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Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref: RE/576/21

Peredur Owen Griffiths MS  
Chair  
Finance Committee  
Welsh Parliament  
Cardiff Bay  
CF99 1SN

28 July 2021

Dear Peredur,

### **Land Transaction Tax Independent Review**

Thank you for your response on the proposed scope of the independent review of Land Transaction Tax.

I appreciate the Committee taking the time to consider this. I set out below my response to each of the Committee's suggestions for additional areas to be included in the scope of the review.

#### 1. The effectiveness of the general anti-avoidance rule

The scope of the review will include consideration of the role played by the general anti-avoidance (GAAR) rule to date. It should be recognised the GAAR provides two purposes, providing the tools to address specific GAAR activity, and also acting as a deterrent. Consideration will be given to whether the changes made at the time of implementation are appropriate for Wales in comparison to the equivalent anti-avoidance rules elsewhere in the UK, and especially in stamp duty land tax (SDLT).

If the Committee were to find it helpful, the Welsh Revenue Authority would be happy to provide technical briefing on the GAAR and its approach to tax avoidance more broadly.

#### 2. The effect of the absence of first time buyers relief

The review will consider the operation of the different reliefs in Wales compared with the other parts of the UK, including the first time buyers reliefs available in SDLT and the Land and Buildings Transactions Tax.

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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.

### 3. Impact of LTT on property prices in Wales

There are a wide range of factors that influence changes to property prices. These include the state of the economy and employment, access to and the cost of mortgages; and, currently, the effects of the pandemic. Then there are also a range of more local issues, such as the removal of the Severn bridges' tolls. As a result, I consider that it would be extremely difficult to be able to establish the impact of individual changes to the Act on property prices. In addition, it would expand the scope of the review beyond the effectiveness of the legislation and the specific changes made when the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 was introduced.

Should the Committee decide to commission its own research into the impact on property prices of the LTT rates and thresholds, I would, of course, be happy to assist the Committee.

I will be finalising the scope of the review taking account of your suggestions and hope to be in a position to start the process of procuring an independent reviewer shortly.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

**Rebecca Evans AS/MS**

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