



APPROPRIATE MECHANISMS FOR MAKING CHANGES TO THE WELSH TAX ACTS

Issued 27 November 2025

ICAEW welcomes the opportunity to comment on the Appropriate Mechanisms for Making Changes to the Welsh Tax Acts published by Welsh Government on 8 September 2025, a copy of which is available from this [link](#).

This response of 27 November 2025 has been prepared by the ICAEW Tax Faculty. Internationally recognised as a source of expertise, the ICAEW Tax Faculty is a leading authority on taxation and is the voice of tax for ICAEW. It is responsible for making all submissions to the tax authorities on behalf of ICAEW, drawing upon the knowledge and experience of ICAEW's membership. The Tax Faculty's work is directly supported by over 130 active members, many of them well-known names in the tax world, who work across the complete spectrum of tax, both in practice and in business. ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark the tax system and changes to it, are summarised in Appendix 1.

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ANSWERS TO SPECIFIC QUESTIONS

Question 1. Are you aware of examples from other legislatures that could provide helpful examples for a devolved administration (allowing for constitutional and legal differences)? Please explain why these arrangements may be right for Wales.

1. The Green paper acknowledges the similarities and differences between Wales and Scotland as devolved administrations. We are not aware of any other directly comparable devolved administrations.

Question 2. Do you consider that the current secondary legislation powers should remain available to the Welsh Ministers in the respective Welsh Tax Acts? Please explain your answer.

2. One of ICAEW's principles of good tax policy is that tax legislation should be enacted in primary legislation rather than secondary legislation. Making changes by way of secondary legislation is contrary to our principles.
3. That said, we understand the specific difficulties faced by the Welsh Government in responding to changes made the UK Government in relation to, for example, SDLT – especially where those changes do not fit with budget process in Wales.

Question 3. Do you consider that all secondary legislation powers available to the Welsh Ministers should be removed from the respective Welsh Tax Acts? Please explain your answer.

4. Please see response to question 2.

Question 4. Do you consider that some secondary legislation powers available to the Welsh Ministers should be removed from the respective Welsh Tax Acts? If so, please specify and explain why.

5. ICAEW notes that the regulation-making powers provided by the Welsh Tax Acts etc. (Power to Modify) Act 2022 have not yet been used. However, it is possibly premature to assume that these powers may not be required.
6. The ongoing need for regulation-making powers should be reviewed if a decision is made to adopt an annual finance bill process (see question 5).

Question 5. What process do you consider should be used in future to make changes to the Welsh Tax Acts -

- a. **an annual finance bill for Wales,**
- b. **an annual (or less frequent) tax bill for Wales,**
- c. **a new version of the Welsh Tax Acts etc. (Power to Modify) Act 2022,**
- d. **once the Welsh Tax Acts etc. (Power to Modify) Act 2022 has reached its sunset point to rely on the current regulation making powers and primary legislation as and when necessary, or**
- e. **a different approach (please set out what).**

Please explain your reasons.

7. As set out in response to question 2, one of ICAEW's principles of good tax policy is that tax legislation should be enacted in primary legislation rather than secondary legislation. Therefore, ICAEW's preference would be for a Finance Bill – although it is accepted that the number of measures may not justify an annual bill. Given the challenges of responding to the UK government's budget announcements and obtaining Senedd approval by March, ICAEW acknowledges that this may need to be combined with some power for provisional collection of taxes.

Question 6. Depending on your answer to question 5, do you consider that a process is necessary to bring changes into effect before the finance/tax bill comes into force? If so, do you consider a provisional collection of taxes route, a secondary legislation route (with sunset clause – ‘a section 109 Finance Act 2003 approach’), or a different route to be more appropriate for Wales?

Please explain your reasons.

8. Based on ICAEW’s principles of good tax policy, ICAEW’s preference would be for a provisional collection of taxes route.

Question 7. Do you consider that it is appropriate for the Welsh Ministers to limit the scope of any finance or tax Bills laid in the Senedd or should any changes beyond amendments to those proposed by the Welsh Ministers be possible? If you do consider that there should be restrictions in the scope of such a Bill, what do you consider is the appropriate mechanism for doing so?

Please explain your reasons.

9. To prevent out of scope amendments being added during scrutiny by the Senedd, it would be sensible for the scope of any finance or tax bill to be limited (similar to the UK process of ways and means resolutions).

Question 8. Do you consider that the sunset clause for the power to make regulations provided to the Welsh Ministers by the Welsh Tax Acts etc. (Power to Modify) should be extended to 30 April 2031, or an alternative date, in order to provide the next government with sufficient time to develop the approach it chooses?

10. An extension may be justified to provide the necessary time to consult upon and develop an alternative approach.

Question 9. Any other comments you wish to make as to how changes could and/or should be made to the Welsh Tax Acts.

11. ICAEW does not have any further comments.

Welsh Language – Questions

Question 10. What, in your opinion, would be the likely effects of the proposals on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

- Do you think that there are opportunities to promote any positive effects?
- Do you think that there are opportunities to mitigate any adverse effects?

12. ICAEW does not have any specific comments.

Question 11. In your opinion, could the proposal be formulated or changed so as to:

- have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
- mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

13. ICAEW does not have any specific comments.

Question 12. We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

14. ICAEW does not have any further comments.

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. Statutory: tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. Certain: in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. Simple: the tax rules should aim to be simple, understandable and clear in their objectives.
4. Easy to collect and to calculate: a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. Properly targeted: when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. Constant: Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. Subject to proper consultation: other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. Regularly reviewed: the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. Fair and reasonable: the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. Competitive: tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as [TAXGUIDE 4/99](#).