

WELSH TAX ACTS ETC. (POWER TO MODIFY) ACT 2022

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 1 – Power to amend the Welsh Tax Acts etc.

5. **Section 1(1)** provides that the Welsh Ministers may make regulations which modify the Welsh Tax Acts and regulations made under them if the Welsh Ministers consider that the modifications are necessary or appropriate for or in connection with any of the following purposes—
6. **Subsection 1(1)(a)** – to ensure that land transaction tax and landfill disposals tax are not imposed where to do so would be incompatible with any international obligations. The power in section 1 might be used for this purpose, for example, where a trade deal or double taxation agreement is concluded with another country and the imposition of landfill disposals tax or land transaction tax in a particular case is contrary to that deal or agreement.
7. **Subsection 1(1)(b)** – to protect against tax avoidance in relation to landfill disposals tax and land transaction tax. The Welsh Ministers may wish to take such action where they consider that amendment of the legislation will put its intended application beyond any doubt, as well as in cases where a loophole is being exploited. Tax avoidance is not defined in the Act. It therefore takes its natural meaning.
8. **Subsection 1(1)(c)** – to respond to changes made to the predecessor taxes which affect, or may affect, the amounts paid by the Secretary of State into the Welsh Consolidated Fund. The predecessor taxes are defined in section 1(4) as being stamp duty land tax and landfill tax.
9. **Subsection 1(1)(d)** – to respond to a court or tribunal decision which affects, or may affect the operation of the Welsh Tax Acts or regulations made under those Acts. These decisions need not necessarily be decisions on the provisions of the Welsh Tax Acts themselves, or their associated regulations. Decisions affecting the predecessor taxes or on general points of law may also be capable of affecting the operation of the Welsh Tax Acts and their associated regulations.
10. **Section 1(2)** places certain restrictions on the general power provided to the Welsh Ministers by section 1. Those restrictions are set out in sections 2(4), (5) and (6) and are discussed further below.
11. **Sections 1(3) and 1(4)** provide a series of definitions.