



Llywodraeth Cymru
Welsh Government



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REPORT, DOCUMENT

Data used in Welsh Revenue Authority performance reporting 2023 to 2024

The Welsh Revenue Authority's performance measures. Provides transparency to the underlying data in the performance report within our Annual Report and Accounts.

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Introduction

The Welsh Revenue Authority (WRA) published its **2023-24 annual report** on 19 September 2024, including a section covering the performance of the organisation over the year (the “**performance report**”). The intention of this report is to provide a statistical view of the data used in that document, and to make the underlying datasets fully accessible for further reference or analysis.

There are several charts (and a single table) used in this report, presenting new data for each of the different performance indicators for the WRA for the period 2023-24. Some of these are included somewhere in the annual report, and referenced accordingly, although not necessarily in the same order. This report also contains some data not presented in the annual report to provide a more complete picture of all the data used by the WRA in its internal performance analysis.

For the purposes of viewing the data, it is sometimes easier to visualise reverse values of the performance indicators. For example, the percentage of returns filed on time is close to 100% and any variation when seen on a scale of 0-100% is very hard to see in a static image. Rather than changing the scale to say 97-100%, which will over-emphasise the variation, we instead present the percentage of returns which are NOT filed on time, using a scale of 0-3%. This gives a fairer reflection of the trend in a static image, and where this technique is used, the data for both the reverse measure and the actual measure are available in the accompanying spreadsheet.

This report includes brief analysis of each measure, and the reader may wish to

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consider this in conjunction with the more detailed narrative in the performance report, which is set in the context of the organisation's approach and objectives. Where applicable, bookmarks to the relevant parts of the annual report are added under each chart.

Note that most of the analysis below applies to Land Transaction Tax (LTT), although where it is also relevant to include Landfill Disposals Tax (LDT) data, that data are also included in the measure.

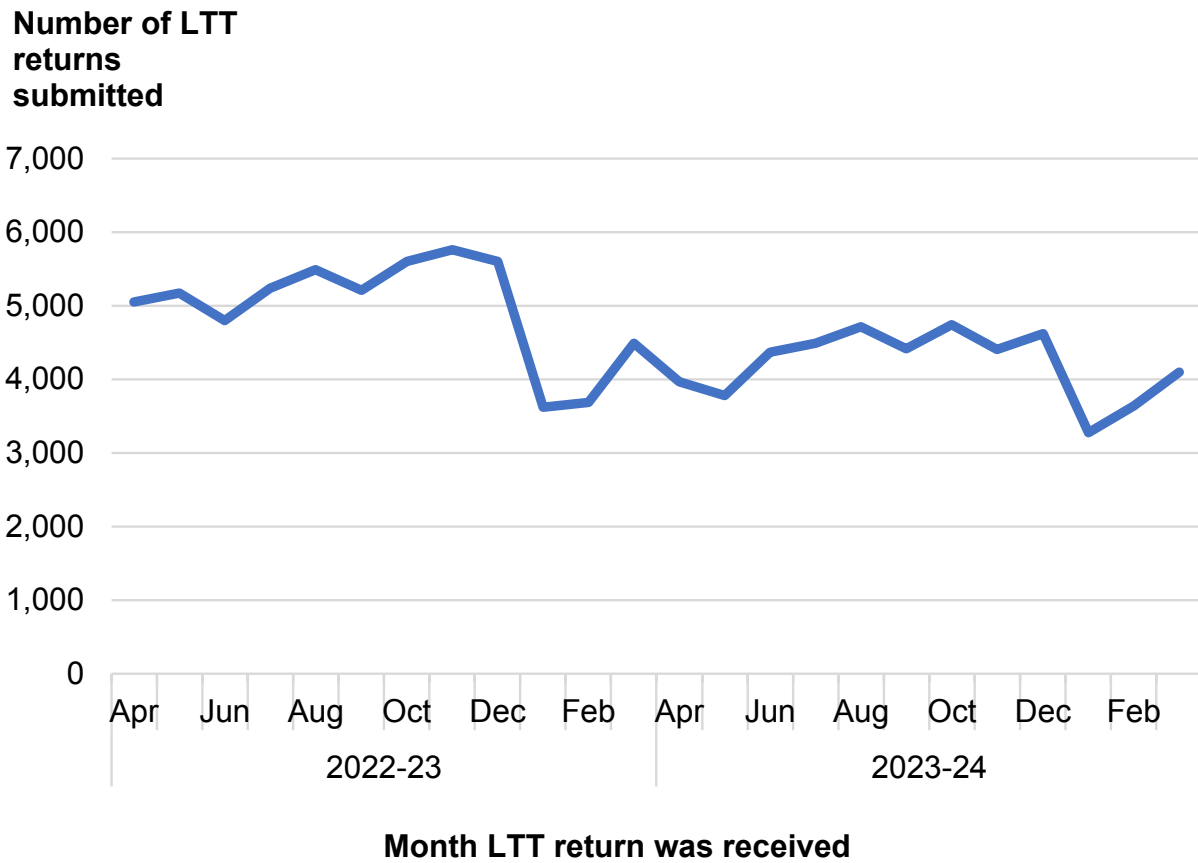
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Data

Chart 1: Number of LTT returns submitted



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This chart sets out the context against which the performance measures should be considered. It shows how the numbers of LTT transactions received in each month has changed over the course of 2022-23 and 2023-24.

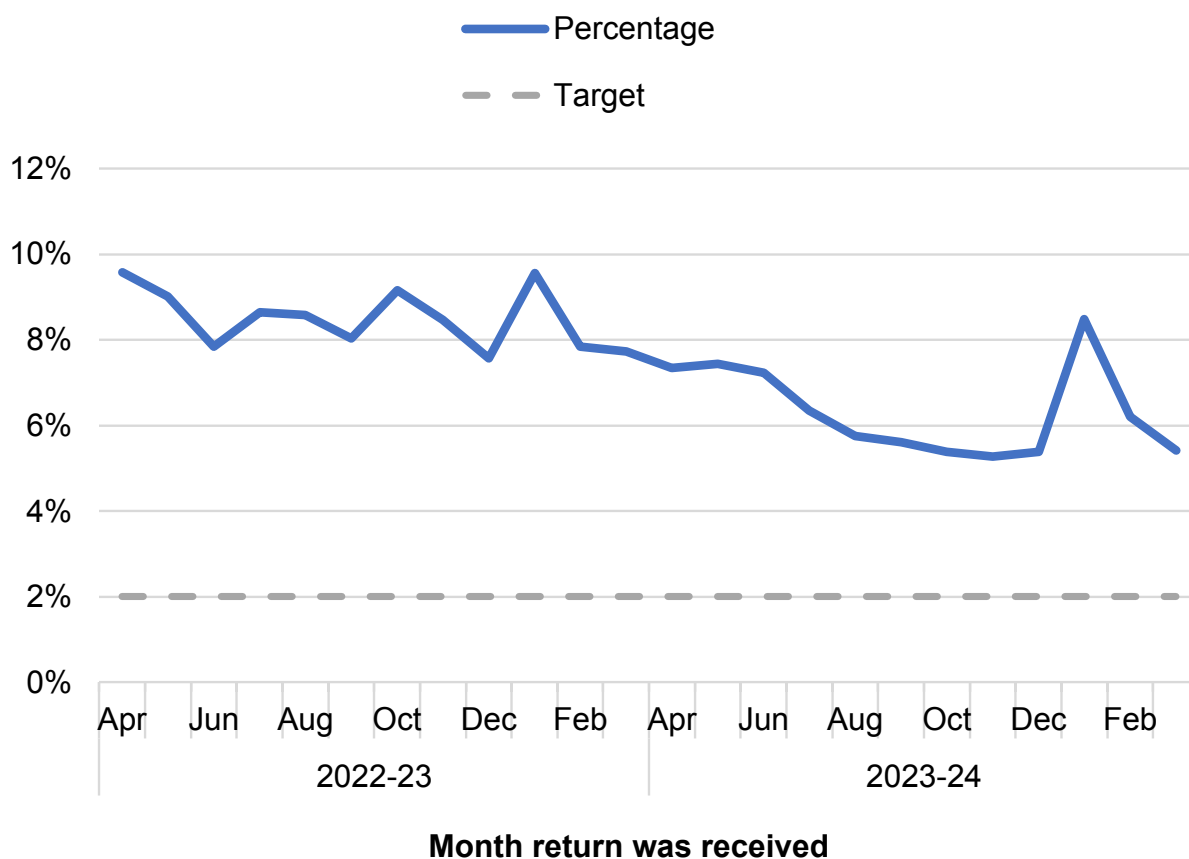
The chart shows seasonal pattern in both years with a steady rise in the first part of each year, followed by a seasonal dip after Christmas. However, the seasonal dip at the end of 2022-23 also coincided with a general downturn in economic conditions which has resulted in lower overall transactions throughout 2023-24 when compared with 2022-23.

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Chart 2: The percentage of transactions that are not processed automatically through to initial payment, by month received



This only includes initial submission and payment (if relevant) and not future action the WRA might undertake to manage tax risk.

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The WRA has a performance target of 98% of transactions automatically processed with no manual involvement. This covers both the receipt of digital transactions and automatic matching of payments received to any transactions where there is a financial liability and covers both LTT and LDT.

