

# Tax Policy Framework

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## What is a tax policy framework?

The Cabinet Secretary for Finance and Local Government, Mark Drakeford, will provide an oral statement in Plenary on 13<sup>th</sup> June 2017 relating to Welsh Government's [Tax Policy Framework \(PDF, 1.3MB\)](#), which was published in June 2017.

The tax policy framework sets out Welsh Government's tax devolution agenda and will inform tax policy development in Wales. It also establishes a broad set of principles through which policies should be developed. The framework is critical to the formulation, interpretation and application of tax laws and compliance.

Welsh Government has released a [series of tax principles](#) as part of the framework:

- Raise revenue to fund public services as fairly as possible.
- Deliver Welsh Government policy objectives, in particular supporting jobs and growth.
- Be clear, stable and simple.
- Be developed through collaboration and involvements.
- Contribute directly to the Well Being of Future Generations Act goal of creating a more equal Wales.

The tax policy framework has been articulated and disseminated to allow the public to both contribute to the Welsh Government's tax policies and understand its role in such policies.





## Why does Wales need a tax policy framework?

On 1 April 2018, stamp duty land tax (SDLT) and landfill tax (LT) [will be devolved to Wales \(PDF, 693KB\)](#). These new Welsh taxes will be known as [land transaction tax \(LTT\) \(PDF, 809KB\)](#) and [landfill disposals tax \(LDT\) \(PDF, 990KB\)](#) respectively.

Income tax will be partly devolved to Wales in April 2019 while the UK Government also intends to devolve the aggregates levy which is currently subject to legal challenges. Once all taxes have been devolved, it is forecast that the Welsh Government will directly [raise approximately 25% of its own budget](#) with the remaining 75% coming from the Welsh block grant, funding allocated by the UK Government to Wales.

This is a significant proportion compared to the current 6.6% raised by the Welsh Government. Given the new Welsh taxes to be implemented by the Welsh Government, it will be essential for a tax policy framework to be developed to ensure procedures are established for developing tax policy in Wales.

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