Tax Advisory Group

Minutes: 20 July 2023

Attendees

- Stuart Adam, senior economist at the Institute for Fiscal Studies
- Dave Moxham, Deputy General Secretary at the Scottish Trades Union Congress
- Jim McCormick, Chief Executive of the Robertson Trust
- Katie Hagmann, COSLA Resources spokesperson
- Aidan O'Carroll, Chair of Revenue Scotland and former Chair of the Institute of Directors in Scotland
- Liz Cameron, Chief Executive of the Scottish Chambers of Commerce
- Charlotte Barbour, Director of Regulatory Authorisations at the Institute of Chartered Accountants of Scotland and Deputy President of the Chartered Institute of Taxation
- Professor David Heald, Emeritus Professor in the Adam Smith Business School, University of Glasgow
- Dan Neidle, Founder of Tax Policy Associates and former tax lawyer
- Mairi Spowage, Director of the Fraser of Allander Institute

Scottish Government

- Shona Robison MSP, Deputy First Minister and Cabinet Secretary for Finance (Chair)
- Lorraine King, Deputy Director, Tax Strategy, Engagement and Performance

Apologies

- Minister for Community Wealth and Public Finance

1. Welcome and introductions

Introductions were made and apologies noted above.

Minute and actions of previous meeting

This was the first meeting of the Tax Advisory Group.

2. Presentation and discussion: Medium Term Financial Strategy and the Scottish Tax System

Lorraine King presented to the Group on the Medium Term Financial Strategy (MTFS) and the three pillar supporting the Strategy – spending, economic growth and a strategic approach to tax policy. The presentation also included discussion of the challenges facing the Scottish tax system and an indicative work plan for discussion later in the meeting.

The Deputy First Minister noted the challenges facing the economy and highlighted the importance of sustainable public finances to delivering the Scottish Government's three missions – Equality (Tackling poverty and protecting people from harm), Opportunity (A fair, green and growing economy) and Community (Prioritising our public services).

The Deputy First Minister went on to highlight the importance of hearing different viewpoints, experiences, insights, ideas and challenges to help us develop a tax system that is fair, progressive and effective.

The Deputy First Minister noted the importance of considering the whole tax system when thinking about policy changes, and the need to be mindful of the fiscal framework as the Group works on developing a tax strategy for Scotland.

3. Purpose of the group

The Deputy First Minister invited views from the group on what the key aspects for consideration of the Group could be. The discussion covered the role of the tax system (including reliefs and incentives) in encouraging business start and scale ups, as well as helping Scotland work towards net zero.

The Group highlighted considerations in income tax system design including fiscal drag, marginal vs average rates, economic performance and wider Government policy including the New Deal for Business and the New Deal for Local Government.

The Deputy First Minister asked the Group to reflect on what a successful system would look like – one that was fair, workable, easily understood, generated revenues but avoids some of the negative effects which were raised by members of the Group. She went on to note the importance of digitisation for supporting the tax system and ensuring efficiency and accuracy both to enhance tax performance and simplify collection.

Group members also raised the importance of thinking about the Scottish Government's lexus of control over 5, 10 and 15 year horizons, to ensure that the work of the Group was alive to future challenges.

The next meeting of the Tax Advisory Group was confirmed as 9.30 – 11.00 on Thursday 21 September.

Action:

1. Redraft ‘Purpose’ in Terms of Reference and Group to agree through correspondence prior to the next meeting.
2. Consider how workplan can be stratified into short, medium and longer term targets.

Question:

To ask the Scottish Government what its response is to a recent poll that found that more than a third of people in Scotland would consider relocating if income taxes were increased further.

Asked by:

Liz Smith

To be answered by:

Humza Yousaf

Answer:

The Scottish Government is proud to have the fairest and most progressive tax system in the UK.

Consideration of behavioural changes are a vital part of our tax policy decisions. Our evaluation of the move to a more progressive tax system in 2018-29 found no evidence of significant behaviour change, including cross-border migration.

And that should come as no surprise, because our social contract with every citizen goes significantly beyond provision in the rest of the UK including free prescriptions, free higher education and supporting more than 400,000 children eligible for the Scottish Child Payment.

