

Annex

SECURING MEANINGFUL PROGRESS ON LOCAL TAX REFORM

This note provides further information on work the Scottish Government will take forward to deliver reforms to local taxation, reflecting our endorsement of the primary conclusion from the Commission on Local Tax Reform's 2016 report that 'the present council tax system must end'. This comprises measured steps in the short, medium and longer terms. Some of these are initiatives already under way, but taken together, they provide a route map for the delivery of meaningful reform.

In progressing these actions, we will continue our close partnership working with COSLA. Changes to local taxation, or indeed the wider means of financing local government, will need to support the outcomes of our Local Governance Review that we are taking forward jointly with COSLA, whilst also being informed by the conclusions of COSLA's own cross party working on local tax reform.

Short Term Measures – already underway

- **Land Value Tax**
The Scottish Land Commission's report on the potential for a land value tax, published on December 10th, 2018, highlights the potential role a land value tax might have in progressing our land reform policies, but details significant practical issues to be resolved before it could be realised. We have therefore tasked the Scottish Land Commission with progressing these issues where they fall within their remit and capability.
- **Bringing Vacant and Derelict Land into Use**
The Scottish Land Commission and SEPA are working in partnership to transform Scotland's approach to vacant and derelict land. This includes the creation of a dedicated new taskforce that has the goal of halving the amount of Scotland's derelict land by 2025 and eradicating it entirely by 2028.

Medium Term Measures (2019 calendar year and into budget process for 2020-21)

- **Transient Visitor Levy**
We will consult, in 2019, on the principles of a locally determined tourist tax, prior to introducing legislation to permit local authorities to introduce a transient visitor levy, if they consider it appropriate for local circumstances
- **Broker Cross Party Talks In The First Half Of 2019**
There is a majority in Parliament in favour of replacing the current Council Tax, but there is no consensus about what the replacement should be. We will therefore convene talks in the first half of 2019 with all parties to identify options for the replacement of the present council tax that would be supported by Parliament.

- **A Three Year Funding Settlement for Local Government**

We will work jointly with COSLA to agree a three year funding settlement for local government, along with a supporting rules-based framework. This will necessarily need the agreement of Parliament, and must also support the outcomes of the Local Governance Review as well as key Scottish Government commitments, such as in relation to Health spending.

- **Workplace Car Parking Levy**

We will support an agreed amendment to the current Transport (Scotland) Bill that would provide Councils with the power to apply a levy on work place car parking spaces subject to the exclusion of hospitals and NHS properties from its provisions.

Long Term Measures(Calendar years 2020, 2021 and beyond)

- **Devolve Non Domestic Rates Empty Property Relief to Local Authorities**

The Scottish Government will devolve the funding currently allocated to Empty Property Relief to individual local authorities as part of the next revaluation on 1st April 2022. Earlier devolution would undermine a number of Barclay recommendations which seek to reform the Relief. Primary legislation planned for introduction in early 2019 to implement the recommendations are estimated by the Barclay Review to reduce the costs of the relief by between £15m-53m upon passage of the Bill. Devolution prior to those reforms forego those revenue savings.

- **Prepare Legislation To Implement The Replacement Of The Present Council Tax Before The End Of The Next Parliament**

We will prepare the necessary legislation to implement the reforms agreed in the cross party talks before the end of the next Parliament.

The Scottish Government
31st January 2019.