

Welsh Government Consultation
Tax Devolution in Wales –Enabling changes to the Welsh Tax Acts

RESPONSE

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About us	The Association represents approx. 30 larger Town and Community Councils in North and Mid Wales.

Question 1	Do you consider Emergency or 'fast-track' Bills to be appropriate legislative processes to make immediate or very quick changes to the Welsh Tax Acts?	The Association supports the initiative in principle but feels that any changes in taxation should be approved by the Senedd.
Question 2	Can you suggest any changes to the Emergency or 'fast-track' Bill process to make them better suited to make immediate or very quick changes to the Welsh Tax Acts?	Please see answer to question 1. The Association is in favour of fast tracking subject to the Senedd having the final approval.
Question 3	Although the Welsh Government does not currently consider an annual Welsh Finance Bill to be a proportionate mechanism to make changes to the Welsh Tax Acts, we would be interested in your views on the potential to introduce such a Bill in the future. When would be the right time? How might this work? How should this link to the Welsh budget process?	The Association is of the view that an annual autumn statement with a budget in the spring would be best. This gives clarity to all and allows business to plan ahead. The Senedd should then debate and approve such budget proposals.
Question 4	Do you agree that arrangements are needed, beyond those already available, to enable amendments to the Welsh Tax Acts to be introduced promptly in particular circumstances?	Only in so far that they are used in an emergency. The main budget should be set at the beginning of each fiscal year with Senedd approval.

Tax Devolution in Wales –Enabling changes to the Welsh Tax Acts

Question5	Question5Are you aware of any examples of international tax legislative change processes that would be helpful for the Welsh Government to explore? Are you aware of any examples of international tax legislative change processes that would be helpful for the Welsh Government to explore?	Not in relation to this paper. However the Association suggests that it is worth investigating the Estonia taxation system whereby an amount (say £25,000pa) is totally tax free (no income tax, national insurance or VAT) and after that all income is taxed at 10% with no deductions or allowances.
Question 6	Do you consider the principle of using regulation-making powers appropriate to give effect to these changes (as compared to using primary legislation or some other means such as the UK government’s PCTA process)?	The Association does not support the use of regulation making powers with regard to taxation.
Question 7	Are there any risks with using a regulation - making powers to give effect to these changes? Please describe using examples if possible.	Yes. Individual Ministers should not be able to make tax changes without Senedd approval.
Question 8	Do you agree that power 1 should only apply to changes needed to respond to tax avoidance or evasion activity, compliance with international obligations, or, to address cases of exceptional need? If not in what circumstances should it not apply, and which additional situations should it apply?	The association supports the view that power 1 should only apply to the avoidance or evasion of taxation.
Question 9	Do you agree that a Senedd motion for power 1 should not be necessary for the Welsh Ministers to make provisional affirmative procedure regulations under power 1?	No, the Association is of the view that the Senedd should give the final approval.
Question 10	What length of period do you consider to be appropriate to provide adequate scrutiny time for changes to be made under power 2?	14 days.
Question 11	Do you agree that the use of power 2 should be subject to a Senedd ‘lock’?	Agreed. This is needed to for protection.

Tax Devolution in Wales –Enabling changes to the Welsh Tax Acts

Question 12	Do you agree that power 2 should only apply to changes needed to respond to UK budget changes that impact on the resources available to the Welsh Government? If you think it should apply to more circumstances, please set these out.	Yes in principle. The Senedd should still give the final approval.
Question 13	Do you consider the use of retrospective legislation to make changes to tax laws appropriate in certain circumstances? If so, under which circumstances?	No. This is not a principle used by UK governments and the Association is against any retrospective changes in laws for taxation purposes.
Question 14	Are there any particular points that you think should be included or addressed in the protocol document?	No.
Question 15	Do you agree with the proposal for repayments that where the: <ul style="list-style-type: none"> a) taxpayer has overpaid as a result of the failed regulations they should be entitled to a repayment; and b) taxpayer has underpaid as a result of the failed regulations the WRA should not be able to collect the shortfall. 	The Association supports the approach set out in Q15.
Question 16	Do you consider that power 2 should be used to make any changes to the Welsh Tax Acts that the Welsh Ministers consider to be expedient in the public interest, other than those specified for power 1?	Yes but subject to approval by the Senedd. A fast track could be used by publishing a paper if there were no objections by Assembly Members then it could go forward without a full debate.
Question 17	Do you have any comments on the examples of tax legislative changes described in examples 1 to 6?	No.
Question 18	Are you aware of any other examples of tax legislative changes in the UK that will be helpful for the Welsh Government to explore in the context of amending the Welsh Tax Acts?	No. However the Association suggests that it is worth investigating the Estonia taxation system whereby an amount (say £25,000pa) is totally tax free (no income tax, national insurance or VAT) and after that all income is taxed at 10% with no deductions or allowances.

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Question 19	Do you agree with our assessment of the alternative options?	Yes.
Question 20	Are there any particular impacts or costs associated with the any of the options outlined that you wish to raise?	None in particular.
Question 21	<p>We would like to know your views on the effects that the options would have on the Welsh language, specifically on:</p> <p>i)opportunities for people to use Welsh</p> <p>ii)treating the Welsh language no less favourably than the English language.</p> <p>What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?</p>	<p>The Association supports the Welsh Language and is keen that it is promoted. le the public paperwork should be bi-lingual.</p> <p>However, the Association fails to see how this question is relevant to the subject under discussion.</p>
Question 22	<p>Please also explain how you believe the options could be formulated or changed so as to have:</p> <p>i)positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language</p> <p>ii)no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.</p>	See answer to question 21.

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Other	The Association is willing to attend a Committee to give oral evidence if it were felt to be of value.	
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Robert A Robinson FRICS
Secretary
North & Mid Wales Association of Local Councils

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