SCOTTISH INCOME TAX – BACKGROUND NOTE FMQ

16 May: IFS releases report highlighting the changing nature of higher rate taxpayers across the UK resulting from decisions to freeze the Higher Rate Threshold.
15 May: The Times report that the Scottish Government is carrying out analysis on whether changes to Scottish Income Tax will impact key workers, and reference the True North survey conducted on 10 May (further information below). The Times state **QUOTE: "***36 per cent of people would consider relocating to another part of the UK if Scottish income tax was increased further."*
15 May: The Herald note that due to wage increases, SG can no longer claim the majority of taxpayers pay less Income Tax in Scotland than if they lived elsewhere in the UK.
10 May: Survation conducted a representative poll of 1,009 adults aged 16+ in Scotland on behalf of True North. This found that 36% of people would consider relocating if there were further Income Tax rises.

People base their decisions on where to live and work on a wide range of factors, including the quality and provision of public services, not just the tax they will pay.

- Our decisions at Budget 2023-24 honour the social contract which we are proud to have between the Government and people of Scotland. We are asking those who are able to contribute more, to do so.
- People living in Scotland have access to a wide range of social security payments and public services that go significantly beyond what is provided in other parts of the UK.
- This investment helps make Scotland a great place to live, work, study and do business in for all who live here.
- As noted by our independent expert panel established by the previous Deputy First Minister (2 November 2022), **[QUOTE]** *"International empirical studies suggest that tax-induced cross-border migration is small in magnitude."*

The decisions we have taken on Income Tax have balanced the need to raise revenue to maintain public services here in Scotland.

- There is no doubt that 2023-24 represented the most challenging Budget since devolution, with record-high inflation having a corrosive effect on our spending power and the delivery of public services.
- The SFC have estimated that the decisions we've made in Scotland, since Income Tax powers were devolved might raise around £1 billion more in 2023-24 compared to had we followed UK Government tax policy.

- Those earning less than £27,850 – which is 52% of Scottish taxpayers – will continue to pay slightly less Income Tax in 2023-24 than if they lived elsewhere in the UK.
- Anyone who disagree with the decisions we have taken on tax must be prepared to outline which public services they would cut in order to provide tax breaks.

Without control over economic policy – which the UK Government refuses to give us – we do not have the full powers to drive growth in the Scottish economy and the tax base.

- The UK Government retains control over a many key economic levers, including powers over migration, minimum wage, key aspects of energy policy, amongst many others.
- We are also seriously limited in the amount we can borrow to invest in our economy and grow key strategic industries of the future.

The Scottish Government and HMRC are developing new data sources and evidence to help better understand potential behaviour responses to tax changes in Scotland.

- HMRC and the Scottish Government published studies on the Scottish Government's 2018-19 Income Tax reforms which showed limited evidence of Scottish taxpayers lowering their taxable income in response to increasing tax rates.
- HMRC is now developing a dataset which will enable us to track taxpayers liable to Income Tax - and how their location and income changes - over time, i.e. over more than a decade.
- This will allow us to analyse trends in intra-UK migration and whether they are impacted by changes to devolved Income Tax policy.
- We are also exploring other research projects and modelling techniques to assess the impact of devolved tax policies on people's choices to participate in the labour market or migrate to other parts of the UK.
- We will consider opportunities to update Parliament in the future, when appropriate.

From: [REDACTED] **On Behalf Of** Deputy First Minister and Cabinet Secretary for Finance
Sent: Tuesday, April 11, 2023 5:26 PM
To: [REDACTED]
Subject: RE: For Cab Sec clearance - media query - Norwegian tax impact - Scottish Express

[REDACTED],

DFM is content.

