Spotlight on the Scottish Technical Committee

Briefings



24 February 2023

The Scottish Technical Committee was involved in significant consultation in 2022 relating to devolved taxes in Scotland.

The Scottish Technical Committee has undergone a bit of a renaissance since Alexander Garden stepped down as chair in early 2022. We have appointed a new chair Sean Cockburn and vice-chair Professor Melanie Wilson, who have both been involved in the work of the Technical Committee and Scottish Branches.

For some time now, CIOT (along with ICAS and other professional bodies) has been pressing the Scottish government to resume the work of the Devolved Taxes Legislation Working Group (DTLWG), which was suspended at the outbreak of Covid in 2020. The DTLWG had been looking at how to improve the way that tax policy is scrutinised. CIOT believes that the introduction of a Scottish equivalent of the UK Finance Bill would help to facilitate this. We are continuing to press for the work of the DTLWG to resume and for changes to be made.

These points, and concerns about the disparity between Scottish and rest-of-UK burdens, were conveyed by Sean Cockburn and Chris Thorpe when they recently met with Tom Arthur MSP, Minister for Public Finance, Planning and Community Wealth, as part of a series of roundtable discussions held by the Scottish government prior to the Scottish Budget in December 2022. Members of LITRG also met with the Interim Finance Secretary and Deputy First Minister John Swinney MSP as part of this process.

There have been two significant consultations in 2022 concerning devolved taxes in Scotland.

Additional dwelling supplement

The first concerns the additional dwelling supplement to the land and buildings transaction tax. This is similar to England and Northern Ireland's stamp duty land tax's 3% surcharge on additional residential properties purchased. (Scotland's additional dwelling supplement rate increased from 4% to 6% on 16 December 2022.)

Whilst it has been in place since 1 April 2016, there are several aspects of the additional dwelling supplement that are not satisfactory:

- in divorcing or separating couples, when the person leaving the joint-home still owns part of that property and tries to buy another;
- inherited properties and the lack of any grace-period for subsequent purchases (as there is for England and Northern Ireland's stamp duty land tax and Wales's land transactions tax);
- in particular, the lack of any statutory discretion for Revenue Scotland or the tax tribunals to allow relief for those homeowners who are unable to occupy properties within the criteria due to situations beyond their control.

A consultation on legislative changes was launched on 8 February, and the committee will be leading the CIOT's response.

Aggregates levy

The other consultation concerned the introduction of a new devolved tax – an aggregates levy to replace the existing UK-wide levy in Scotland.

The position taken by CIOT was to ensure that, subject to Scottish government policy, there should be as little divergence from the existing levy as possible; in particular, there should be minimal disruption to import and exports to and from the rest of the UK.

This is the first devolved piece of legislation which may impact on customers outside of Scotland and on whom there is already an aggregates levy, so care needs to be taken on how that will operate in practice. Draft legislation is expected shortly, alongside a more focused consultation.