Scotland update: recent meetings and submissions

General Features

01 September 2019

LITRG made a written submission to the Scottish Affairs Committee of the UK Parliament in response to its inquiry into the impact of welfare policy in Scotland. A round-up of recent meetings in Scotland attended by CIOT and LITRG.

Inquiry into the impact of welfare policy in Scotland

LITRG recently submitted written evidence to the Scottish Affairs Committee in response to the Committee's inquiry examining the impact of UK welfare policies in Scotland.

The response focused on the Committee's questions seeking views on issues with Universal Credit that are specific to Scotland, the effectiveness of cooperation between the UK and Scottish governments on the devolution of new welfare powers to Scotland, the challenges posed by the fact that the Department for Work and Pensions administers benefits on behalf of the Scottish government, and the potential impact of diverging welfare policies in Scotland and the rest of the UK on welfare claimants in Scotland.

Recent meetings in Scotland

Representatives of CIOT and LITRG met with the Director of Tax at the Scottish Government, Lucy O'Carroll, who has been in post since early 2019. The meeting provided an opportunity to hear about some of the key areas of focus for the directorate over the coming year or so. Topics of discussion included areas of common interest, such as communications and awareness of tax, stakeholder relationships and engagement, and consultations. We touched on the recent consultation on a new tax policy framework for the devolved taxes and the upcoming review of the fiscal framework agreement, which is due to be completed in 2021.

CIOT and LITRG were represented at a meeting with the Scottish Government, as part of the series of ongoing quarterly meetings between the professional bodies in Scotland and the Scottish Government. The main topics of discussion were the Scottish Budget, Scottish income tax, land buildings transaction tax (LBTT), assigned VAT, the devolved tax policy framework consultation and possible new taxes in Scotland.

LITRG attended a roundtable organised by Common Vision as part of its Responsible Tax Lab initiative, to discuss the topic 'How can the tax system help achieve the Sustainable Development Goals?' The backdrop to the discussion was Scotland's National Performance Framework (NPF), which is aligned with the UN's 17 Sustainable Development Goals (SDGs). The aim was to explore how the tax system contributes to meeting national and international challenges around building a fairer, more equal, sustainable and inclusive society.

The discussion was wide ranging, covering Adam Smith's four canons for taxation (which the Scottish Government aims to follow when developing its taxes), as well as the different SDGs themselves. In both cases, it was noted that there can be tension between the canons or goals. Scotland's slightly odd position was considered – it is a fully developed economy, but it is introducing its own tax system for the first time. Some of the challenges facing Scotland were noted in this context, such as the fact its tax policies have to operate within UK boundaries, implementation and administration issues, learning about what tax can do and how decisions interact. Another observation was that tax may not necessarily be the right lever to use – a government has various options available to it, including regulation, legislation, taxation and nudge (although Scotland does not necessarily have the authority to use all of these options, depending on the policy area). There was also agreement that there probably needs to be a broader discussion about what is best dealt with at a reserved level and what is best devolved.

Other issues considered included the need for the Scottish Government and UK Government to work together in achieving the SDGs, the importance of considering international implications of domestic policies, and the need for tax transparency and better scrutiny in relation to the tax-making process.