Thanks

[REDACTED]

[REDACTED]
[REDACTED]|**The Scottish Government**
St Andrew's House | Regent Road | Edinburgh | EH1 3DG
T: [REDACTED] | **Email:** DFMCSF@gov.scot

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From: [REDACTED]
Sent: 11 April 2023 17:03
To: Deputy First Minister and Cabinet Secretary for Finance <DFMCSF@gov.scot>
Cc: Minister for Community Wealth & Public Finance <MinisterCWPF@gov.scot>; Minister for Local Government Empowerment & Planning <MinisterLGEP@gov.scot>; Minister for Parliamentary Business <MinisterPB@gov.scot>; [REDACTED]
Subject: For Cab Sec clearance - media query - Norwegian tax impact - Scottish Express

Good evening DFM PO,

The Express has been in touch looking for SG reaction to the below story and comment from the Conservatives on reports that 30 super-rich Norwegians left Norway last year due to an increase in wealth tax.

SpADs, comms and policy suggest the following response – I'd be grateful if you could confirm whether the Cabinet Secretary is content, please?

RESPONSE

A Scottish Government spokesperson said:

"The Scottish Government's most recent evaluation of its income tax reform in 2018-19 found no evidence of significant behaviour change, including cross-border migration.

“People base their decisions on where to live and work on a range of factors, including the quality and provision of public services.

“Scotland has the fairest tax system and offers the most comprehensive social contract in the UK, making it an attractive place to live, work, study and do business.

Background:

The Scottish Government’s policy evaluation of the 2018-19 income tax reform considers the impact of the move to a more progressive five-band system.

QUERY

Here is the line from Liz Smith with regard to reports that more than 30 Norwegian billionaires and multimillionaires left Norway in 2022, according to research by the newspaper Dagens Naeringsliv.

This was more than the total number of super-rich people who left the country during the previous 13 years, it added. Even more super-rich individuals are expected to leave this year because of the increase in wealth tax in November, costing the government tens of millions in lost tax receipts**.**

https://www.theguardian.com/world/2023/apr/10/super-rich-abandoning-norway-at-record-rate-as-wealth-tax-rises-slightly

Scottish Conservative Shadow Cabinet Secretary for Finance and Economy Liz Smith MSP said: “This shows how differences in tax rates can affect behaviour, and even lead to a fall in government revenue.

“But unlike Norway, Scotland is risking those disincentives not just for the super-rich, but middle-earners. A majority of Scottish workers are paying more than they would elsewhere in the UK since the SNP Government created, and then widened, that differential.

“With a declining population and sluggish growth, that is a risky approach to take, and will do little to encourage people to move here and help build our economy.”

Many thanks,
[REDACTED]

[REDACTED]
[REDACTED]| News: Deputy First Minister, Finance & Corporate
The Scottish Government, St Andrew's House, Edinburgh
m: [REDACTED]

From: [REDACTED]
Sent: Friday, August 18, 2023 12:12 PM
To: [REDACTED] **Cc:** [REDACTED]
Subject: RE: Looking for your help please

Hi [REDACTED]

Please find some lines below:

- Our Income Tax policy decisions ensure we are making the best use of the limited tax powers at our disposal to support the provision of our vital public services, through these challenging economic times.
- Our decisions on tax policy to date, including the recent changes made at Budget for 2023-24, further enhanced the progressivity of the tax system by asking those who can, to contribute more.
- We have carefully balanced the need to raise revenue, with the impact on households and the wider economy at the current time.
- We have not taken our decisions on tax lightly and we recognise the challenging economic conditions that many people and businesses are facing. That is why we are asking those who are able to contribute more, to do so.
- People base their decisions on where to live and work on a wide range of factors, including the quality and provision of public services, not just the tax they will pay.
- Scotland offers the most comprehensive social contract in any part of the UK, making Scotland an attractive place to live, work, study and do business.
- We have carefully balanced the need to raise additional revenue to support public services, while considering any potential behavioural change from some taxpayers.
- Our evaluation of the 2018-19 Income Tax policy changes found no evidence of significant behaviour change, including cross-border migration, as a result of our move to a more progressive tax system.
- Of course, we are aware of the risks and are actively monitoring the revenue risks associated with cross border mobility and behavioural responses of top earners as new data and research becomes available.
- In 2022, Scotland ranked as the top destination for FDI outside of London, a position held for nine out of the last ten years according to Ernst and Young Annual Attractiveness Survey, demonstrating there is absolutely no indication that our tax policy has had a detrimental effect on the competitiveness of our economy.

