

Submission from Stuart Bates: on Scottish Approach to Taxation.

I fully support the principles set out by the Scottish Government which should underpin any Taxation system being developed in Scotland.

On the specific questions raised by the Finance Committee, I would respond as follows:-

The current system does not fulfill the principles, as the present systems of Council Tax and Income Tax are not progressive enough resulting in severe inequities between the very well off and those on lower to middle incomes.

There is a clear scope and support in Scotland, in my view, to fundamentally changing the system at this time to a one which is based on a Land Value Tax and not on peoples incomes. The advantages have been spelled out in various studies and papers over many years but have not been pursued due to a combination of powerful vested interests in Scotland and weak political will.

As an interim step, the introduction of a tax on Derelict Land and Properties by the Scottish Government should be introduced as soon as possible.

Due to the considerable political uncertainties around constitutional and funding issues, in the short to medium timescale, I would favour a system which allowed flexibility rather than ring-fencing.

If I am interpreting correctly, "behavioural responses" relates to those who would try and avoid tax and I would expect principles to outweigh any consideration of effectiveness of collection e.g "It would be too difficult to catch tax avoiders using tax havens". Any system should use all legal, moral and constitutional powers to make this clear.

The administration of HMRC is clearly a complicating factor in any different tax system in Scotland and logically points to the devolution of this service to the Scottish Government.

Any increased costs associated with a changed Scottish system would be a negotiation between the two governments, but the skill and experience of Scottish staff would not to my mind be a problem.

I look forward to the outcome of these consultations on the shape of future Scottish Tax systems.

Stuart Bates