



Simon Thomas AM  
Chair, Welsh Assembly Finance Committee  
Y Senedd  
Cardiff Bay  
CF99 1NA

21 October 2016

Dear Mr Thomas

**Re: Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Bill**

In our written evidence submitted to the Finance Committee and in giving oral evidence on 29 September, we have suggested that agricultural tenancies should be excluded from Land Transaction Tax (LTT). In our view this would be a major simplification for those advising on agricultural tenancies, and will reduce the compliance costs for the parties concerned whilst having little impact on the revenue raising potential of LTT.

We were asked by the Chair of the Committee to consider how this would be formulated. We have taken the opportunity to discuss and agree how this can be achieved with the National Union of Farmers and the Central Association of Agricultural Valuers.

To exempt agricultural tenancies from Land Transaction Tax we recommend that this could be achieved by amending Schedule 3 of the Bill and inserting the following new paragraph 7 (with a consequential renumbering of the paragraph giving power to add, remove or vary exemptions):

- “(1) A land transaction is exempt from charge if it is the grant, surrender or assignment of an agricultural tenancy.
- (2) In this paragraph, “agricultural tenancy” means a tenancy made in accordance with either:
  - (a) an agricultural holding within the meaning of the Agricultural Holdings Act 1986, or
  - (b) a farm business tenancy within the meaning of the Agricultural Tenancies Act 1995.”


We trust that the Committee will feel able to recommend the inclusion of an exemption for agricultural tenancies.

We were also asked to consider the differences between the current Targeted Anti-Avoidance Rule (TAAR) provisions for Stamp Duty Land Tax and the TAAR proposed in the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Bill. We are not in a position to comment on any differences because as an organisation that provides an advisory service to members, we do not get called upon to advise on whether the SDLT

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TAAR applies. We would reiterate the comments in our written evidence on the need for clear guidance as to the terms used. In particular, the TAAR in the bill applies only to the reliefs from LTT. It defines in clause 31(3) a tax avoidance arrangement as including one where obtaining a tax advantage is the main or one of the main purposes and there is a lack of genuine economic or commercial substance. As a self-assessed tax, taxpayers and their advisers need to have certainty as to whether they can claim reliefs without subsequently facing a challenge by the Welsh Revenue Authority under this TAAR. Surely the whole purpose of the statutory reliefs is to meet the required policy objective to give a tax advantage in those specified circumstance? What is meant by a lack of “genuine or economic or commercial substance”? Guidance should clearly address these issues and specify the circumstances where the TAAR will apply.

Yours sincerely

A handwritten signature in black ink that reads "Louise Speke". The signature is written in a cursive, flowing style.

Louise Speke  
**Chief Taxation Adviser**