Best wishes

[REDACTED]

From: [REDACTED]
Sent: 18 August 2023 07:39
To: [REDACTED]; [REDACTED]
Subject: Looking for your help please

Morning both

I am hoping you might be able to help me please and/or point me in the right direction

Cab Sec Mr Gray is meeting with senior financial services leaders next week at a Scottish Financial Enterprise (SFE) dinner in Edinburgh.

Whilst this is a private dinner, topics of discussion will be around growth of the sector and one issue that has come up several times by SFE is Scottish Tax rates for high earners. This is perceived as a big issue when recruiting and retaining staff in FS sector.

Do you have any top lines we can include in the short brief (as this is a dinner) for Mr Gray and sorry for deadline but could you provide today (again sorry!)

Any/all help greatly appreciated and more than happy to chat if easier

Thanks
[REDACTED]

gov.scot [REDACTED]|Scottish Government|:[REDACTED]

OCEA - Times story - Migration Brief

Tax rises 'causing brain drain to England' (thetimes.co.uk)

11 September: The FM noted that tax decisions would be taken at the Budget but cited a recent STUC report which proposed a series of progressive tax changes, including adding a further Income Tax band and an 1% annual tax on wealth exceeding £1 million. (Scotsman)
6 September: The FM notes impact of divergence from rUK stating "But if that divergence grows too wide, then we know there could be behavioural impacts as a result" (ITV news)

CROSS-BORDER MIGRATION

The Scotland Act 2016 gave the Scottish Parliament the power to set the rates and bands applying to non-savings non-dividends income tax. Scottish Government has introduced a tax system that is fairer and more progressive than that of the UK.

- In the first year (2017-18), there was a small divergence between the Scottish and UK Income Tax systems, when the Higher Rate threshold in Scotland was frozen at £43,000.
- In 2018-19, the Scottish Government introduced significant reforms to Scottish Income Tax, adding two new bands to split the previous Basic Rate band and adding 1p to the Higher and Top Rates. The Scottish Government's evaluation of the move to a more progressive Income Tax system in 2018-19 found no evidence of significant behaviour change, including cross-border migration.
- Subsequent budgets have seen further policy divergences from the rest of the UK. Notably, the Higher rate threshold in Scotland has been frozen in 5 of the last 7 years whilst the Higher rate threshold in the rUK rose to £50,270 over the same period. Changes in 2023-24 further increased divergence, with an additional 1p added to both the Higher and Top rates in Scotland.

Income Tax policy in Scotland

	2022-23			2023-24	
Income Range	**Band Name**	**Rate**	**Income Range**	**Band Name**	**Rate**
£12,571* - £14,732	Starter	19%	£12,571* - £14,732	Starter	19%
£14,733 - £25,688	Basic	20%	£14,733 - £25,688	Basic	20%
£25,689 - £43,662	Intermediate	21%	£25,689 - £43,662	Intermediate	21%
£43,663 - £150,000**	Higher	41%	£43,663 - £125,140**	Higher	42%
Over £150,000**	Additional	46%	Over £125,140**	Additional	47%

*****Assumes individuals are in receipt of the Standard UK Personal Allowance
****** Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000

Income Tax policy in rUK

	2022-23			2023-24	
Income Range	**Band Name**	**Rate**	**Income Range**	**Band Name**	**Rate**
£12,571* - £50,270	Basic Rate	20%	£12,571* - £50,270	Basic Rate	20%
£50,271 - £150,000	Higher Rate	40%	£50,271 - £125,140	Higher Rate	40%
Above £150,000**	Additional Rate	45%	Above £125,140 **	Additional Rate	45%

***** Assumes individuals are in receipt of the Standard UK Personal Allowance
****** Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000

Migration statistics show that more people have moved to Scotland from the rest of the UK than have left every year since 2001/02..

