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Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-RE-2910-20

Llyr Gruffydd MS
Chair, Finance Committee

08 September 2020

Dear Llyr,

I am writing to update you on the Welsh Government's progress with securing competence for a vacant land tax in Wales. In March, following agreement at a Joint Exchequer Committee that Welsh Government proposals were sufficiently developed to move to the next stage of the process, Welsh Government sent a formal request to the UK Government for devolution of the legislative competence in this area.

I have now received a reply from the Financial Secretary to the Treasury, who has responded that Welsh Government will need to provide further detail before our formal request can be taken forward. I am disappointed with this backwards step given Welsh Government has been fully and openly engaged with HM Treasury officials over the last two years, providing UK Government with a number of documents addressing the criteria set out in the Command Paper, including the scenarios in which a tax is likely to apply and not apply; who would be the intended target of any tax; potential interactions with devolved and reserved taxes, tax bases and tax revenues; and impacts on the UK tax system from devolving this power. This work culminated in a joint paper by Welsh Government and HM Treasury officials recommending the material provided to date serve as a basis for Welsh Government to write with a formal request to the UK Government.

I have written to the Financial Secretary to the Treasury to express my disappointment with his response. It is clear our experience to date moving through this process casts doubt on the effectiveness of the mechanism to devolve further tax competence to Wales.

I will keep the Committee updated as the situation develops. I am also publishing a Written Statement to keep Members updated on progress.

Yours sincerely,

Rebecca Evans AS/MS
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Minister for Finance and Trefnydd

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.