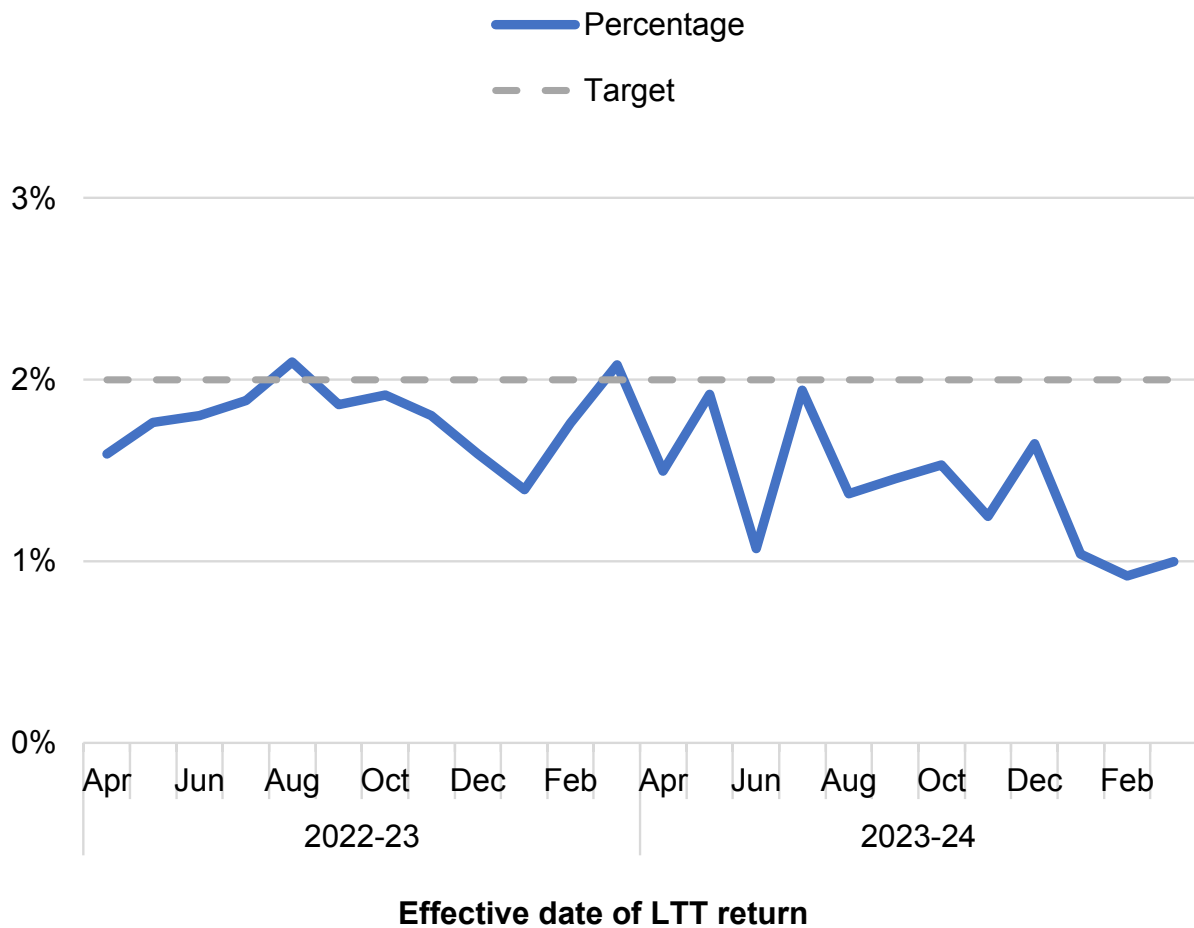
This chart uses the reverse technique explained in the introduction and shows that the percentage of transactions that weren't processed automatically generally decreased over both years, with the data heading slowly towards the target. The peak during December 2023 and January 2024 relates to a system issue that was resolved quickly so that the data was back on track by February 2024. Nevertheless, this measure still has some way to go to reach our ambitious 98% target. It will likely rely on the WRA continuing to make improvements in automatically matching payments to transactions.

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Chart 3: The percentage of Land Transaction Tax returns received outside 30 days, by month transaction was effective



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The WRA has a performance target of 98% in respect of receiving LTT returns on time, that is within 30 days of the effective date.

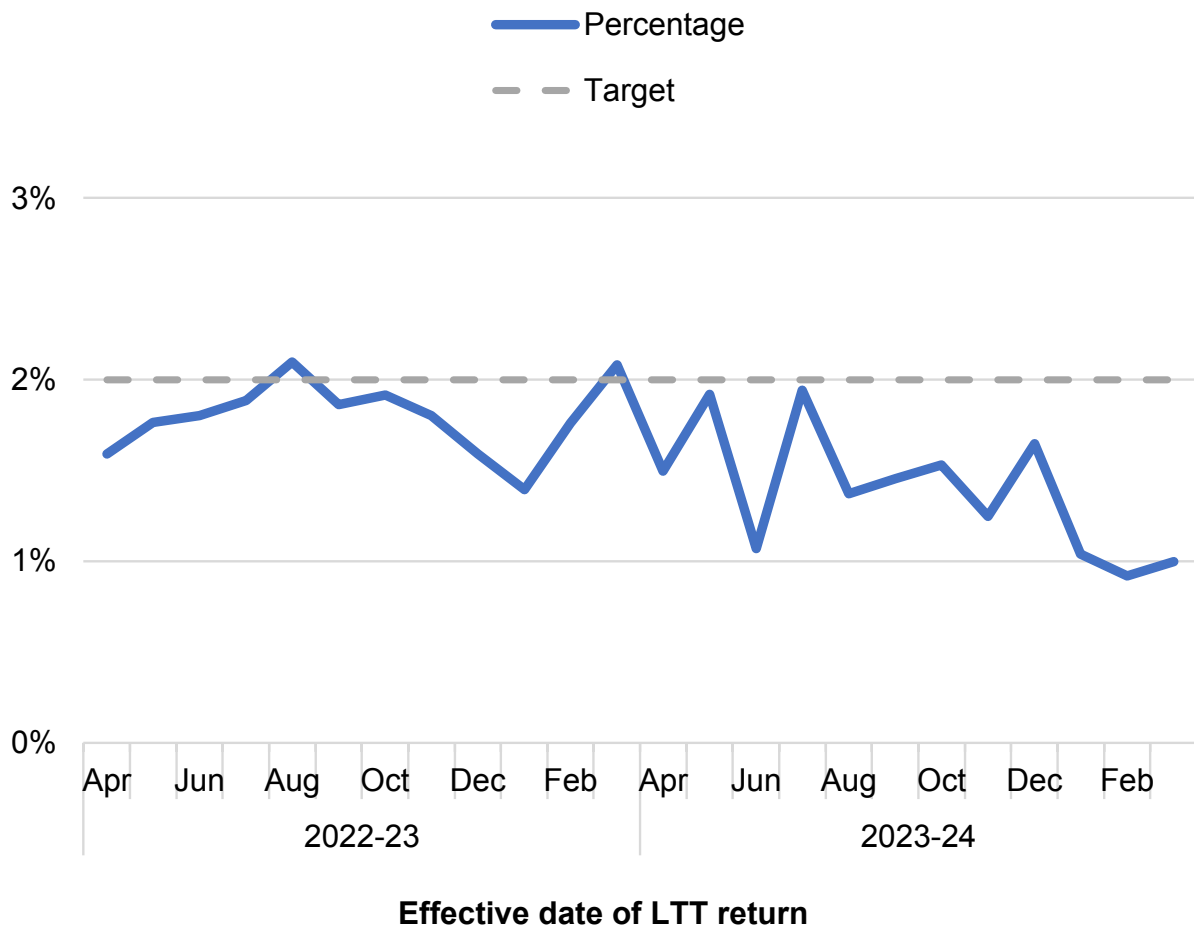
This chart uses the reverse technique explained in the introduction and shows that the percentage of returns received after 30 days of the effective date remained below our 2% target throughout the majority of 2022-23 and 2023-24, with a general downward trend throughout 2023-24 to stand at below 1% for the first time at the end of that year.

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Chart 4: The percentage of Land Transaction Tax returns paid outside of 30 days, by month transaction was effective



This chart is not shown explicitly in the related annual report.

The WRA has a performance target of 98% in respect of receiving payments against LTT returns on time, that is within 30 days of the effective date.

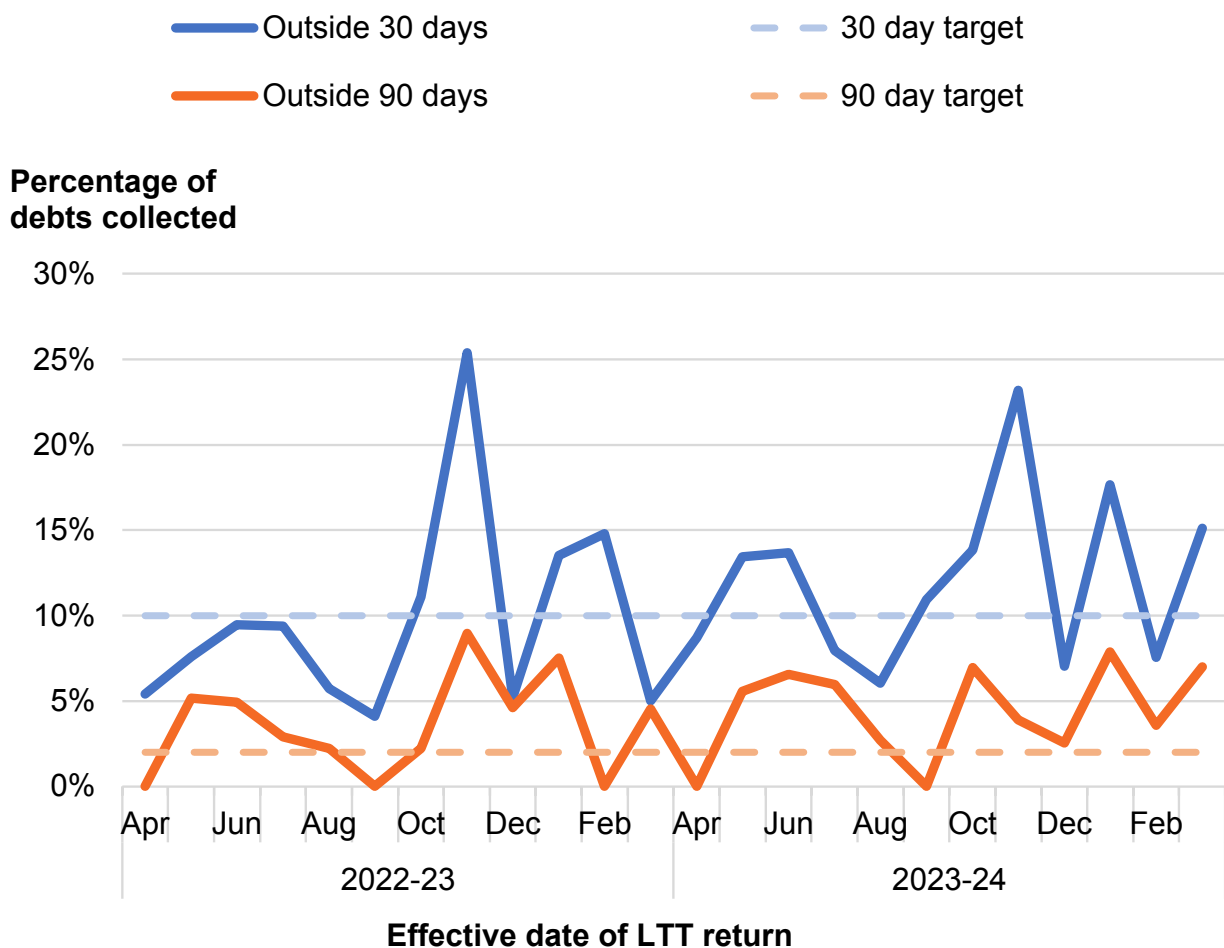
This chart uses the reverse technique explained in the introduction and shows that the percentage of returns paid after 30 days of the effective date generally decreased throughout the 2022-23 financial year and reached our target in February 2023. During 2023-24, the percentage rose slightly, coinciding with the downturn in the economy but remained near our target, particularly in the latter half of the year.

