



Llywodraeth Cymru  
Welsh Government

---

## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

---

**TITLE:** Update on Land Transaction Tax: higher rate for purchases of additional residential properties

**DATE:** Friday 14 October 2016

**BY:** Mark Drakeford AM, Cabinet Secretary for Finance and Local Government

The Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Bill was introduced to the National Assembly on 12 September 2016.

The Bill sets out our proposals for a new land transaction tax to replace stamp duty land tax from April 2018 in Wales. It does not, however, include provision for a higher rate of tax on purchases of additional residential properties, which currently exists under both stamp duty land tax in England and Wales and land and buildings transaction tax in Scotland.

The higher rate for additional properties, which currently stands at 3%, is a new aspect of stamp duty land tax and only came into effect on 1 April this year. To help us better understand people's views about whether it should also be a feature of land transaction tax in Wales from April 2018, we published a Treasury Paper and undertook a technical survey on the operation and application of the higher rate provisions over the summer. The responses to the technical survey and Treasury Paper are published today.

A total of 100 responses were received, which have been carefully considered and are summarised in the report published today. I am grateful to all those who took the time to respond.

The views from respondents varied but some clear areas of consensus were identified, including the importance of adopting the same exemptions to the higher rate surcharge as provided under stamp duty land tax and the importance of a single consistent rate across the UK so distortions are not created, particularly across the Wales-England border.

The Treasury Paper and technical survey also provided an opportunity to seek stakeholder views about how we could adapt the higher rate surcharge to make it better suited to Wales. Suggestions included alignment to the Housing (Wales) Act 2014 and Wellbeing of Future Generations (Wales) Act 2015. There were also calls to consider the impact and use of long-term empty properties to be brought back into use as affordable housing.

As the Treasury Paper highlighted, there will be a significant reduction in the resources available for public services if we do not include a higher rate for additional properties in land transaction tax. Therefore, to protect the delivery of public services, I intend to make provision for a higher rate surcharge on purchases of additional residential properties in the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Bill during stage 2.

We will continue to explore the suggestions put forward by stakeholders about how the higher rate can be adapted to meet Wales' circumstances. Any future changes will be made through subordinate legislation – respondents to the technical survey overwhelmingly agreed Welsh Ministers should take a subordinate legislation-making power for this reason.

I look forward to continuing to work with the National Assembly to take forward the higher rate surcharge on purchases of additional residential properties through the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Bill.

The report *Land Transaction Tax: Higher rates for purchases of additional residential properties – summary of engagement responses* is available here: <http://gov.wales/docs/caecd/publications/161014-ltt-responses-en.pdf>

