

# The Welsh government proposes changes to the devolved taxes

Management of taxes

Personal tax

Indirect Tax

Large Corporate

Property Tax



23 February 2026

Proposed changes to land transaction tax in Wales consider some longstanding technical issues that are also present in stamp duty land tax.

The Welsh government's recent white paper includes both proposed technical changes to the devolved taxes – land transaction tax (LTT) and landfill disposals tax – and changes to the Welsh Revenue Authority's (WRA) governance and powers.

In CIOT's joint response with LITRG and the Stamp Taxes Practitioners Group, we welcomed the proposed approach of grouping these measures within a tax bill, as effecting change through primary legislation allows for wider consultation and scrutiny than is possible via secondary regulation.

It will be for the next Welsh government, following the Senedd election in May, to bring forward final proposals.

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## **Changes to the WRA's powers**

In terms of the proposed changes to the WRA's powers, we agree with the proposal to provide a statutory power to withhold a repayment of land transaction tax, once an enquiry has been opened, to protect revenue, provided there is the safeguard of an appealable decision by the taxpayer.

In principle, we support a regulatory power to update fixed penalties for inflation. However, we are less convinced of a wider regulatory power to vary fixed penalties beyond inflationary increases. Our primary concern is the need to ensure adequate scrutiny, via primary legislation, for a measure that imposes a financial sanction on taxpayers.

We noted that the rationale for uprating fixed penalty amounts for inflation applies equally, in principle, to other thresholds, reliefs and allowances for the devolved taxes. However, we recognise that the level of allowances and reliefs may be subject to wider policy considerations than the narrower question of uprating fixed penalties.

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## **Tax changes**

Where A owns a property and sells a share of that property to B, such that the property is subsequently owned jointly by A and B, we agree that it would be very helpful to provide certainty for LTT that A is not considered a buyer. It is relatively common for property to be put into joint names, particularly when re-mortgaging. A clarificatory amendment would remove any uncertainty over whether B might be regarded as subject to the LTT residential higher rates based on A's position (because A is a buyer and already owns a property) even where B has not owned any other residential property.

The general rule for LTT (and for stamp duty land tax) is that nominees and the trustees of bare trusts are 'looked through' for the purpose of establishing the transacting parties. However, in the case of the grant of a lease, nominees and bare trustees are treated as the lessor or lessee for LTT purposes, while the beneficial lessee and lessor are ignored. This counterintuitive rule is intended to prevent avoidance but can distort commercial transactions where there is no avoidance of

LTT. We therefore support evaluating amendments to remove these distortions and explore some options.

The full CIOT submission is available [here](#).

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