Scotland update: recent meetings and an Air Departure Tax update

Personal tax

01 June 2019

A round-up of some recent meetings with the Scottish government and an update on the introduction of Air Departure Tax.

Devolved Taxes Legislation Working Group

CIOT was represented at the first meeting of the Devolved Taxes Legislation Working Group, which has been established by the Scottish government, in partnership with the Scottish parliament, to take forward recommendations made by the Budget Process Review Group. In particular, the group is to explore options for alternative legislative processes for devolved taxes legislation and to examine the need for a Finance Bill. The group will meet regularly in parallel to the consultation process that is exploring a new policy framework for devolved taxes, and will report to the Cabinet Secretary prior to the Scottish budget.

A new approach to the fully devolved taxes – Scottish government events

The Scottish government held three consultation events in April around Scotland (Glasgow, Aberdeen and Edinburgh) to accompany its consultation on a new policy framework for the fully devolved taxes in Scotland. CIOT representatives assisted at all three events, either by contributing presentations or facilitating discussion groups. The events aimed to generate broad discussion around not only the consultation questions, but about people’s preferences in terms of involvement in tax policy and the best way to keep people informed about developments in policy and legislation.

Scottish government meeting about education and public awareness of tax

Representatives of the Scottish Taxes Policy Forum (from CIOT and ICAS) met with the Scottish government to discuss initiatives around raising awareness of tax in Scotland, in particular among the general public. This would include not just practical tax issues, but the way in which the devolved taxes work, processes, and the ways in which Scottish government work with HMRC on Scottish income tax for example. It is hoped that the Scottish Taxes Policy Forum can assist the Scottish government in this work.

Scotland: Air Departure Tax – update from the Minister for Public Finance and Digital Economy

In April, Kate Forbes MSP, the Minister for Public Finance and Digital Economy wrote to members of the Scottish Air Departure Tax (ADT) Stakeholder Forum, including CIOT, and made a statement to the Scottish parliament on the timing of the introduction of ADT in Scotland, in response to a parliamentary question. The introduction of ADT will now be deferred beyond April 2020, meaning that UK Air Passenger Duty continues to apply to flights out of Scotland for the time being. The decision to provide advance notification of the delay is to help provide certainty to the sector for their planning and takes into account the fact that the Scottish and UK governments have so far failed to reach an agreement on how to resolve the Highlands and Islands exemption issue. The Minister's response to the parliamentary question can be found on the website of the Scottish parliament.

In addition, the Scottish government has now confirmed that its policy proposal to reduce the tax by 50% and abolish it when funds allow will no longer go ahead. Derek Mackay MSP, the Finance Secretary indicated that this decision is due to the policy no longer being compatible with the Scottish government's climate targets.