

A help or a hindrance?

- **What's the worst that can happen?** If it make us all feel better, I don't think it can do much harm
- There two conditions to successful fiscal decentralisation:
 - **Capacity** - the quality of government matters. Local government often hollowed out, focused increasingly in statutory duties, and with less strategic capacity.
 - **Strong public support** - to hold politicians to account, and to engage with tax changes (see Regional Assemblies...)
- But it isn't a **panacea**: austerity, industrial strategy, etc all important



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The view from Scotland

Joanne Walker

Chartered Institute of Taxation/Low Incomes Tax Reform Group

22 October 2018



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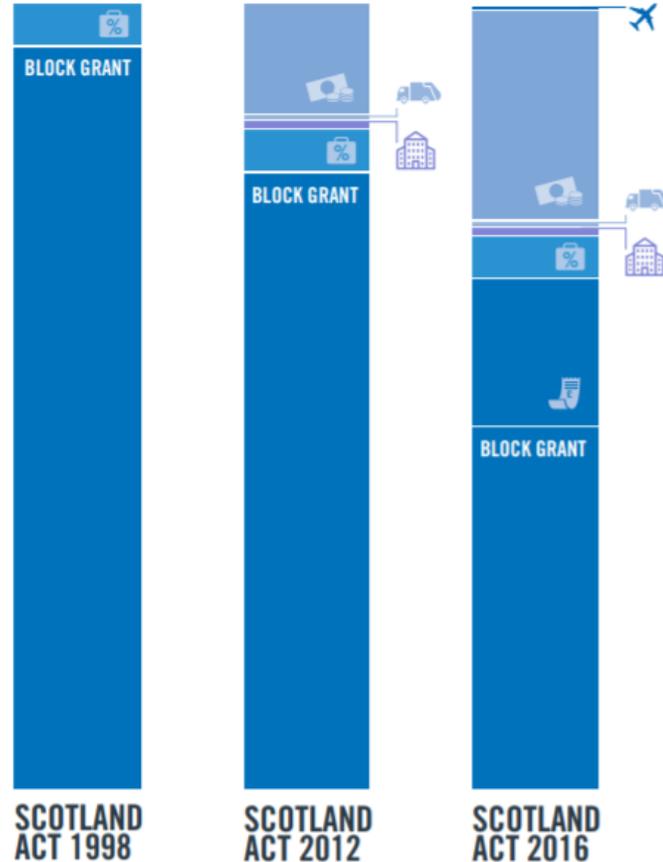
A changing tax landscape

WHERE THE SCOTTISH GOVERNMENT BUDGET COMES FROM

-  AIR PASSENGER DUTY
-  SCOTTISH RATE OF INCOME TAX / INCOME TAX
-  SCOTTISH LANDFILL TAX
-  LAND AND BUILDINGS TRANSACTION TAX
-  NON DOMESTIC RATES
-  VAT
-  BLOCK GRANT

TABLE PROVIDES ILLUSTRATIVE SHARE OF BUDGET IN YEARS BASED ON ESTIMATES FROM 2017-18 FIGURES. ACTUAL PERCENTAGES IN GIVEN YEARS WILL VARY.

IN ADDITION LOCAL AUTHORITIES SET AND RAISE COUNCIL TAX TO FUND LOCAL SERVICES, BUT THIS IS OUTWITH THE SCOTTISH BUDGET.