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Chart 5: The percentage of Land Transaction Tax debts collected outside 30 days and 90 days, by month transaction was effective



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This chart is not shown explicitly in the related annual report.

For each LTT transaction with a financial liability that is not both submitted and paid within 30 days, a debt is created. The WRA aims to collect payments on transactions that become a debt within 30 further days and has a target of collecting 90% of those debts in that timeframe, as well as a target of collecting 98% of those debts within a 90-day timeframe. Transactions that are submitted outside these timeframes create a bias in this measure and are excluded from the calculation. Instead, the WRA analyses these cases separately to ensure comparable timeframes are achieved following receipt.

This chart uses the reverse technique explained in the introduction and shows that debts collected within 30 days were within or near the target range for the majority of both 2022-23 and 2023-24, with a peak in November of both years influenced by temporary stops over the Christmas period when those debts would have been normally collected. A similar pattern was observed in the 90 days measure but at a lower level.

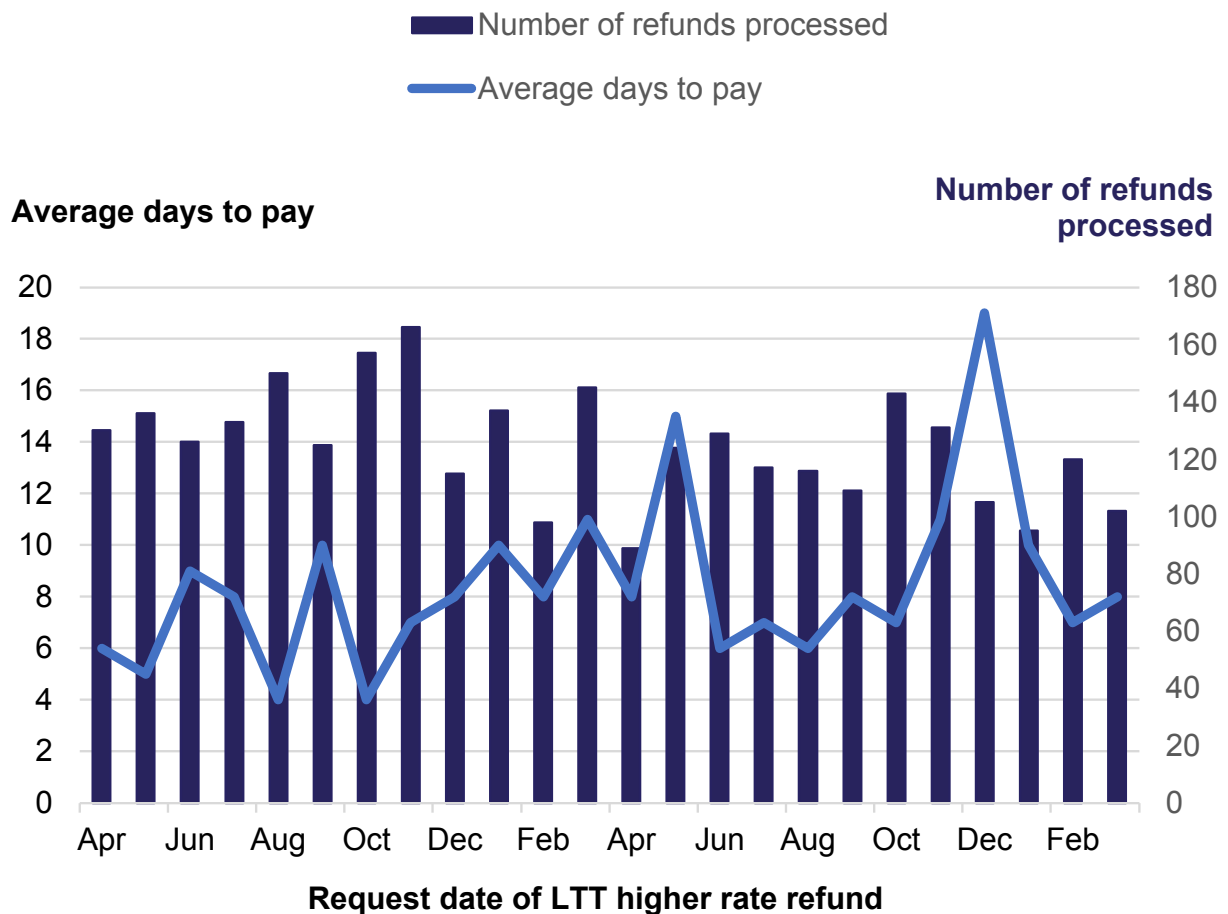
For both these measures, particularly debts collected outside 90 days, the numbers of transactions can be low and are naturally highly variable. This is something that has been exacerbated by a drop in overall level of debt over the last two years, and it is important to consider the underlying trends, which are near to target in both years for both measures.

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Chart 6a: The number of and mean average days to pay Land Transaction Tax higher rate refunds, by month of request



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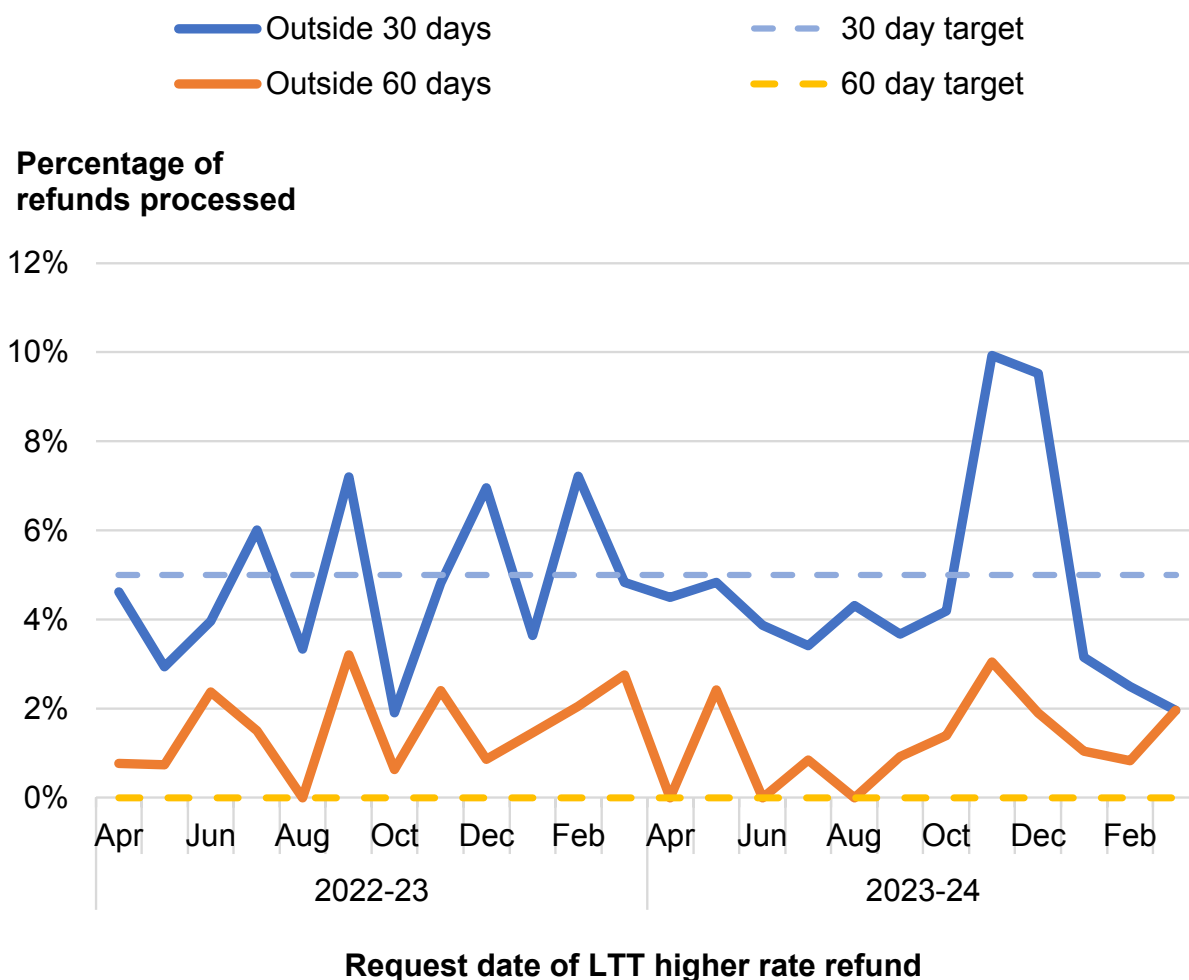
This chart is not shown explicitly in the related annual report.

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Chart 6b: The percentage of Land Transaction Tax higher rate refunds paid outside 30 days and 60 days, by month of request



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This chart is not shown explicitly in the related annual report.

Generally, when a taxpayer purchases a new main residence without selling their former main residence at the same time, they are subject to the higher rate of residential LTT. Those that sell their former main residence within three years are usually eligible for a refund of the difference between the higher rates and main rates LTT on the original transaction.

The WRA aims to make payments of these refunds, termed higher rate refunds, in as timely a manner as possible, and in any case within 30 days of receipt of the request.

The two charts above show how the time taken to repay higher rate refunds has changed over time (chart 6a), and the proportion of all refunds that are paid within both 30 and 60 days (chart 6b).

The first shows that the average time taken to process higher rate refunds has increased marginally over the 2022-23 and 2023-24 with a couple of more significant spikes coinciding with short term challenges around staffing levels and systems. Nevertheless, the average time to process higher rate refunds has generally remained at 10 days or less over the two-year period.

The proportion of higher rate refunds handled within 30 days and 60 days is shown in the second chart, and uses the reverse technique explained in the introduction. As might be expected, the low average time to process refunds leads to minimal variation in this measure over the past 2 years, with only isolated peaks where the target was missed. These peaks are generally influenced by small numbers of cases where the delay is often due to additional

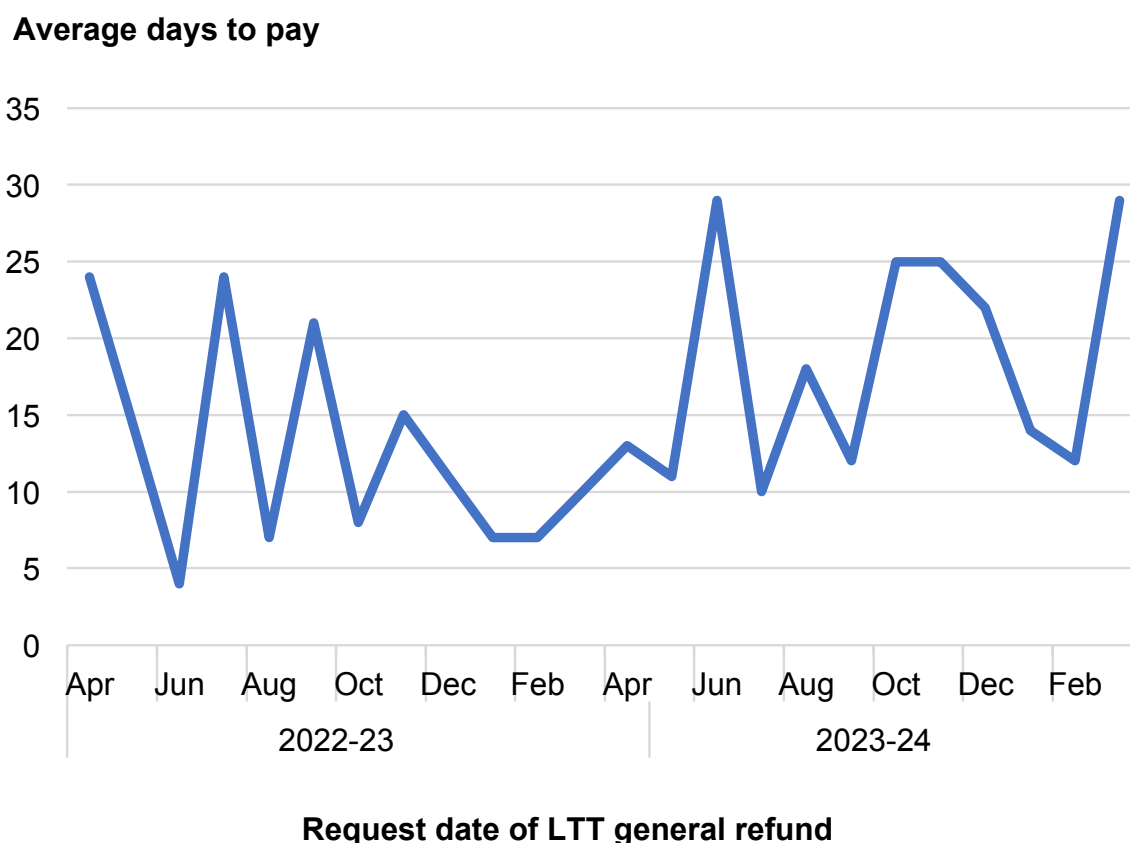
information being sought, and ultimately slow taxpayer response. The larger peak seen in December 2023 and January 2024 coincided with an issue in our finance system. Once this was resolved, the target was again achieved.

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Chart 7a: Average days to pay Land Transaction Tax general refunds, by month of request



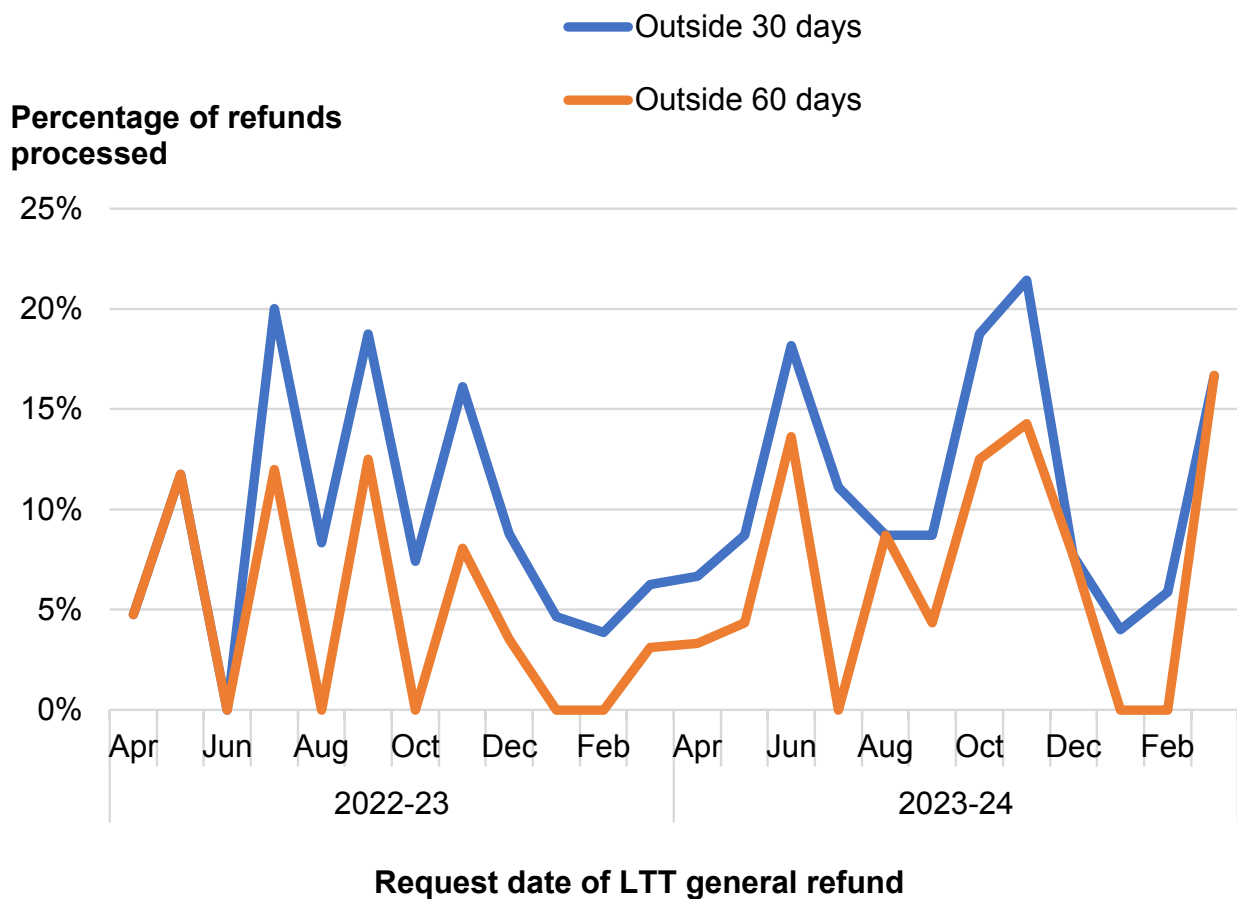
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Chart 7b: The percentage of Land Transaction Tax general refunds paid outside 30 days and 60 days, by month of request



This chart is not shown explicitly in the related annual report.

The WRA's 2022-2025 Corporate Plan contained a commitment to expand our reporting on refunds to include general repayments, alongside higher rate refunds. These repayments might pertain to duplicate payments, subsequent claims for relief, or overpayment following changes in tax bands. Although higher rate refunds constitute the majority of our refunds, these more general repayments account for the remaining 20%.

The previous year's annual report (2022-23) explains why we aren't applying a target to these general repayments, mainly due to challenges with matching repayment requests to the repayments themselves. However, we're monitoring the data and we present it here for transparency.

The first of the two charts above shows how the time taken to make these general repayments has fluctuated but that the underlying trend has remained stable over 2022-23 and 2023-24. The second chart shows the proportion of all refunds that are paid within 30 days and within 60 days, using the reverse technique explained in the introduction. It also highlights a relatively stable underlying trend in both measures, despite some notable monthly fluctuation.

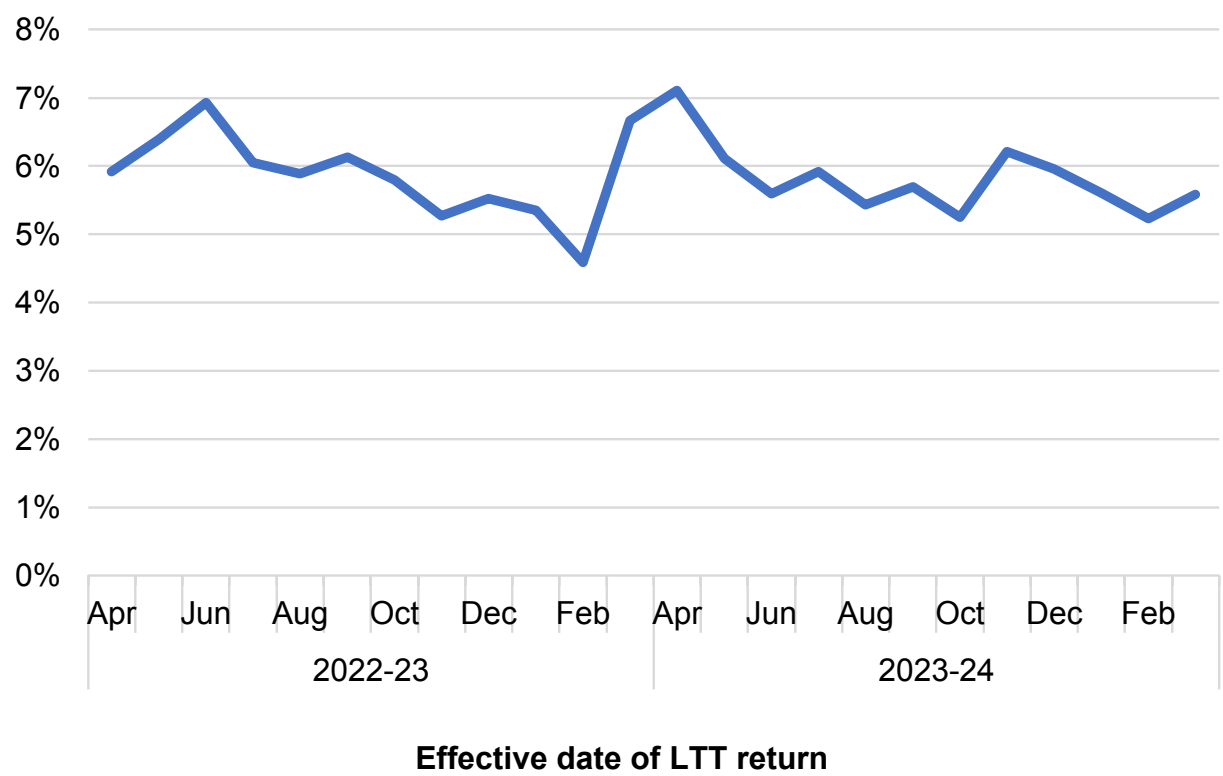
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Chart 8: The percentage of transactions not paid correctly first time, by month transaction was effective

Percentage of transactions not paid correctly first time



This chart is shown as chart 1 in the related annual report.

