

WRITTEN STATEMENT BY

THE WELSH GOVERNMENT

**TITLE Welsh Devolved Taxes and Welsh Rates of Income Tax - Draft Budget 2024-25**

**DATE 19 December 2023**

**BY Rebecca Evans MS, Minister for Finance and Local Government**

The spending priorities set out in the draft Budget published today are supported by devolved and partially devolved Welsh taxes.

This statement sets out my tax plans included within the draft Budget. Taken together, Welsh Rates of Income Tax, Landfill Disposal Tax and Land Transaction Tax will contribute around £3.5 billion to the Welsh Government Budget in 2024-25.

Welsh Rates of Income Tax

I propose that the Welsh rates of income tax for 2024-25 will be set at 10p for the three income tax rates (basic, higher and additional), which will provide parity of income tax rates in Wales with English and Northern Irish tax payers.

Households are experiencing the largest reduction in real living standards since Office of National Statistics records began in the 1950s, and tax payers in Wales should not face increased rates of income taxes.

Alongside this draft Budget, I am publishing an [updated Ready Reckoner for the Welsh Rates of Income Tax](https://www.gov.wales/draft-budget-2024-2025). This provides estimates of the potential revenue impact from changes to each of the three Welsh Rates.

Landfill Disposals Tax

From 1 April 2024, I intend to raise Landfill Disposals Tax rates in line with RPI forecast inflation (as forecast by the Office for Budget Responsibility). This is consistent with the UK landfill tax rates for 2024-25, to support the policy objective of reducing waste disposed at landfill, and to help meet our goal of becoming a zero waste nation.

By setting rates for 2024-25 consistent with UK landfill tax, public services in Wales will continue to benefit from the tax revenue, while ensuring the risk of the movement of waste across borders is reduced.

The Regulations required to put into effect these changes will be laid in the Senedd in January 2024.

The proposed changes to the rates from 1 April 2024 are set out in Annex 1.

Land Transaction Tax

It is not proposed to make any changes to any of the Land Transaction Tax (LTT) rates in this Draft Budget.

In September 2023, the average house price was £215,000, and £185,0001 for a first-time buyer. This is below the starting threshold for the main residential rates of LTT at £225,000. The LTT data indicates that around 60% of residential transactions are for consideration below that threshold.

Alongside the tax related elements of the draft Budget, also published today are two consultation documents relating to LTT. The first is a [consultation on the proposed legislative amendments to the Land Transaction Tax and Anti- avoidance of Devolved Taxes (Wales) Act 2017 (LTTA), to extend the land transaction tax higher residential rates 3-year refund and exception periods, in specified circumstances](https://www.gov.wales/land-transaction-tax-higher-residential-rates-proposals-to-amend-the-refund-and-exception-rules). The second consultation is on the [proposed legislative amendments to the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 to provide a relief from LTT for qualifying transactions within a designated Welsh special tax site, which would include any future freeports](http://www.gov.wales/land-transaction-tax-special-tax-sites-relief).

Tax Policy Report

I am also publishing today the [third annual Tax Policy Report](https://www.gov.wales/draft-budget-2024-2025). This publication reports against the Welsh Government’s Tax Policy Framework and Work Plan. The Report sets out progress on the range of activities in which we are engaged, taking forward our tax-related Programme for Government commitments including in the areas of local government finance reform, and a consultation on legislation permitting local authorities to raise a visitor levy.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Senedd returns I would be happy to do so.

1 UK House Price Index - Office for National Statistics (ons.gov.uk)

**Annex 1:**

**Table 1: LDT rates (rate per tonne)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Rate** | **From 1 April**  **2022** | **From 1 April**  **2023** | **From 1 April**  **2024** |
| **Standard** | **£98.60** | **£102.10** | **£103.70** |
| **Lower** | **£3.15** | **£3.25** | **£3.30** |
| **Unauthorised disposals** | **£147.90** | **£153.15** | **£155.55** |