- Over the last five years nearly 7,000 working age people have moved from the rest of the UK to Scotland on average every year. However, it should be noted that the available statistics do not provide any insight into migration by level of income.
- Scotland has gained population from the rest of the UK every year since 2001. Between 2001/02 and 2020/21 population inflows from the rest of the UK increased Scotland's population by 165,000.
- Migration is the most difficult component of population change to estimate; there is no comprehensive system which registers migration to or from other parts of the UK. Estimates of migration flows therefore have to be based on the best proxy data that exist. In addition, Scotland's population and migration statistics will be revised in light of the new Census data for Scotland.

Most people who come to Scotland from the rest of the UK or overseas are of working age and add to the size of the workforce. Student movement dominates migration flows between rUK and Scotland.

- The largest numbers of people coming from the rest of the UK are between 19 and 36, and the migration pattern has two distinct peaks; one peaking at age 19, relating to student migration, and another peaking in the mid-20s.
- Out-migration from Scotland to the rest of the UK follows a similar pattern, but with a lower peak for 18-20 year olds, and a higher peak for the mid 20s, suggesting that many who come to study in Scotland will return after their studies and perhaps working for a few years.
- Besides educational and employment related factors, networks and family ties are also important. Analysis of the 2011 census data shows that many migrants, especially those who move within the UK, are return migrants. Return migrants account for 40% of migrants from Scotland to England and 25% from the rUK to Scotland.

Scotland's economy benefits significantly from migration but the impact on Scotland's budget is determined through the operation of the Fiscal Framework

- People who have chosen to live and work in Scotland are helping to grow the economy by providing a boost to our workforce. Migration is also associated with increased productivity and innovation.
- The exact impact of increased migration on the Scottish budget position will be affected through the operation of Fiscal Framework and it would depend on the relative incomes of those who choose to settle in Scotland.
- Analysis of Labour Force Survey between 2016 and 2019 by area of residence and country of birth supports the hypothesis that migrants between Scotland and rUK have higher levels of education and also of pay than do non-migrants.[1]
- Besides educational and employment related factors, networks and family ties are also important. Analysis of the 2011 census data shows that many migrants, especially those who move within the UK, are return migrants, i.e. move back to the UK's constituent country they were born. Return migrants account for 40% of migrants from Scotland to England and 25% from the rUK to Scotland.
- Ultimately, there are limitations to this analysis as the data only allows us to track physical movements of the entire Scottish (working age) population - including some individuals, who do not currently pay tax - rather than changes in tax residency, which sometimes occur only on paper. The data also does not allow us to break down migration by level of income.
- From a revenue perspective, the biggest concern relates to a small number of high value taxpayers leaving Scotland as this would result in a loss of all their tax receipts.

TAX MOTIVATED MIGRATION

People base their decisions on where to live and work on a wide range of factors, not just the tax they will pay.

- People from the rest of the UK are coming to Scotland, not leaving it. Over 45,000 people of working age came to Scotland in 2021, with net in-migration at just over 5,000. (Source: NRS, 16-64 year olds).
- In Scotland, they have access to a wide range of social security payments and public services that go significantly beyond what is provided in other parts of the UK including free prescriptions and free higher education.
- But it's important to recognise we can do more, which is why we are committed to establishing a Talent Attraction Programme and Migration Service for Scotland which will help build on our success in this space.
- The Scottish Government's evaluation of the move to a more progressive Income Tax system in 2018-19 found no evidence of significant behaviour change, including cross-border migration.
- Further, as noted by our independent expert panel established by the previous Deputy First Minister (2 November 2022), **[QUOTE]:** *"International empirical studies suggest that tax-induced cross-border migration is small in magnitude."*
- Building on this, the Scottish Government and HMRC are developing new, and robust, data sources and evidence to help better understand potential behavioural responses, including taxpayer movements across the UK over time.

[1] Internal Migration in Scotland and the UK: Trends and Policy Lessons (www.gov.scot)

- Behavioural changes are a vital part of the Scottish Government's tax policy decisions.
- It is for others to explain how cutting taxes and running down our vital public services would make Scotland a more attractive place to live, work, study or do business.

