

# Tax Collection and Management (Wales) Bill

Summary of changes  
at Stage 2

February 2016

## Introduction

This document sets out some of the key changes made to the Tax Collection and Management (Wales) Bill ("the Bill") during Stage 2 proceedings.

## Background

The Bill was **introduced on 13 July 2015** by Jane Hutt AM, Minister for Finance and Government Business ("the Minister").

The Bill is the first of three anticipated bills to establish devolved tax arrangements in Wales. This Bill will be followed by tax specific legislation establishing new Welsh taxes - Land Transaction Tax and Landfill Disposals Tax.

The purpose of this Bill is to put in place the legal framework necessary for the future collection and management of devolved taxes in Wales.

In particular, the Bill provides for the establishment of the Welsh Revenue Authority (WRA), whose main function will be the collection and management of devolved taxes.

### Scrutiny

- The Business Committee remitted the Bill to the Finance Committee ("the Committee") for scrutiny.
- On 23 June 2015 the Business Committee agreed the deadline for the Stage 1 Committee report as 27 November 2015.

- The Committee held a **consultation on the general principles of the Bill**, which closed on 8 September 2015 and a stakeholder event on 23 September 2015. The Committee began taking oral evidence on 1 October 2015.
- The Committee **published its Stage 1 report** in November 2015. The Constitutional and Legislative Affairs Committee also **published its report on the Bill** in the same month.
- The Committee made 29 recommendations in its report.
- On 8 December 2015, the Assembly, following a debate in Plenary, agreed **the Bill should proceed to Stage 2**.
- Stage 2 commenced on 9 December 2015 and the Committee met to **consider and dispose of amendments** on 28 January 2016.

**Further information about the Bill (as introduced) is available in the Bill Summary prepared by the Research Service.**

## Amendments agreed at Stage 2

96 amendments were tabled; two were subsequently withdrawn. All 36 amendments tabled by the Minister were agreed.

**Please note that section numbers refer to the Bill as introduced. All amendments are from the Welsh Government unless otherwise stated.**

Set out below are some of the key changes made during Stage 2 proceedings (this is not an exhaustive list).

### Membership

- **Amendment 75** provides for an **increase in the minimum number of 'non-executive members'** of the WRA appointed by the Welsh Ministers from 3 to 4; this ensures the WRA board retains a majority of non-executive members to take account of the new elected executive member



role (see amendment 83).

- **Amendment 76** is included as a direct response to recommendation 4 made in the Committee’s Stage 1 report. This allows the **chief executive to appoint 1 or 2 additional staff members** to the WRA as ‘executive members’ with non-executive members either approving the nomination or requiring the chief executive to make an alternative recommendation.
- **Amendments 79, 83, 84, 89 and 90** also address the Committee’s recommendation 4 by providing for an additional executive member of the WRA who will be appointed as an **elected executive member**.
- **Amendment 83** tabled by the Minister and agreed by the Committee was a substantive amendment. Its effect was to include a section in the Bill relating to the **appointment of an elected executive member** to be balloted by WRA staff.
- **Amendment 84** allows non-executive members to **remove an elected executive member** if the person does not meet criteria outlined in Section 7 of the Bill.
- **Amendments 80 and 81** respond to the Committee’s recommendation 5. **Amendment 80** establishes the term to be served by a non-executive member as **no more than 5 years**. **Amendment 81** ensures a non-executive member of the WRA is **not appointed more than twice**.
- **Amendment 82** grants Welsh Ministers the authority to **re-appoint a deputy chairperson**.
- The Minister was fully supportive of the Committee’s recommendation 7, which proposes that second and subsequent appointments of a chief executive of WRA **is made by non-executive members**. However, **amendment 73** (Peter Black AM) which dealt with this was withdrawn. The Minister stated she will bring forward an amendment at Stage 3 to make this change.

## Procedure

- **Amendments 85 and 86** address recommendation 8 of the Committee’s report. The amendments establish rules which prescribe a meeting not to be quorate unless a **majority of non-executive members are present**.

## Internal authorisation to carry out functions

- **Amendment 87** responds to the Committee’s recommendation 9, which ensures a committee or sub-committee is only authorised to carry out any WRA function when **at least one of its members is a non-executive member of WRA**.

## General directions

- **Amendment 2** removes the capacity for Welsh Ministers to decide when they publish directions given to WRA. This will require Welsh Ministers to publish **all directions made to WRA**, which will ensure greater transparency and accountability of the WRA.

## Charter of standards and values

- **Amendment 6** specifies that the WRA must review its Charter **at least once within 5 years** of it being published or reviewed.
- **Amendment 61A** (Peter Black AM) requires the Charter to be published **within 3 months** of the coming into force of section 26.

## Accounting officer

- **Amendment 11** was moved as a result of recommendation 23 of the Committee’s report. The Committee recommended the signing of accounts should expressly refer to the annual accounts and annual Tax Statement. The amendment ensures the Bill requires the chief executive as accounting officer of WRA to assume responsibility for the **Tax Statement and WRA accounts**.



## Auditor General for Wales

- **Amendment 12** makes a provision for the **Welsh Audit Office to charge a fee to audit the WRA's tax statement** through changes to the Public Audit (Wales) Act 2013.

## Next steps

Stage 3 commenced on 29 January 2016. Stage 3 consideration will take place in Plenary on 1 March 2016 to consider amendments to the Bill (as amended at Stage 2). The deadline for tabling amendments was Tuesday 23 February 2016

## Further Information

For further information on the Bill please contact the lead responsible clerk, **Leanne Hatcher**.