The WRA aims to capture information about how easy it is to use our services, our measure for that is the percentage of transactions paid correctly first time. We interpret this as transactions paid in full in a single payment, and exclude transactions where an amendment to the tax due has been made. That is because any amendments impacts the number and level of payments for reasons that would not be related to ease of use of our services.

Chart 8, which uses the reverse technique explained in the introduction shows how the performance in this measure has remained on a slightly downward trend over both 2022-23 and 2023-24, but with reduced monthly variation in 2023-24.

Table 1: Tax risk cases by profile since the new approach began in October 2023

Quarter transaction was received	LTT risk 4 - tax treatment of different property types	LTT risk 5 - in relation to a specific relief (relief a)	LTT risk 6: landlords potentially avoiding higher rates	Other risks	All identified risks
2023-24 Qtr 3	170	65	15	30	285

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Quarter transaction was received	LTT risk 4 - tax treatment of different property types	LTT risk 5 - in relation to a specific relief (relief a)	LTT risk 6: landlords potentially avoiding higher rates	Other risks	All identified risks
2023-24 Qtr 4	80	35	20	30	165

This table is shown in the related annual report, and the data are referred to in the section titled **LTT risk**.

The WRA carries out detailed analysis on the data contained in each transaction it receives to check for the presence of different characteristics that may indicate common errors or risks in the information provided. Each of those ‘tax risks’ are then analysed separately to identify the numbers of transactions and tax at risk, so that this can be tracked over time. The **performance analysis chapter of the annual report** explains more about the WRA’s approach to managing tax risks. Table 1 provides a summary of the number of transactions in our risk profiles since we changed our approach to contact all cases where tax risk is present half way through 2023-24.

The table provides a baseline for the WRA’s work in managing tax risk going forward and focusses on the areas it currently identifies as most significant. The number of other risks will rise as current work continues to identify new risks, and those new risks may then appear as separate categories in future versions of this table.

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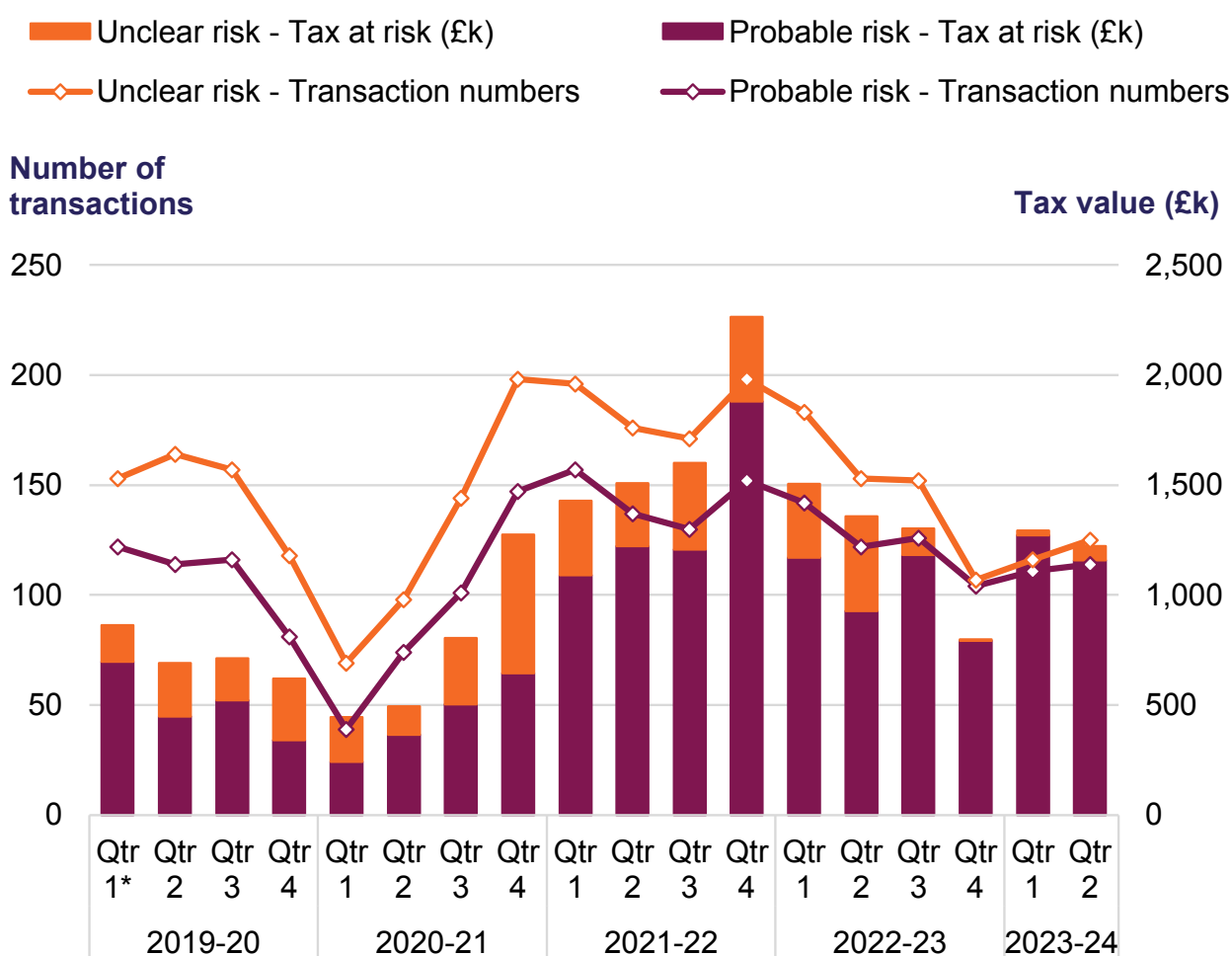
Charts 10-16 which now follow show the data we used in previous annual reports to measure tax risk. They are repeated here for transparency as that prior method continued into the first half of 2023-24. Chart 10 shows the aggregate over 6 of the main tax risks, with a breakdown into the individual datasets for each of those tax risks shown in charts 11-16 below. Data are available up to half-way through 2023-24, both for the count of transactions (shown by the line, left hand axis) and tax at risk (shown by the bars, right hand axis). This data will not be included in future versions of this report.

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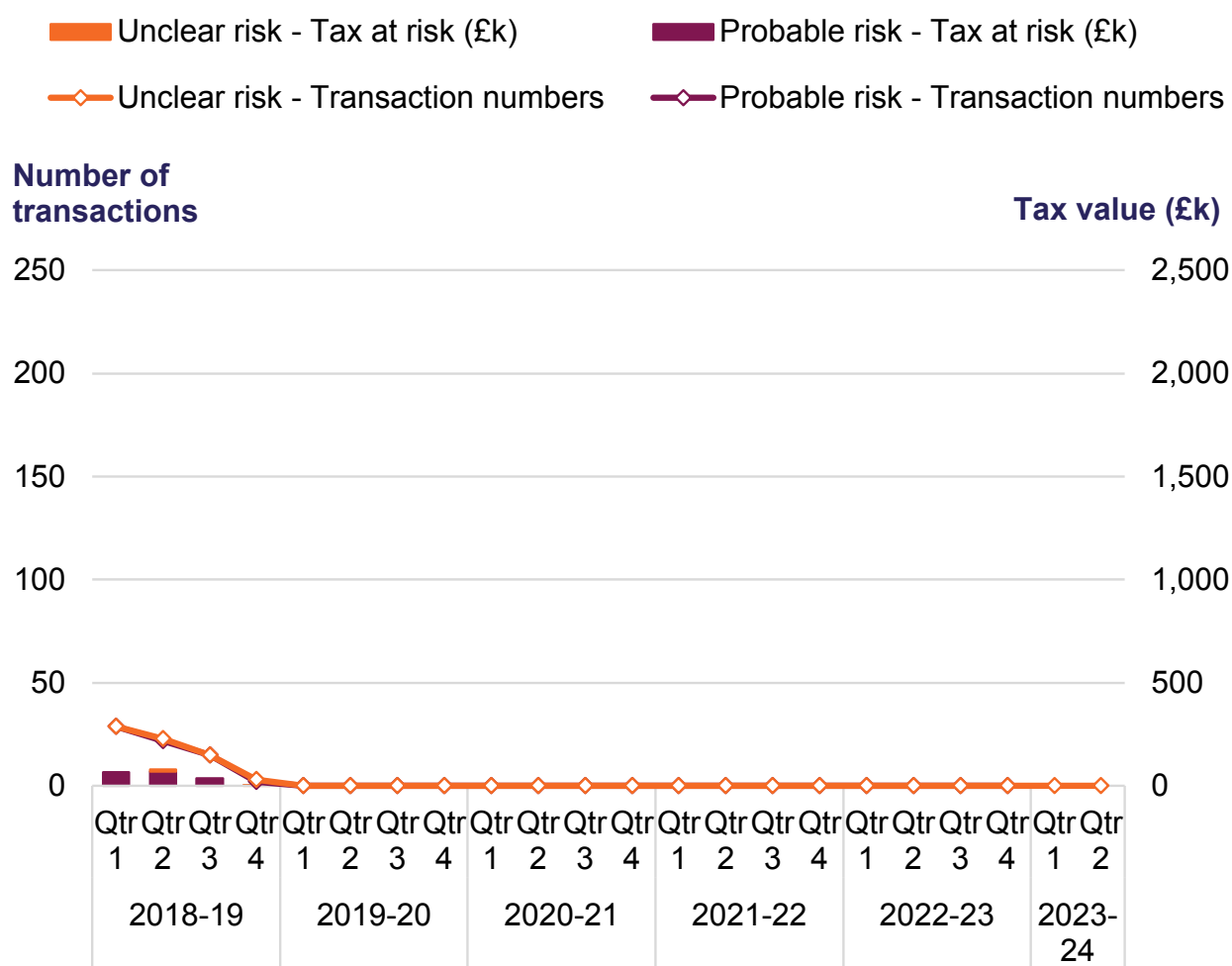
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Chart 10: Number of transactions and total tax in LTT risks 1 to 6