UKG MIGRATION POLICY

Migration is an issue which is crucial for our future economic and social wellbeing. We need a solution that meets Scotland's needs and allows our communities and our economy to flourish.

- We know that the current UK government immigration system is not meeting the needs of Scotland's communities, especially those in rural and island areas.
- Scottish Government is committed to taking the furthest action possible to address the challenges which we face around Scotland's current and future population.
- This is exemplified in our delivery of the Attractive and Welcoming pillar of our Population Strategy, published in 2021. This sets out our ambition for Scotland to be the best place to move to, work, have a family and live well.
- In September 2022, the Scottish Parliament once again voiced strong majority support for a differentiated, tailored migration policy to be delivered to meet the needs of Scotland and its communities.
- We urgently need tailored solutions, such as our practical and deliverable Rural Visa Pilot proposal, that meet those needs. Yet the UK Government's focus is on restricting migration and putting barriers in place for those who might seek to come here to build a new life.
- The UK Government's approach to migration ignores the wider issue of social value and the importance of jobs in sectors like social and health care or in rural and island communities. It ignores the contribution that people who have moved to Scotland make to our cultural life and to our communities.

Annex

Table 1: Migration (16-64 year olds) between Scotland and the rest of the UK (England, Wales, Northern Ireland)

	Inflows to Scotland	**Outflows from Scotland**	**Net (Inflows minus Outflows)**
2016-17	38,099	29,741	8,358
2017-18	37,916	30,461	7,455
2018-19	37,793	30,606	7,187
2019-20	33,450	27,090	6,360
2020-21	45,459	40,029	5,430
5-year average	38,543	31,585	6,958
Source: Rest of the UK Migration | National Records of Scotland (nrscotland.gov.uk)			

Correspondence regarding Council Tax increases	-----Original Message----- From: [REDACTED] Sent: Thursday, July 13, 2023 3:51 PM To: Central Enquiry Unit <CEU@gov.scot>; [REDACTED] Subject: Proposed Council Tax Increase Proposed Council Tax Increases. FAO Public Finance Minister Tom Arthur. Please acknowledge receipt. I see that once again due to the Scottish Government Financial Fiscal failings and incompetence, we may be yet again subject to a tax rise, this time in the form of local Council Tax for the the top four bands. I did consider and intend to complete the Public Consultation Survey, however when I seen the content and loaded questions I decided not to participate and encourage further incompetence. Here we are once again where the Scottish Government are devoid of policy, process and grasp of current financial policy. It really beggars belief that such ill informed Ministers are allowed to even consider such a policy given the current climate. Rather than look to grow an economy, create wealth and prosperity, once again we have a proposal to increase taxation. This is now becoming ludicrous, you should know that continually raising taxes will not lead to prosperity, wealth creation or improved public services. However since when did simple second year economics get in the way of the SNP tax grab to simply waste on vanity projects. Unfortunately the SNP Scottish Government see middle earners as the state cash cow and fail to recognise the impact these proposals would have on them.

	The size and cost of a house/ property should not be used to gauge their income or capacity to pay more. The property is not reflective of income, many home owners make significant lifestyle choices and sacrifices to purchase a house. Irrespective of the size of the property they pay more to use the same public services and often receive considerably less in return. The size of the property has no impact on the level of service they receive from paying Council Tax. In case you are not aware, we are currently in the middle of a cost of living crisis where budgets are stretched, inflation has risen, increased fuel costs, increased mortgage rate and a reduction of economical growth. It really does beggar belief that whilst this is ongoing you could even consider this proposal. Members of the public who reside and make sacrifices to purchase property do not have significant disposable income to merit this increase. They also have to find additional income to pay for mortgage increase , existing Council Tax and external expenditure relating to cost of living. Despite this, you seem to assume and determine that those with larger properties should pay more, based on nothing more than the size of the house and the garden. Meanwhile, in the real world your ill thought out proposals will only result in mortgage arrears , increased poverty, reduction in disposable income, council tax arrears and stifle growth. The truth of the matter, whether you like or it not is that because of the high tax brackets in Scotland, people who reside in these properties cannot afford to pay any more tax and why should they. They also have a threshold and through your tax policy the majority have now hit that threshold.

