

Bill to introduce first new Welsh tax in 800 years is passed

Finance Secretary Mark Drakeford said the passage of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Bill marked a significant step in Wales' devolution journey.

Land transaction tax, which will replace stamp duty land tax, will come into effect on April 1, 2018. The revenue raised will help to fund public services in Wales.

The tax will be payable on the purchase or lease of a building or land in Wales over a certain price and includes a higher rate on additional residential properties – the higher rate has been payable in Wales through stamp duty land tax since April 2016.

In 2015-16, £153m was raised from stamp duty land tax in Wales, with just under 59,000 transactions taking place. This is expected to rise to £263m by 2018-19.

The Finance Secretary will announce the rates and bands for land transaction tax by October 1 and the regulations will be laid after the UK Autumn Budget.

Welcoming the passing of the Bill by the National Assembly, Professor Drakeford said:

“This is a significant milestone in devolution – for the first time in almost 800 years Wales will have its own taxes.

“This is a tax which affects so many of us. Once law, the Bill will enable us to introduce a land transaction tax to replace stamp duty land tax, ensuring public services in Wales will continue to benefit from the revenues raised by this important tax.

“We consulted widely in developing the tax and were able to learn from the devolution of the tax to Scotland. While the new tax provides consistency and stability for businesses and provides a smooth transaction for home buyers, we have been able to make a number of improvements to the tax reflecting Welsh needs and priorities.”

Land transaction tax is one of two taxes to be devolved to Wales in April 2018 – landfill tax will be replaced with a landfill disposals tax. The Landfill Disposals Tax (Wales) Bill is currently being considered by the National Assembly.

Professor Drakeford added:

“The devolution of tax powers in a year’s time will change the nature of devolution in Wales. It brings with it additional responsibility for the Welsh Government and National Assembly and a chance to make a real difference to public services in Wales.”

The Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Bill is expected to receive Royal Assent (when the Bill becomes an Act) in May 2017.