Welsh Revenue Authority’s dispute resolution strategy

Management of taxes

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The Welsh Revenue Authority recently discussed with the CIOT, ATT and LITRG its emerging thinking on the development of its dispute resolution strategy.

The Welsh Revenue Authority (WRA) administers two fully devolved taxes – Land Transaction Tax and Landfill Disposal Tax. If or when further taxes come under the WRA’s remit, they would like to think that the principles they establish now developing its dispute resolution strategy will be capable of applying to those other taxes.

Their main objective is that disputes should be resolved in accordance with the law. This means ensuring the fairness of the Welsh tax system, that the right amount of tax is paid, that disputes are resolved in a cost effective way and that the legislation is protected and tested. The WRA also recognises that their approach to tax disputes will influence taxpayer behaviour.

They will seek primarily to minimise the risks of disputes arising in the first place, but if they do arise, they want to act quickly to resolve them. They have adopted a collaborative approach so far, communicating with taxpayers and their agents in their preferred language to explain what is happening and why a decision has been made, providing good technical support on their helpline and in guidance, updating guidance swiftly in response to feedback and tailoring their approach as necessary to the needs of taxpayers and their agents. To date, no cases have gone to tribunal. However, they realise that eventually there will be disputes that cannot be resolved in this way and which will have to be litigated. They will also consider Alternative Dispute Resolution to settle disputes.

The WRA recognise there are tensions between their objectives; for example, resolving disputes cost effectively is potentially in conflict with the need to litigate,

but such cases will always be needed to establish points of principle and protect wider revenue. However, it does mean that the WRA hope to take a conscious approach to dispute resolution, weighing up all the factors when determining how to deal with cases and whether to litigate. There is some commonality with HMRC's Litigation and Settlement Strategy, but that is longer and more prescriptive.

The WRA has an emerging 'Needs Enhanced Support' policy to help taxpayers who require additional support which is in early development. They are liaising with the Welsh Government, HMRC and others on this. However, their general approach to dealing with taxpayers already has many of the features of an enhanced support service – such as early communication and engagement with the taxpayer.

No timescale has been set for publication of the dispute resolution strategy – possibly later in the year. It will first need to be approved by the WRA Board and the Welsh Minister for Finance.