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7th April 2026

Dear

Priorities for the Welsh Tax System

I am writing to you in your capacity as [your party's] finance spokesperson / leader.

The Chartered Institute of Taxation (CIOT) is the leading professional body across the UK for advisers dealing with all aspects of taxation. We are a charity, and our primary purpose is to promote education in taxation with a key aim of achieving a more efficient and less complex tax system for all. We draw on the experience of our 20,000 members and extensive volunteer network in undertaking our work. Our Low Incomes Tax Reform Group is especially active in trying to make the tax system more responsive to the needs of those who are unable to afford to pay for professional advice.

Our Welsh Technical Committee has a remit covering all aspects of Welsh taxation and taxes devolved to Wales. Throughout this Senedd term, we have maintained productive engagement with the Welsh Revenue Authority, Welsh Treasury and with parliamentarians inside and outside government, and we continue to offer our support and assistance to all with an interest in improving the tax system.

Ahead of the Senedd election, it is clear that tax policy will play a pivotal role in determining Wales's economic future. Policies regarding rates, thresholds and the design of the tax system will rightly have a high profile during the campaign. The CIOT, as a non-partisan body, does not take sides in these arguments beyond commenting on the potential impacts of such decisions (for example, whether they add complexity or whether there are any unintended consequences) and whether proposed changes meet the objectives set out.

However, in addition to these matters, there are issues and principles related to accountability and good governance of the tax system which also deserve to be treated as a priority. We believe that following these principles will make good policy with the intended outcomes more likely. They are:

1. Adopting a structured approach to changing primary tax legislation
2. Improving Welsh taxpayer awareness of the devolution of Welsh income tax
3. Strengthening clear processes for agreeing new devolved taxes.
4. Adhering to robust consultation and evaluation practices

1. Adopt a structured approach to change primary tax legislation

The CIOT supports using a tax bill as an appropriate mechanism for making changes to the Welsh Tax Acts, ensuring that changes are made through primary legislation wherever possible to benefit from full consultation and scrutiny.

2. Improve Welsh taxpayer awareness on the devolution of Welsh rates of income tax

Public awareness of the existing devolution of Welsh Rates of Income Tax (WRIT) could be improved, especially because taxes have not diverged from the rest of the UK since their introduction in 2019. Any future changes to the WRIT by the Welsh government will need to be communicated widely, and a focus on tax education and what taxes are devolved to Wales more generally would be welcomed.

3. Strengthen and clarify processes for agreeing new devolved taxes

The mechanism for devolving powers for new Welsh-specific taxes to the Senedd should follow transparent, constitutionally stable processes. The intergovernmental process for devolving a vacant land tax, that was intended by the Welsh government to test the process, has proved protracted and lacking in transparency. We think it should be reviewed to ensure it works as intended by the Wales Act 2014. The ability to introduce new taxes or extend existing tax raising powers provides the Welsh government with policy levers with which to raise additional revenue and/or affect behaviours. As a progressive process, it is important that the framework for devolution of tax competence is effective and does not undermine the devolution framework.

4. Adhere to robust consultation and evaluation practices

The next Welsh government needs to commit to maintaining robust consultation and evaluation processes to ensure that policy decisions are informed, transparent and evidence-based. By upholding good principles, they can create and maintain a tax system that is effective, fair and aligned with the long-term needs of Wales.

We hope you will give these points careful consideration. We would be happy to discuss them with you and/or your advisers and colleagues at your convenience. Alternatively, we could arrange a meeting after the election.

Yours sincerely,



Ellen Milner
Director of Public Policy
Chartered Institute of Taxation

The Chartered Institute of Taxation

The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.

Our stated objectives for the tax system include:

- A legislative process that translates policy intentions into statute accurately and effectively, without unintended consequences.
- Greater simplicity and clarity, so people can understand how much tax they should be paying and why.
- Greater certainty, so businesses and individuals can plan ahead with confidence.
- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented).
- Responsive and competent tax administration, with a minimum of bureaucracy.

The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.

Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.