



Llywodraeth Cymru
Welsh Government

POLICY AND STRATEGY

Tax policy work plan 2018

This work plan outlines the priorities for the 2nd year of the Welsh Government's tax policy framework.

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A) Raise revenue to contribute to the Welsh Government budget

1. Progression of the HMRC-led Welsh rates of income tax implementation project towards 2018, including taxpayer engagement.
2. Set the first Welsh rates of income tax, for spring 2019.
3. Continued development of analytical tools to support devolved tax policy-making and revenue forecasting, including peer review and independent assurance of income tax model and assessment of fully-devolved tax models in the light of outturn information.
4. Next steps on independent forecasting provision to align with the budget process.

B) Welsh tax strategy and policy development

1. Take forward work on new Welsh tax ideas, including testing the Wales Act 2014 mechanism.
2. Continue to press the case with UK Government for the devolution of air

passenger duty (APD) to Wales.

3. Consider wider UK tax policy and its impact on the Welsh fiscal position, including the soft drinks industry levy; the apprenticeship levy and the changing structure of UK tax policy as the UK prepares to leave the EU.
4. Consider the impact and implications of changes to tax administration across the UK tax landscape, including making tax digital.
5. Consider the potential role Welsh taxes can play in supporting the Welsh Government's public health and wellbeing objectives.

C) Develop local taxation policy, including as part of wider local government finance reform

1. Work to review council tax to make it fairer, including ensuring local authorities take a more proactive, citizen-focused approach to the management of arrears.
2. Implement a better-targeted small business rates relief (SBRR) scheme in April 2018. Continue to develop the scheme beyond 2018 to ensure it meets Wales' needs.
3. Explore whether different approaches to local taxes in Wales may bring benefits, such as land value tax, local income tax and other tax designs.

D) Effective tax administration of local and national taxes managed in Wales

1. Successful establishment of the Welsh Revenue Authority (WRA) on 1 April 2018 to collect and manage the two newly-devolved taxes – land transaction tax and landfill disposals tax.
2. Consider new approaches to deterring tax evasion, artificial avoidance and improving compliance across all the Welsh taxes, including:
 - a. Measures to tackle evasion and avoidance of non-domestic rates
 - b. Monitoring the implementation of new legislation to ensure it is operating as intended and does not create opportunities for avoidance
 - c. Conferring appropriate investigation and surveillance powers on WRA
 - d. WRA gathering and analysing of data to establish the scale of

- avoidance, evasion and non-compliance in the devolved taxes
- e. Looking towards consistency in an effective and fair approach to debt management for Welsh taxes.
3. Explore opportunities for data sharing and collaborative working across the range of Welsh taxes and with organisations in the tax management landscape to support compliance, enforcement and customer experience.

E) Research and evidence

1. Develop a longer-term strategic approach to Welsh tax priorities, evidence and analysis to provide a framework for policy and operations thinking going forward, based in the first stage on the Welsh Centre for Public Policy work from the 2017 work plan.
2. Develop evaluation frameworks to enable the Welsh Government to meet its commitment to review the devolved taxes in 3 to 5 years from April 2018.

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