

Response ID ANON-YU67-E59C-H

Submitted to **Devolved taxes: a policy framework**

Submitted on **2019-06-06 17:02:37**

Questions

1 Do you welcome the use of the DTC as an annual tax forum and agree with its stated purpose?

Yes

Please explain your answer.:

We welcome the concept of the Devolved Tax Collaborative (DTC) and we believe that it has served a useful purpose. We do have reservations about the title of the Body however. The name, Devolved Tax Collaborative, is one that could surely be improved. A different 'branding' for the DTC may help the appeal of the Body to a wider range of stakeholders.

2 Do you have any other preferences as to how the Scottish Government should carry out engagement on the fully devolved taxes?

Yes

Please explain your answer.:

We believe that the Scottish Government and Revenue Scotland have a strong record of engagement with stakeholders. Engagement with stakeholders will continue to be best served by open consultation, which can be achieved via formal consultation and through the Tax Forum. This will always need to be combined with more detailed and technical discussions with appropriate professions (taxation, legal and accountancy in particular).

One area of improvement for engagement that we would welcome, at least for non-technical representatives, is in relation to guidance on the interpretation of fully devolved tax policy, particularly for LBTT.

3 Do you support the Scottish Government's proposed approach to tax consultations, in particular consulting on issues collectively rather than on an individual basis?

Yes

Please explain your answer.:

The approach outlined to tax consultation under Paragraph 4.2 is welcome. We support the willingness of Officials, and sometimes Ministers, to meet groups of stakeholders to consider detailed matters of tax policy and we urge the Scottish Government/Revenue Scotland to continue with this policy. It is perhaps an inevitable fact that the Law Society of Scotland, ICAS, other accountancy bodies and the Chartered Institute of Taxation will be key stakeholders for many proposals, but wider industry bodies will have key insights in their own markets, or matters of investment and fund management.

The frequency of consultation will be tied to a larger question of whether or not we need a Scottish Finance Bill. Changes to the existing devolved taxes will vary in the extent of their detail and impact and this may make the need for new tax legislation a potential burden on parliamentary time. The existence of an annual or biannual Finance Bill may help to alleviate some of the difficulties of changing tax policy without the need to re-introduce a full tax Bill.

4 What are your views on the proposed policy and legislative cycle?

Please explain your answer.:

We welcome the Scottish Government's intention to improve the timescale allotted for detailed tax and budget consultation. Although it is possible to raise concerns with the Scottish Government prior to what is now the regular December statement, there is then very little opportunity to comment as political discussions take place on the Scottish Government's proposed measures flowing from the Budget statement. The 'high politics' of the need for the Government to get its Budget Bill through also does not, in our view, always provide a positive environment for policy-making. Therefore we support the idea of a longer process of consideration as outlined in the indicative timeline. And, we welcome the added certainty of the decision-making cycle that the timeline introduces.

Scottish Ministers may wish to consider whether, at Phase 1, if an announcement on tax priorities could be made following the annual Programme of Government announcement made in early September. This announcement on priorities would be based on the Scottish Government's research and analysis undertaken between June and September. This could then allow for informed debate between September and December to inform the Cabinet Secretary's December statement.

The Phase 2 formal consultation on tax priorities will allow greater time for specific stakeholder consultation. This will also allow for some specific pre-legislative drafting consultations with specific technical stakeholders ahead of announcements on new legislation to be made in the December.

Phase 3 is similar to the current timescale (post-Budget announcement). This phase may in future include a Scottish Finance Bill type measure. If so, the proposed legislation will have benefited from the longer policy and legislative consideration held over the previous 12-18 months.

5 What are your views on how frequent the cycle should occur - annually or every two years?

Annually

Please explain your answer.:

The timescale is set to run over nearly two years for the delivery of a Budget with attached tax priorities. It may therefore be necessary to make announcements or updates on an annual basis as priorities change, the need to respond to policy moves elsewhere in the UK occurs, or to react to changing market conditions.

The SPF also believes that this consultation represents an opportunity to suggest that Scottish tax and expenditure policies and priorities are distinguished, rather than legislated for in a single set-piece measure. We believe that the introduction of a regular Finance Bill could aid the upkeep of current taxes and allow for changes in policy to be implemented more effectively.

6 Do you consider the existing documents that are published, and the Scottish Government's approach to drafting them, as a sufficient means of clarifying the intention and impacts of a policy?

No

Please explain your answer.:

The Scottish Government's suite of documents pertaining to new legislation are often very good. Sometimes the BRIA and Financial Memoranda can be broad due to insufficient data, but in the main we believe the legislative documentation is very good. Parliament's SPICE organisation also provided extremely helpful analysis documents.

However, tax policy can be very difficult to interpret from the bare text of legislation at times and particularly where tax requirements are related to personal circumstances, as opposed to income or transactions. As an example, Revenue Scotland has now provided over 70 scenario-based examples to cover various personal circumstances of taxpayers for the purposes of the Additional Dwelling Supplement.

We believe that the additional information produced by HMRC for UK Budgets is useful however and could be a process replicated by Revenue Scotland, as tax policy is developed in Scotland.

7 Do you agree with the Scottish Government's approach to the circumstances set out in this section?

Yes

Please explain your answer.:

We agree with the government that there will be occasions when Scottish Ministers need the power to act quickly on tax measures, particularly for transaction taxes. We believe that such powers and decisions should only be used sparingly. The recent increase in the Additional Dwelling Supplement was the first occasion when a provisional Affirmative Statutory Instrument was utilised, announced on the day but with transitional provisions over approximately six weeks. The experience of our members was that this extended period of transition possibly added to taxpayer and adviser uncertainty on the changes to ADS. In the event there appears to have been significant forestalling, with over 650 ADS transactions recorded in January 2019 (ADS was increased on 25 January 2019), compared to January 2018.

We accept therefore that whether it is through the platform of a regular Finance Bill or the use of powers to make announcements 'on the day', that on occasion Ministers will need the powers to make tax changes with sudden effect.

About you

What is your name?

Name:

David Melhuish

What is your email address?

Email:

dmelhuish@bpf.org.uk

Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

Scottish Property Federation

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response with name

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

Evaluation

Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Very satisfied

Please enter comments here.:

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Very satisfied

Please enter comments here.: