# Scottish Taxes Update

**General Features**

30 November 2021

**CIOT and LITRG submitted a joint response to a Scottish government consultation on Tax Policy and the Budget.**

**Scottish government consultation: Tax Policy and the Budget**

The Scottish government published a consultation (see tinyurl.com/jmacb2uh) at the end of August 2021, seeking views on its overarching approach to tax policy, and how it should use its devolved and local tax powers as part of the Scottish Budget for 2022/ 23. The consultation documents included its first framework for tax, on which it also invited comment.

The aim is to enhance the Scottish approach to taxation, and clearly communicate the functions, principles and policy objectives that underpin how Scottish tax changes are assessed and delivered.

CIOT and LITRG submitted a joint response. We welcomed the publication of the Framework for Tax, and the fact that it is accessible to a fairly wide audience. Our response noted a few areas where we think improvements could be made. A key aim of the Framework is to enhance transparency, but we thought more could be done to explain the benefits of this to the reader.

We raised a concern with the sixth principle of the Scottish approach to taxation, anti-avoidance – a more positive and proactive framing of this would arguably align better with the other five principles. One option might be to replace it with a principle of effectiveness, noting that taxes should be designed to raise the intended revenues and achieve the other deliberate purposes of the policy, including being designed to make avoidance as difficult as possible.

The fifth principle is engagement. We welcomed the fact that the Scottish government has in general engaged well with stakeholders when developing tax policy. We noted that there would be value in providing clear updates to

stakeholders as to the status of work in tax areas, particularly when new taxes are being consulted on and developed. One option might be to have a dedicated webpage on the Scottish government website that shows the status of all Scottish taxes, including information such as whether legislation has been passed and whether the tax is active.

The Framework for Tax document briefly sets out the role of Revenue Scotland. We suggested that for transparency and clarity, it would be helpful if the document included similar brief paragraphs on the roles of different parties, such as the Scottish Parliament, the Scottish government, Revenue Scotland and HMRC. This would help to improve public understanding of the roles and responsibilities of the parties involved in tax policy, legislation and management, which is important for accountability.

We also used our response to briefly set out our thoughts on priorities for local and devolved taxes over the course of the next parliament. We think these should include fulfilling a previous commitment to make changes to the group relief provisions for land and buildings transaction tax, reforming council tax, and examining options for taxes and tax policies to assist with the achievement of the net zero target. These should assist with the Scottish government’s stated aim of creating a fairer, greener and more progressive Scotland.

Our full response is available to view on the CIOT website at www.tax.org.uk/ref837 and LITRG website at www.litrg.org.uk/ref2571.