(*) large outlier replaced with mean value of tax at risk

Chart 11: LTT risk 1 - companies buying residential property



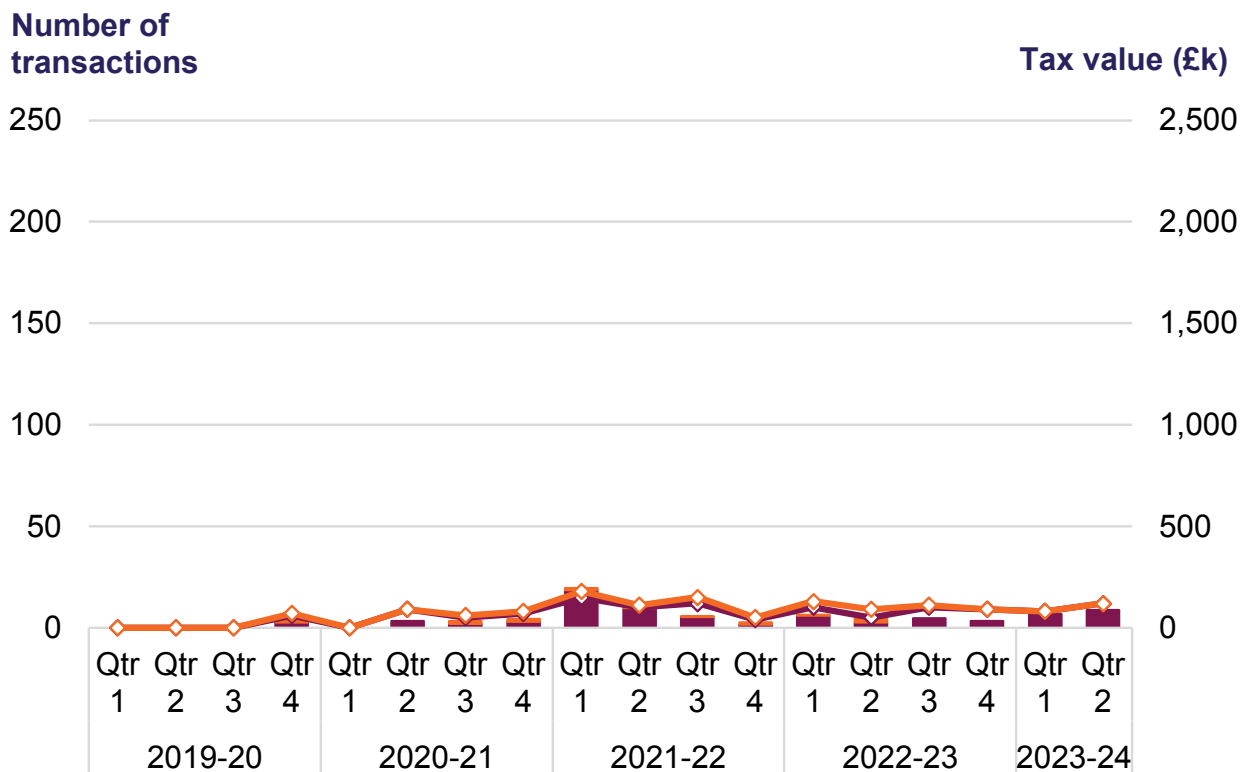
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Chart 11a: LTT risk 1a - residual activity around companies buying residential property

■ Unclear risk - Tax at risk (£k) ■ Probable risk - Tax at risk (£k)
◇ Unclear risk - Transaction numbers ◇ Probable risk - Transaction numbers

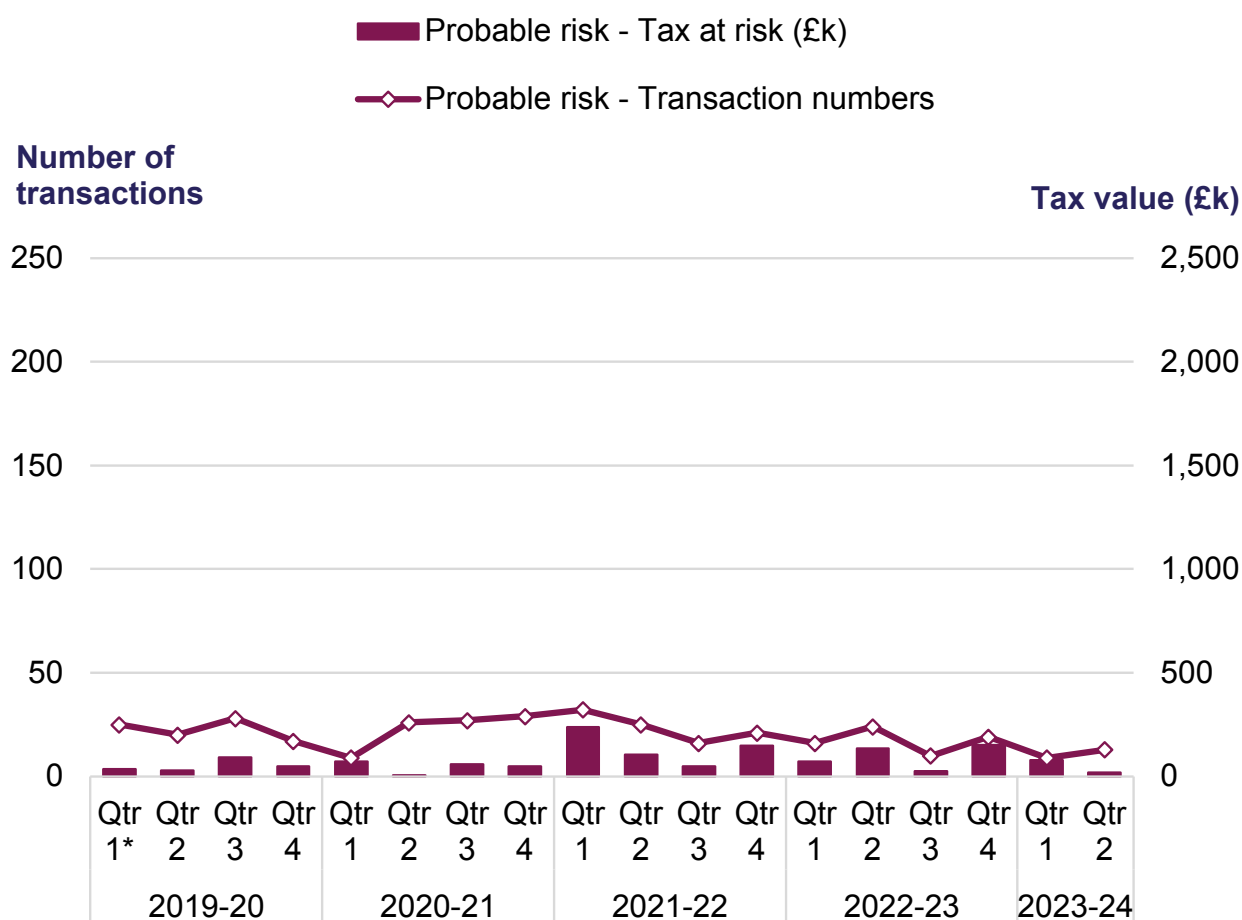


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Chart 12: LTT risk 2 - outstanding tax return



(*) large outlier replaced with mean value of tax at risk

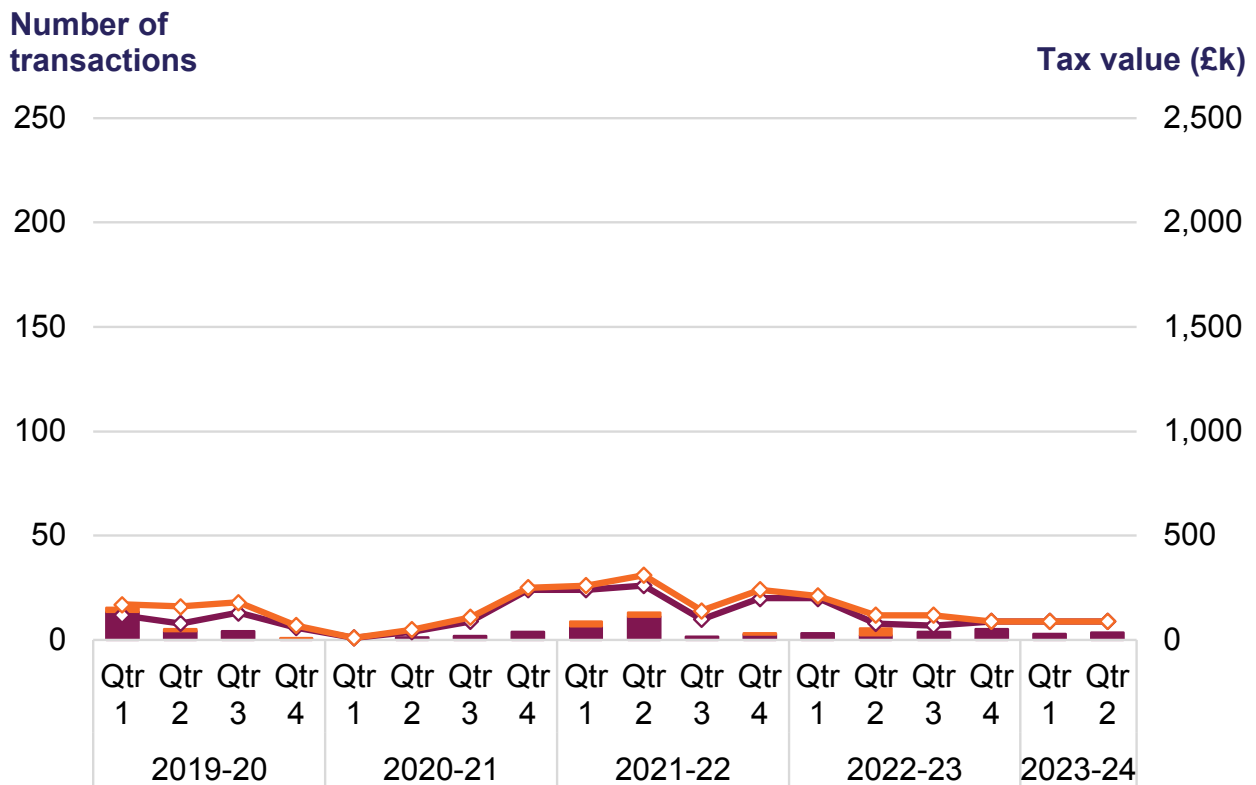
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Chart 13: LTT risk 3 - disagreeing with LTT calculator

