for flexibility in urgent circumstances and the Senedd’s central role in scrutinising tax legislation.

Recommendation 1. The Committee recommends that the next Welsh Government establishes a working group early in the Seventh Senedd to develop a more appropriate legislative mechanism for amending Welsh Tax Acts, involving the use of primary legislation, and ensures that the voice of Senedd Committees is reflected in those discussions.