

The following is an extract from a letter from Derek Mackay MSP, Cabinet Secretary for Finance and the Constitution to Rt Hon Philip Hammond, Chancellor of the Exchequer, dated 10 November 2017:

I have raised on numerous occasions the issue with regards to the inability of the Scottish Police Authority and the Scottish Fire and Rescue Service to reclaim VAT which results in an additional unnecessary annual cost of around £35 million. Your officials have always maintained that the reason for the refusal to allow the services the ability to reclaim VAT was due to the way Police and Fire services are funded in Scotland and their lack of any power of precept on local taxation, thus leaving them as the only territorial emergency services in the UK not to have this concession. I find it very difficult to understand why Scotland's emergency services fail to have parity of treatment, as they provide exactly the same services as in other parts of the UK. I therefore urge you to reconsider introducing changes to VAT legislation through the Finance Bill to enable our Scottish emergency services to recover VAT and in doing so reimburse the £140 million that has been paid to date by Scotland's emergency services.