- Unclear risk - Tax at risk (£k)
- Probable risk - Tax at risk (£k)
- ◇ Unclear risk - Transaction numbers
- ◇ Probable risk - Transaction numbers

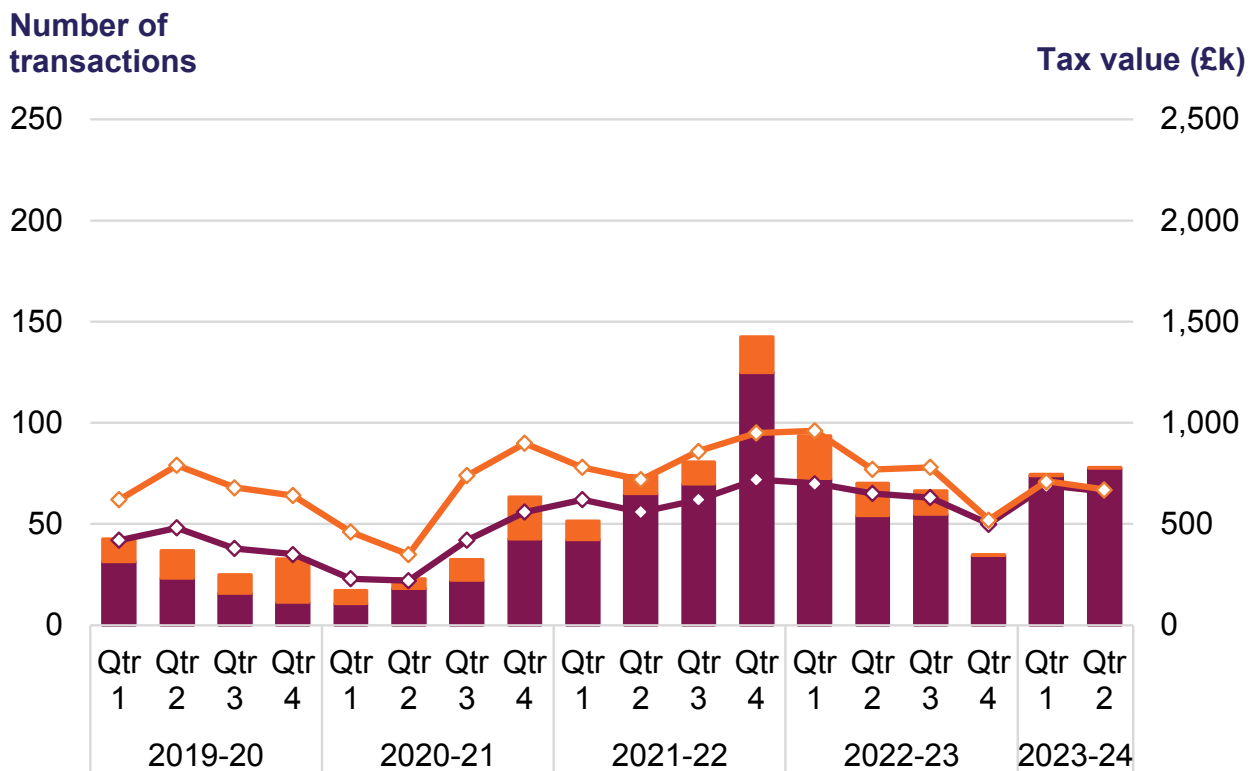


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Chart 14: LTT risk 4 - tax treatment of different property types



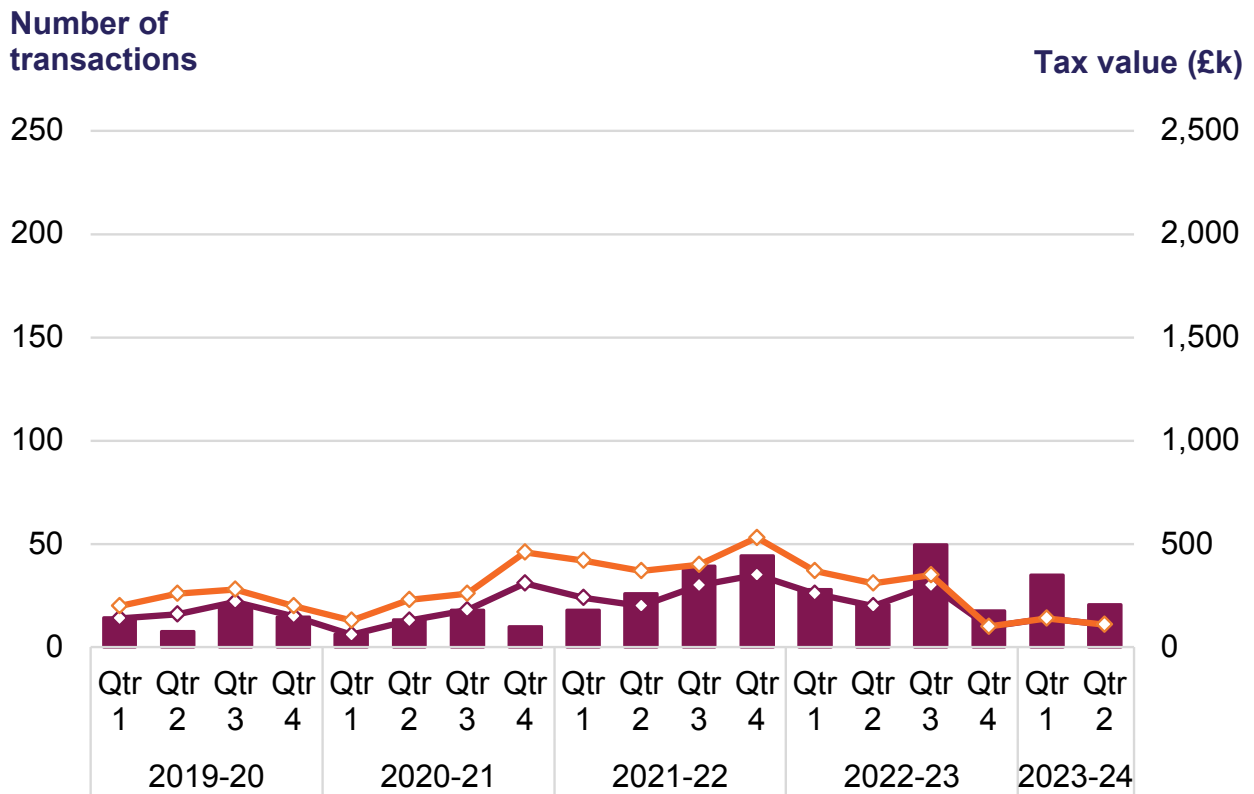
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Chart 15: LTT risk 5 - in relation to a specific relief (relief a)

■ Unclear risk - Tax at risk (£k) ■ Probable risk - Tax at risk (£k)
—◇— Unclear risk - Transaction numbers —◇— Probable risk - Transaction numbers



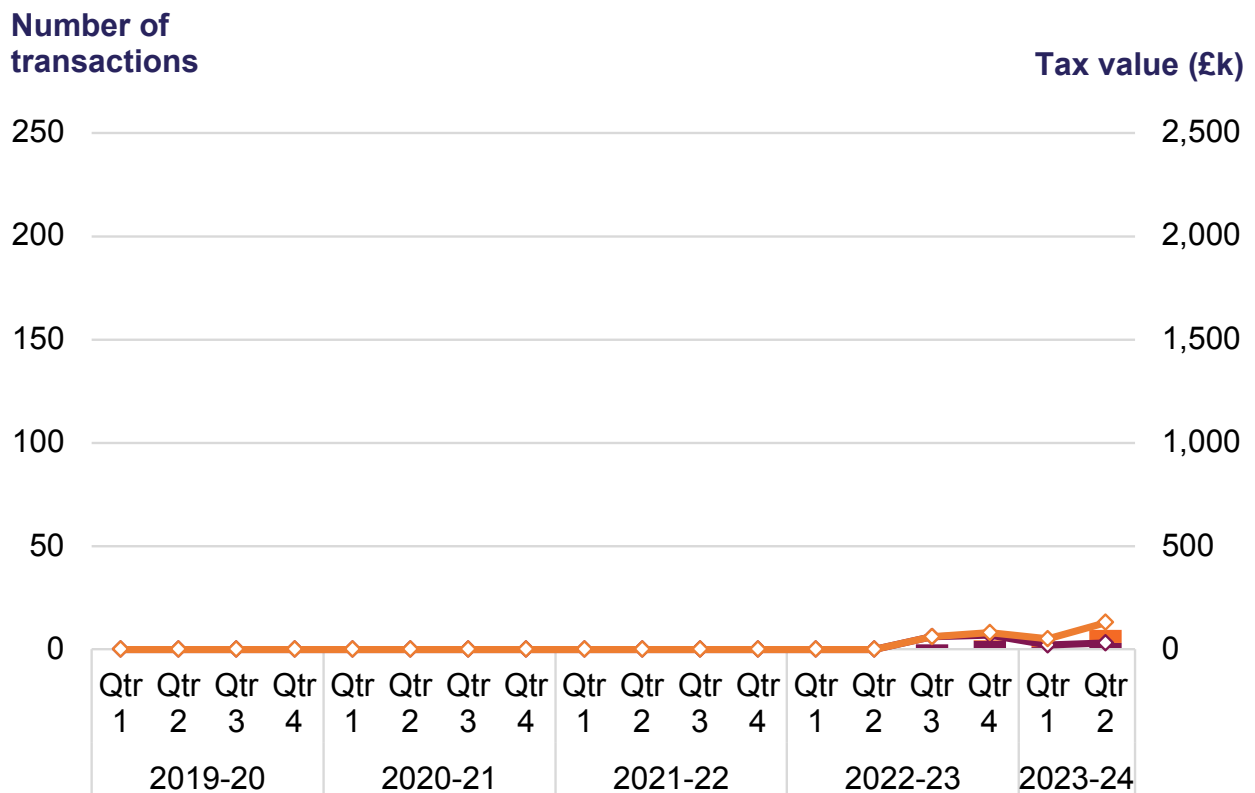
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Chart 16: LTT risk 6: landlords potentially avoiding higher rates