	I'm afraid your progressive and fair tax policy messaging is now starting to fail as the public see it is unfair and continually targets the same demographic of society. As a high rate taxpayer and member of the public , I have had enough of the Scottish Government determining the take on my income and what they squander it on. Despite significant tax increases and now this ridiculous proposal, we are still in the position where we are paying considerable more taxes for poorer public services which defeats the purpose. Any responsible government has a duty to manage income versus expenditure. Increasing taxation should be the last resort, and other financial instruments should be considered before tax increase. Perhaps you should look at other expenditure relating to government vanity projects , and reduce costs before increasing tax for the majority of those who are ambitious, seek prosperity and opportunity. Whilst I note you seek solace in the Council Tax Reduction Scheme , it is you who is considering pushing hard working people into debt and inability to pay against their will. A policy such as this will result in increased debt arrears and reduced income. These proposals must be dropped. They are unaffordable , unfair and consistent with a tired government devoid of monetary or financial policy. Given the nature of the proposals the rises are significant and not affordable to residents. I look forward to hearing from you. [REDACTED]

	From: [REDACTED] **Sent:** Thursday, July 13, 2023 12:28 AM **To:** Central Enquiry Unit <CEU@gov.scot> **Subject:** Edinburgh council tax increases Hello Just read article about increases in council tax. Frankly what you need to impose is that landlords actually pay council tax. Students dump everything, as do the landlords on many occasions, the contents of their rented properties. It is absolutely disgusting and they get away with it. So please don't penalise people who work, dealing with increasing living Ng costs, interest rates. Get a fairer system in place. Edinburgh university seems to rum Edinburgh not the SNP.
	-----Original Message----- From: [REDACTED] Sent: 03 July 2023 08:19 To: Yousaf H (Humza), MSP <Humza.Yousaf.msp@parliament.scot> Subject: Proposed council tax Increases for Band F Properties CAUTION: This e-mail originated from outside of The Scottish Parliament. Do not click links or open attachments unless you recognise the sender and know the content is safe. >>> Dear Humza, >>>

	>>> It was with great concern that I have read that that Scottish councils are potentially seeking a further council tax increase of 12.5% for Band F properties. This is based on the very mistaken assumption that people living in these properties are wealthy and can afford to pay more than their fair share despite using the same amount or indeed less council services than others in smaller or less valuable properties.
	>>>
	>>> In my own case, I can evidence this as follows:-
	>>>
	>>> 1 I live alone and have no family or children so use less services
	>>> than couples or families
	>>> 2 I had to give up my job over 2 years ago due to health issues with
	>>> my last annual salary being £18,000 per year
	>>> 3 I receive no state benefits and survive on a small personal
	>>> pension and do not yet receive a State pension
	>>> 4 I currently undertake voluntary work for the Citizens Advice
	>>> Bureau in the Pollok area and for a hospice
	>>> 5 I did not buy the property but had this passed down to me
	>>> following the death of my mother. I lived with her as a caregiver
	>>> for Alzheimer's for 10 years until her death
	>>> 6 I have to live on less money than almost anyone who has a job
	>>> paying on or above the minimum wage
	>>>
	>>> Does this sound like a wealthy person who can afford to pay another 12.5% totalling £3000 per year solely for council tax?
	>>>
	>>> Not everyone living in larger houses have the money that others (including councillors and other politicians) think. It is ridiculous to apply such a broad additional tax based on such mistaken assumptions and the whole idea should be sent back to the drawing board and properly thought out based on correct factual information.
	>>>

	>>> I look forward to hearing your thoughts and response at your
	>>> earliest convenience
	>>>
	>>> Kind regards
	>>>
	>>> [REDACTED]
	>>
	>>> Sent from my iPad