ESTIMATES ONCE ALL FISCAL POWERS HAVE BEEN DEVOLVED BY 2019-20



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Reviewing tax devolution

The Scottish Taxes Policy Forum

Discussion Paper

**Devolving Taxes across the UK:
Learning from the Scottish Experience**

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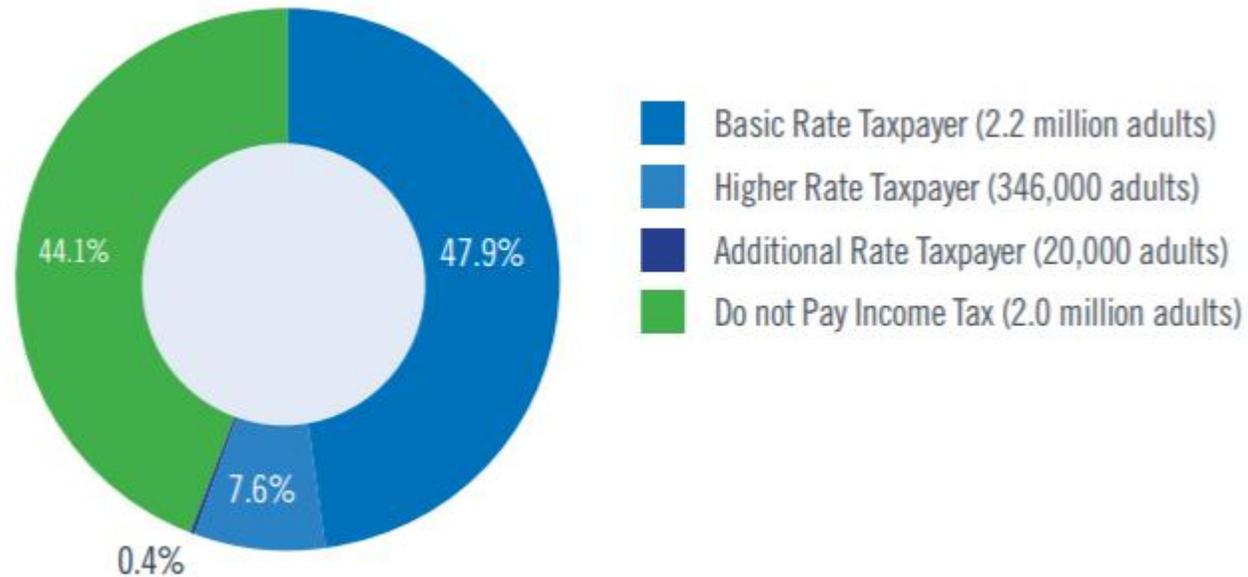
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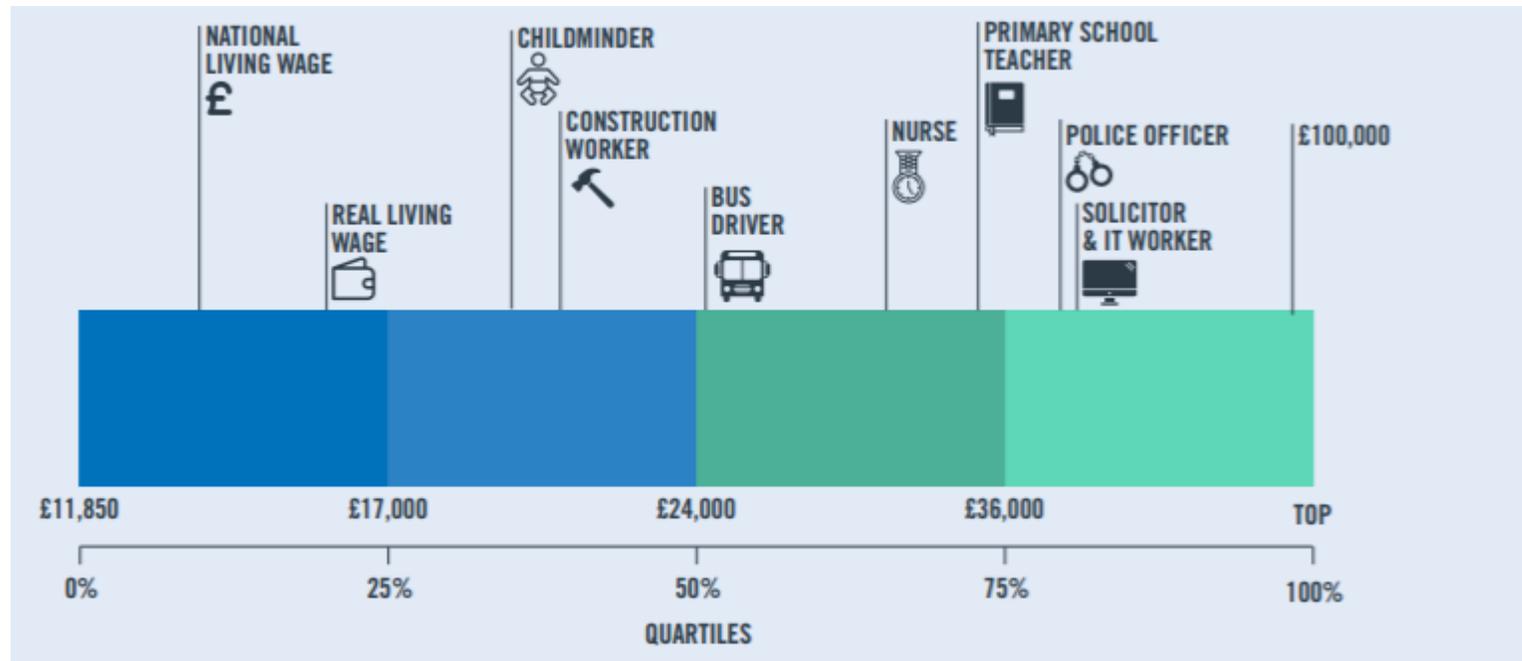
Who pays what?

NUMBER AND PROPORTION OF ADULTS IN SCOTLAND BY THEIR MARGINAL RATE OF INCOME TAX, 2018-19



Scottish income tax distribution

ESTIMATED INCOME DISTRIBUTION OF SCOTTISH TAXPAYERS, 2018-19





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What do the public think?

The Herald

Most Scots in the dark over devolved taxes

Tom Gordon
Scottish Political Editor



Public 'struggling' to make sense of Holyrood's tax powers

People find the relationship between Scottish and UK-wide taxes difficult to understand.



Majority of Scots 'want more information on devolved tax system'





What do the public think?

- 84% need better information about how taxes are decided in Scotland
- 60% think the relationship between UK and Scottish taxes is difficult to understand
- 52% have little or no understanding of the definition of a Scottish taxpayer
- 66% unaware income tax is responsibility of Westminster and Holyrood
- 57% unaware that Land and Buildings Transaction Tax (LBTT) is devolved to the Scottish Parliament



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