

P-06-1445 Change Land Transaction Tax for First Time Buyers in Wales to be in line with the UK Government – Correspondence from Petitioner to Committee, 2 July 2024

Dear Members of the Petitions Committee,

Thank you for the opportunity to respond to the Welsh Government's position on my petition P-06-1445. I appreciate the detailed explanation provided. Here are my thoughts and further points for consideration.

Thoughts on the Document

While the rationale for maintaining a progressive tax system is clear, the document does not fully address the unique challenges faced by first-time buyers in Wales. Increasing the LTT zero-rate threshold to £225,000 was a positive step, but it does not reflect the rapid rise in property prices in many areas.

Addressing the Issues

The Welsh Government notes that around 60% of transactions, including most first-time buyers, are tax-free under the current threshold. However, many first-time buyers are still priced out of the market, especially in higher-priced areas.

Further Questions

1. **Regional Disparities:** How does the Welsh Government plan to support first-time buyers in regions where property prices exceed £225,000?
2. **Long-Term Strategy:** Is there a strategy to periodically review and adjust LTT thresholds to match market conditions?
3. **Impact Analysis:** Has the impact of the current LTT structure on first-time buyers compared to those in England and Northern Ireland been analysed?
4. **Percentage of First-Time Buyers:** What exact percentage of the transactions under the £225,000 threshold are first-time buyers? You mention most of the 60% are first-time buyers, but knowing the exact figures would help quantify the impact.

Additional Points

1. **Economic Disparities:** Wales is the poorest country in the UK, exacerbating the challenges for first-time buyers. The current LTT structure does not adequately address this disparity.
2. **Local Economic Impact:** Savings on LTT could be used by first-time buyers for home improvements instead, supporting local tradespeople and boosting the local economy.
3. **Challenges in Expensive Areas:** Why should those growing up in more expensive areas be penalised by a generalised tax scheme? This proposed change would provide crucial one-time help, enabling these individuals to remain within their communities.
4. **Comparative Analysis:** The SDLT relief in England and Northern Ireland for first-time buyers purchasing properties up to £425,000 significantly aids their ability to afford homes, even in higher-priced areas. Adopting a similar relief in Wales, adjusted for local market conditions, would provide equitable support for first-time buyers.

5. **Economic and Social Benefits:** Increasing the LTT threshold for first-time buyers could have positive economic and social impacts, such as reducing the rental market pressure, increasing home ownership rates, and enhancing community stability.
6. **Progressive Yet Supportive:** While progressive taxation is important, ensuring that first-time buyers receive adequate support can be balanced within a progressive framework by setting appropriate limits that reflect the realities of the Welsh property market.

Conclusion

While I understand the principles behind the current LTT, the unique challenges faced by first-time buyers in Wales necessitate a review. Aligning LTT relief with SDLT relief in England and Northern Ireland, adjusted for Welsh market conditions, would provide significant support to first-time buyers and have positive economic and social impacts.

Thank you for considering my views. I look forward to the upcoming debate and hope for a constructive discussion that leads to meaningful support for first-time buyers in Wales.

Sincerely,

Taylor Reynish