

New Taxes for Wales

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There will be a debate in Plenary on 4 July 2017 to consider the case for new taxes in Wales.

Where do the powers for Wales to introduce its own taxes come from?

The [Wales Act 2014](#) allows the creation of new Welsh taxes by way of an Order in Council. The Order has to be laid and approved by the House of Commons, House of Lords and the National Assembly for Wales.



The Command Paper [‘Financial Empowerment and Accountability \(PDF, 322KB\)’](#) provides more detailed information on this power, which could be used for two purposes:

- Enabling the Welsh Government to introduce specific new taxes in Wales
- Allowing the UK Government to devolve further existing or new UK taxes

Any proposal for introducing a new tax in Wales would be assessed against a range of criteria, including the extent to which a tax:

- affects UK macro-economic or fiscal policy and/or the single market
- may be non-compliant with EU legislation
- increases tax avoidance risks
- creates additional compliance burdens for businesses / individuals
- is aligned with devolved responsibilities.



What is the position of Welsh Government on introducing new Welsh taxes?

During the [Finance Committee session](#) in Newport on 23 March 2017, Mark Drakeford, the Cabinet Secretary for Finance and Local Government, was asked about the introduction of new taxes. He responded:

It is important, isn't it, for us to remember what the power is? It is a power to propose and then both Houses of Parliament in London have to give their agreement to the proposition. But I don't feel like we will know how to complete that process successfully without having tested the course. So, I think it comes in two stages. The first is that we need a detailed conversation here in Wales, ourselves, so that we identify a candidate new tax that we think has the best case for it—the strongest case. So, we need to narrow down some of the proposals that are there.

The Cabinet Secretary [further explained](#) the need to identify a new tax which has the greatest opportunity of being passed by both Houses of Parliament:

But also, the one that would be most likely to successfully meet the criteria that the command paper sets out, and you know that some of those tests are that the UK Government would look to us to be able to identify the estimated revenue from any tax, the economic impact it might have, and whether there's any interaction with UK taxes from any proposal that we put forward.

In its [Tax Policy Framework](#), published in June 2017, the Welsh Government acknowledged that the development of new taxes is a powerful lever, which should be used with 'clarity about policy and fiscal objectives, and administrative efficiency'.

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