

# Finance Committee

## The Tax Collection and Management (Reimbursement Arrangements) (Wales) Regulations 2018

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

### Background and Purpose

1. These Regulations describe the provisions that must be included in reimbursement arrangements made by a person making a claim under section 63 (claim for relief of overpaid tax) of the Tax Collection and Management (Wales) Act 2016. In addition, regulation 6 describes the records that the claimant must keep relating to the reimbursement arrangements and regulation 8 makes provisions in respect of penalties (penalties relating to record-keeping and reimbursement arrangements).

### Procedure

2. Negative.

### Negative Merits Scrutiny

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

### Policy objectives

#### Statement of policy intent

4. To support the Committee's scrutiny of the Tax Collection and Management (Wales) Bill, the Welsh Government provided information on the policy intent for the delegated powers within the Bill.
5. The regulation tabled is **in accordance** with related policies in the statement.
6. It noted that Section 64(1) enables the Welsh Ministers to make regulations "designed to prevent repayments of overpaid tax where the cost of the overpaid tax has not actually been borne by the taxable person."



7. Section 67(3) includes regulation-making powers to specify particular records or supporting documents that must be kept for a person to claim reimbursement for overpaid tax.

### Finance Committee Stage 1 scrutiny

8. No comments were made.

### Consultation responses

#### *Assembly consultation*

9. No comments were made.

#### *Welsh Government consultation*

10. No comments were made.

### Scottish Regulations

11. All regulations are consistent with those in The Revenue Scotland and Tax Powers Act (Reimbursement Arrangements) Regulations 2015.

### UK Regulations

12. Regulations relating to reimbursement arrangements are consistent with those in tax related UK statutory instruments such as The Landfill Tax (Amendment) Regulations 1998.
13. Penalties relating to compliance of reimbursement arrangements are included in various UK Finance Acts. There is a difference between penalties relating to record-keeping in UK legislation and those proposed in Welsh regulations. UK legislation applies a £250 penalty for failure to keep appropriate records relating to landfill tax whereas it would be up to £3,000 for landfill disposals tax. This difference is not mirrored between Land Transaction Tax and SDLT as penalties relating to record-keeping would both not exceed £3,000.
14. There is also a lack of available evidence relating to the penalties and timescales for making repayments to HMRC (as set out for repayments to WRA in regulation 5). Consequently, regulation 8(2) cannot be compared with equivalent UK legislation.



## Government Response

15. The Welsh Government notes the report and thanks the Committee for their consideration of this matter. In relation to the statement of policy intent, it should be noted that reference to “section 64(1)” should be “section 66(1)” and reference to “section 67(3)” should be “section 69(3)”.

## Committee View

16. The Committee noted the Regulations.

