
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations specify the first tax bands and percentage tax rates for land transaction tax, which is introduced by the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (“the LTT Act”).

The tax bands and percentage tax rates in these Regulations have effect in relation to chargeable transactions with an effective date on or after 1 April 2018.

Separate tax bands and percentage tax rates apply to:

- Residential property transactions (Table 1);
- Higher rates residential property transactions (Table 2);
- Non-residential property transactions (Table 3); and
- Chargeable consideration which consists of rent (and therefore which is only relevant in the case of leases) (Table 4).

Tax is to be calculated in accordance with sections 27 and 28 of the LTT Act except where the chargeable consideration consists of rent. In these cases, tax is to be calculated in accordance with Part 5 of Schedule 6 to the LTT Act.

By virtue of section 24(8) of the LTT Act, transactions involving a mixture of residential and non-residential property are to be treated as non-residential property transactions (and the tax bands and percentage tax rates in Table 3 apply).

The Welsh Ministers’ Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to these Regulations. As a result, a Regulatory Impact Assessment has been prepared as to the likely costs and benefits of complying with these Regulations. A copy can be obtained from the Welsh Government, Cathays Park, Cardiff CF10 3NQ.