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WELSH STATUTORY INSTRUMENTS

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**2020 No. 1618 (W. 339)**

**LAND TRANSACTION TAX, WALES**

**The Land Transaction Tax (Tax Bands and Tax Rates) (Wales) (Amendment) Regulations 2020**

*Approved by Senedd Cymru*

<i>Made</i>	- - - -	<i>at 10.20 a.m. on 21 December 2020</i>
<i>Laid before Senedd Cymru</i>		<i>at 5.00 p.m. on 21 December 2020</i>
<i>Coming into force</i>	- -	<i>22 December 2020</i>

The Welsh Ministers make the following Regulations in exercise of the powers conferred on them by sections 24(1) and 78(1) of the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Act 2017(1).

**Title and commencement**

1. The title of these Regulations is the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) (Amendment) Regulations 2020 and they come into force on 22<sup>nd</sup> December 2020.

**Interpretation**

2. In these Regulations,—

- (a) “the 2018 Regulations” means the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) Regulations 2018(2).
- (b) Words and expressions used in these Regulations have the same meaning as they have in the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Act 2017.

**Application**

3. Subject to regulation 4, these Regulations have effect in relation to the following land transactions with an effective date on or after 22 December 2020—

- (a) higher rates residential property transactions to which Table 2 of the Schedule to the 2018 Regulations applies;

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(1) 2017 anaw 1.

(2) S.I. 2018/128 (W. 32), as amended by S.I. 2020/794 (W. 174).

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- (b) non-residential property transactions to which Table 3 of the Schedule to the 2018 Regulations applies; and
  - (c) chargeable consideration which consists of rent to which Table 4 of the Schedule to the 2018 Regulations applies.
4. These Regulations do not have effect in relation to any transaction specified in regulation 3(a) (higher rates residential property transactions) which is—
- (a) effected in pursuance of a contract entered into and substantially performed before 22 December 2020; or
  - (b) effected in pursuance of a contract entered into before 22 December 2020 and not excluded by regulation 5.
5. A transaction is excluded by this regulation if it is a transaction specified in regulation 3(a) which is effected in pursuance of a contract entered into before 22 December 2020 and where—
- (a) there is any variation of the contract, or assignment of rights under the contract, on or after 22 December 2020;
  - (b) the transaction is effected in consequence of the exercise on or after 22 December 2020 of any option, right of pre-emption or similar right; or
  - (c) on or after 22 December 2020 there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.

#### **Amendment of the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) Regulations 2018**

- 6.—(1) The Schedule to the 2018 Regulations is amended as follows—
- (2) For Table 2 substitute—

**“Table 2: Higher rates residential property transactions**

<i>Tax band</i>	<i>Relevant consideration</i>	<i>Percentage tax rate</i>
First tax band	Not more than £180,000	4%
Second tax band	More than £180,000 but not more than £250,000	7.5%
Third tax band	More than £250,000 but not more than £400,000	9%
Fourth tax band	More than £400,000 but not more than £750,000	11.5%
Fifth tax band	More than £750,000 but not more than £1,500,000	14%
Sixth tax band	More than £1,500,000	16%”;

- (3) For Table 3 substitute—

**“Table 3: Non-residential property transactions**

<i>Tax band</i>	<i>Relevant consideration</i>	<i>Percentage tax rate</i>
Zero rate band	Not more than £225,000	0%

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<i>Tax band</i>	<i>Relevant consideration</i>	<i>Percentage tax rate</i>
First tax band	More than £225,000 but not more than £250,000	1%
Second tax band	More than £250,000 but not more than £1,000,000	5%
Third tax band	More than £1,000,000	6%"; and

(4) For table 4 substitute—

**“Table 4: Chargeable consideration which consists of rent**

<i>Tax band</i>	<i>Relevant consideration</i>	<i>Percentage tax rate</i>
NRL zero rate band	Not more than £225,000	0%
First tax band	More than £225,000 but not more than £2,000,000	1%
Second tax band	More than £2,000,000	2%”.

At 10.20 a.m. on 21 December 2020

*Rebecca Evans*  
Minister for Finance and Trefnydd, one of the  
Welsh Ministers

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Land Transaction Tax (Tax Bands and Tax Rates) (Wales) Regulations 2018 (S.I. 2018/128) (“the 2018 Regulations”) so as to insert revised tax bands and percentage tax rates for higher rates residential property transactions, non-residential property transactions and chargeable consideration which consists of rent.

Regulation 3 applies the revised tax bands and percentage tax rates to the aforementioned land transactions where the effective date of the transaction falls on or after 22 December 2020.

Regulation 4 goes on to set out exceptions to the general application of the revised tax bands and percentage tax rates in respect of higher rates residential property transactions only. Where the effective date for such transactions falls on or after 22 December 2020, but where contracts were exchanged or the substantial performance of that contract took place prior to 22 December 2020, the previous tax bands and percentage tax rates will continue to apply, unless one of the exclusions set out in regulation 5 applies.

Regulation 6 sets out the revised tax bands and percentage tax rates that are to apply to the transactions specified in regulation 3.

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 and on the Welsh Government’s website at [www.gov.wales](http://www.gov.wales).