- Unclear risk - Tax at risk (£k)
- Probable risk - Tax at risk (£k)
- ◇ Unclear risk - Transaction numbers
- ◇ Probable risk - Transaction numbers

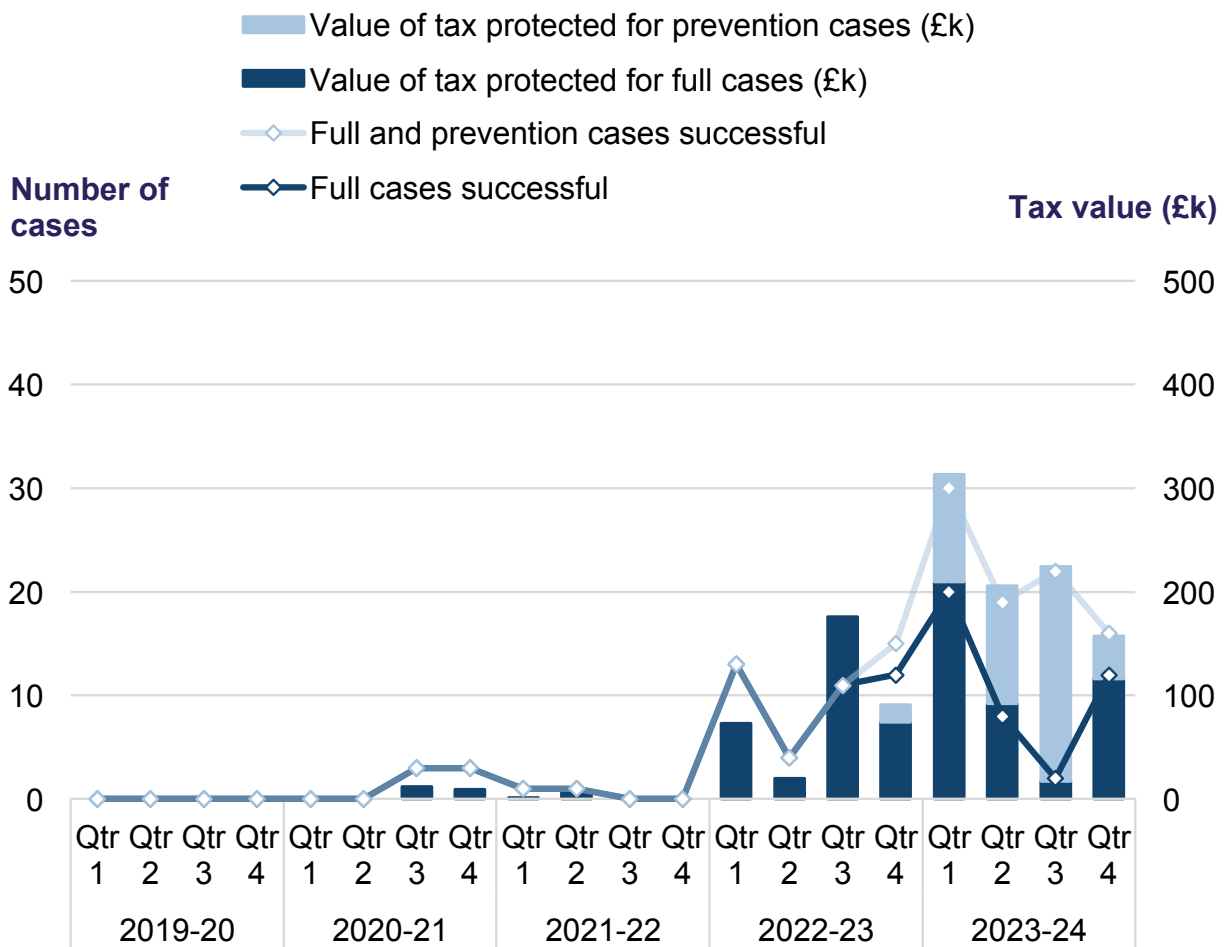


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Chart 17: Number and value of cases where LTT was protected



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This chart is shown as chart 1 in the related annual report, and the data are referred to in the section titled **LTT risk**.

Over 2022-23 and 2023-24, the WRA invested more effort into protecting tax. This is where taxpayers have submitted a downwards amendment to the LTT due on a tax return, but where we believe they were incorrect to do so. In such cases, we may open an enquiry and are usually successful in protecting tax that would otherwise have been refunded inappropriately.

The tax value of these cases is often highly variable and impacted by large individual transactions. However, chart 17 shows a significant increase in activity in this space in the last two years. During 2023-24, additional effort was put into protecting tax without the need for an enquiry which is shown in the chart as prevention cases, alongside full cases where an enquiry is still required, alongside full cases where an enquiry is still required.

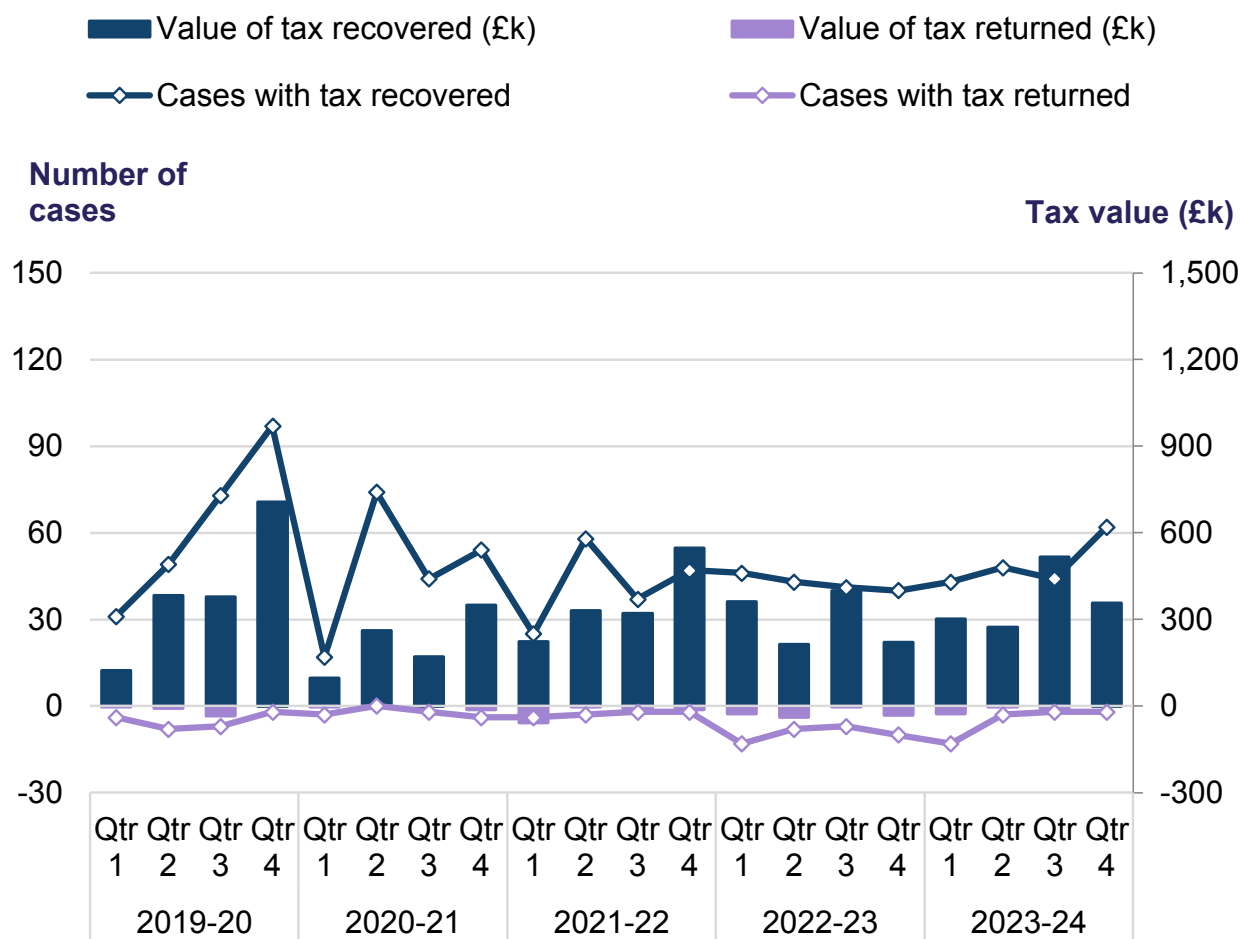
Prevention activity was at a particular high level in the middle of 2023-24, although more effort was put into closing full enquiries in the last part of the year.

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Chart 18: Number and value of cases where LTT was recovered or returned



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For cases that fall into the tax risks we identify, the WRA will often open an enquiry into the LTT return, which may result in an amendment, usually upwards. In these cases, we refer to the term tax recovery to highlight the value of those upward amendments. We also use the term tax returned when either an enquiry or less formal investigation suggests an overpayment of tax, which is then refunded.

Tax recovery has been variable to date which highlights the different nature of the cases we have worked since 2019. In that first year, we were primarily focussed on more obvious cases of tax risk, which were relatively easy to resolve. Having since closed those risks by amending our system, we have concentrated on different risks with a general stabilisation over the last two years, and over £1m recovered in both 2022-23 and 2023-24.

The number of cases with tax recovered increased marginally throughout 2023-24, particularly towards the end of the year. Unsurprisingly tax returned cases are far lower than tax recovered, and there were fewer cases in 2023-24 than in 2022-23. This follows the end of a specific project to return overpaid tax related to a change in tax rates in that previous year.

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