

Finance Committee

The Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (Amendment to Schedule 5) Regulations 2018

This Statutory Instrument is being considered by the Finance Committee under Standing Order 27.8A.

Background and Purpose

01. These Regulations amend Schedule 5 to the Land Transaction and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (“the LTTA”) to extend the scope of the exceptions from the rates applicable to a higher rates transaction.
02. Schedule 5 (Higher Rates Residential Property Transactions) to the LTTA provides the rules identifying when the acquisition of a major interest (or an interest that is deemed to be a major interest) is a higher rates residential property transaction. The technical amendment to Schedule 5 made by these Regulations provides that where married couples (includes persons in a civil partnership and civil partners) acquire new or additional interests in their current main residence, the transaction is not a higher rates residential property transaction even where previously one of the spouse did not have a beneficial interest in that main residence. This technical change is to ensure that the higher rates rules are applied consistently to married couples and within Schedule 5.

Procedure

03. Affirmative.

Merits Scrutiny

04. No points are identified for reporting in respect of this instrument.

Policy objectives

05. **Statement of policy intent**



06. To support the Committee's scrutiny of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (LTTA) (Wales) Bill, the Welsh Government provided information on the policy intent for the delegated powers within the Bill.
07. This regulation amends Schedule 5 of the Act relating to higher rates on additional properties. Legislation for higher rates was **introduced at Stage 2** and was therefore **not included** in the statement. However, Section 24(11) of the LTTA **does enable** the Welsh Ministers to amend Schedule 5 by regulations.

08. Finance Committee Stage 1 scrutiny

09. No comments were made relating to the tabled regulation given relevant legislation was introduced at Stage 2.

10. Consultation responses

Assembly consultation

11. No comments were made.

Welsh Government consultation

12. No comments were made.

Scottish Regulations

13. No notable differences between regulations. The Land and Buildings Transaction Tax (Amendment) (Scotland) Act 2016 makes provisions for spouses and civil partners relating to exceptions for additional property transactions.

UK Regulations

14. No notable differences between regulations. The UK Government included provisions relating to spouses and civil partners for higher rates for additional properties in Section 128 of the Finance Act 2016.

Government Response

15. No points under 'merits scrutiny' were raised.
16. The SDLT equivalent higher rates residential property transactions rules are amended by the Autumn Budget 2017. Following inclusion of the amendment provided by these regulations, the effect of these changes should provide similar treatment in SDLT to that provided by paragraph 7 and 16 of Schedule 5 Land



Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017. There are a number of other amendments to the SDLT rules made in the Finance Bill that broadly follow the LTT rules.

17. The LBTT rules differ from the LTT rules and may not have the same effect.

Committee View

18. The Committee noted the Regulations.

