



Bruce Crawford MSP

Convenor

Finance Committee

Scottish Parliament

23rd September 2016

Dear Mr Crawford

Submission: Scottish Approach to Taxation

I submit that the Scottish Parliament should create a tax on wealth, and combine it with a generous allowance for donations to charities.

France has a system like this, through the Impôt de Solidarité sur la Fortune, (ISF). ISF is payable by individuals holding assets of €1.3m (approx. £1.12m) or more (figures as at 1st January 2016, see

http://www.impots.gouv.fr/portal/dgi/public/particuliers.impot?pageId=part_jsf&espld=1&impot=ISF&sfid=50), with a cumulative scale starting at 0.5% for the lowest wealth bracket and rising to 1.5% on the highest.

DEDUCTIONS FOR PHILANTHROPY

For certain charitable foundations (the list is defined by the 'TEPA' law of August 2007, full text at

<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000278649&categorieLien=id>), ISF tax payers can reduce their tax liability by up to 75% of their gift, up to a maximum deduction of €50,000. So a tax payer with a €3,000 ISF liability who

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makes a gift of €4,000 can eliminate her ISF – because 75% of €4,000 is €3,000. In other words, the ISF tax payer can make a €4,000 gift for a total cost of just €1,000.

This is of course very attractive to high-value philanthropists, who are likely to be subject to ISF.

WEALTH TAX DOES NOT DRIVE PEOPLE AWAY

ISF, like all taxes, is not a 'popular' tax, but it does demonstrate that people do not leave a country that imposes a wealth tax.

There are 342,000 ISF taxpayers (Pluyette, Cyrille. 'Le nombre d'assujettis à l'ISF a encore progressé en 2015'. Le Figaro, 9 June 2016, sec. Conjoncture.)

Whilst it is true that a handful of high-profile figures such as Gerard Depardieu (actor) and Johnny Halliday (rock star) moved out of France because of the ISF, the remaining 341,998 ISF taxpayers stayed behind. They stay because they like the place, because their family lives there, because it's their home... Scotland could safely introduce a wealth tax, and sweeten the pill by allowing taxpayers to deduct for gifts to charity.

All the best

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Director

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