

Commentary on consideration of Scottish Tax

The Committee is interested in hearing views on the approaches and principles which should guide the development of a Scottish approach to taxation. In particular, the Committee would be interested in hearing views with regard to the following issues:

How can the Scottish Government's four principles to underpin Scottish taxation policy best be achieved?

- How does the current taxation regime and proposals for newly devolved taxes align against these four principles?
- Is there scope for a fundamentally different approach to taxation in Scotland?
- Should future tax changes be ring-fenced and if so, how? If not, why?
- To what extent do potential behavioural responses limit options for tax changes in Scotland?
- To what extent do the mechanisms for administering the Scottish income tax system via HMRC limit the scope for a different tax system in Scotland to develop?
- Are there any other administrative limitations to the emergence of a Scottish tax system?
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Response:

I am not educated sufficiently in the world of national tax raising strategies and philosophies to comment directly upon the complex questions to be addressed as requested by the consultation, but I would note my following thoughts as a minor citizen's contribution to the wider discussion:

- Scottish Government suggested principles are Adam Smith's four principles, rewritten slightly, but none the worse for that. I support and agree with those principles
- Scottish Government opportunity to review, change and amend taxation seems to me to be extremely limited, as the 'powers' being devolved are probably better defined as 'responsibilities', as they occupy only sections (as opposed to the whole) of individual tax raising powers
- With the above in mind, it would be good, I feel, if we were able to introduce new forms of taxation that could supplement, or offset a reduction in, the income to be raised from the devolved taxation powers. I would prefer that Scotland embarked upon a programme of new taxation methods/details that would supplant the existing UK model, insofar as it has been devolved, and allow the devolved element to wither.
- I feel it important that Scotland's tax-raising strategy is, as soon as possible, made to be clearly different in detail to the UK model. If we are able to introduce new methods/models whilst keeping the tax burden broadly similar, then we will be better placed for the day when we have full control over taxation. To this end, a difference is a good thing in its own right.
- APD – reduction in APD is a source of great regret and concern to me. In growing a smart successful Scotland with a significant renewables sector, and against the certain knowledge that fossil fuels do not hold the key to the safety and security of future generations of citizens, it seems to me to be odd to cut such a duty, unless it is remodelled such that options such as the 'frequent flyers' proposals are explored more thoroughly. Simply encouraging air travel sits ill with the wider social responsibility agenda.
- The EU – Brexit aside, and mindful of Scotland's stated preference to remain within the EU, I would like any legislation and/or strategy decisions to respect and adhere to current and known future EU legislation
- PAYE: as a collection method for taxation, I find this method to be acceptable and efficient from a tax-payer perspective. Wage-earner family income and circumstances are reasonably fixed, (whilst in employment), and family finances do not really permit the flexibility for bulk payments, either up front or in arrears. I assume, reflecting on thoughts above, that PAYE can be configured to collect a variety of taxes or forms of tax.

Whilst these thoughts perhaps add little helpful detail to the debate, I would offer and reinforce a view that encourages and supports a bold approach to 'reform' of our citizen's responsibilities and representation through widely reformed taxation.

Donald McGregor