	-----Original Message----- From: [REDACTED] Sent: Monday, July 3, 2023 11:36 AM To: First Minister <FirstMinister@gov.scot> Subject: Proposed Council Tax Increases bands E-H Dear First Minster, I read online that there are proposed hikes for the above bands which I find if true are totally shocking. My wife and I are in a band F property which we have spent the last 20 years renovating, we also have a mortgage which has increasingly become more costly as a result of the interest rate rises. In addition, our local authority have increased the council tax this year by 7%! It is so unfair and unjust to keep putting a burden such as this upon people. The justification is that you are targeting people who can most afford it, well we have a 15 year old car, I am a teacher and I now see part of my pay going into the higher tax band which was also increased and my wife is a care worker doing all the hours under the sun to help us get through the cost of living crisis. (You are more than welcome to check this) We rarely go on holiday. How do you think this is fair to inflict such financial pain on people? I have been an SNP supporter to date but if this proposal goes ahead then I can no longer support your party.

	Regards [REDACTED]

From: [REDACTED]
Sent: Thursday, June 22, 2023 1:22 PM
To: [REDACTED] >; [REDACTED] >; [REDACTED] >
Cc: [REDACTED] >
Subject: RE: Briefing lines to be checked - Taxation - 2pm 22 June 2023

Hi [REDACTED]

Thanks for flagging. [REDACTED] and I just realised [REDACTED]'s automatic reply doesn't state any dates – he's off from last Fri to next Mon!

We're both content with these lines as they stand. Please do just let me know if you need anything else.

Thanks,
[REDACTED]

[REDACTED]
Directorate for Tax and Revenues

From: [REDACTED] >
Sent: 22 June 2023 12:51
To: [REDACTED] >; [REDACTED] >; [REDACTED] >
Cc: [REDACTED] >
Subject: RE: Briefing lines to be checked - Taxation - 2pm 22 June 2023

Hi [REDACTED]

I see [REDACTED] is offline today and wondered if you could update the lines below if required.

Thanks,
[REDACTED]

People base their decisions on where to live and work on a wide range of factors, including the quality and provision of public services, not just the tax they will pay.

- Our decisions at Budget 2023-24 honour the social contract which we are proud to have between the Government and people of Scotland. We are asking those who are able to contribute more, to do so.
- People living in Scotland have access to a wide range of social security payments and public services that go significantly beyond what is provided in other parts of the UK.
- This investment helps make Scotland a great place to live, work, study and do business in for all who live here.
- As noted by our independent expert panel established by the previous Deputy First Minister (2 November 2022), **[QUOTE]** *"International empirical studies suggest that tax-induced cross-border migration is small in magnitude."*

The Scottish Government and HMRC are developing new data sources and evidence to help better understand potential behaviour responses to tax changes in Scotland.

- HMRC and the Scottish Government published studies on the Scottish Government's 2018-19 Income Tax reforms which showed limited evidence of Scottish taxpayers lowering their taxable income in response to increasing tax rates.
- HMRC is now developing a dataset which will enable us to track taxpayers liable to Income Tax - and how their location and income changes - over time.
- This will allow us to analyse trends in intra-UK migration and whether they are impacted by changes to devolved Income Tax policy.
- We are also exploring other research projects and modelling techniques to assess the impact of devolved tax policies on people's choices to participate in the labour market or migrate to other parts of the UK.
- We will consider opportunities to update Parliament in the future, when appropriate.

[REDACTED]| **Economic Strategy Directorate**
BESTCovidHub@gov.scot
gov.scot

From: [REDACTED]
Sent: Monday, June 19, 2023 2:52 PM
To: [REDACTED]>
Cc: [REDACTED]>
Subject: RE: Briefing lines to be checked - Taxation - 2pm 22 June 2023

Hi [REDACTED],

Mr Gray is now meeting with Liz Smith next Thurs (29th June). Grateful if you could provide updated briefing lines as below by this Thurs (22nd June).

Many thanks,
[REDACTED]

[REDACTED]| **Economic Strategy Directorate**
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From: [REDACTED]>
Sent: Thursday, May 18, 2023 3:10 PM
To: [REDACTED]>
Cc: [REDACTED]>
Subject: RE: Briefing lines to be checked - Taxation - 2pm 18 May 2023

Thanks [REDACTED], that would be good – we'll need to update some numbers post publication of the MTFS next week.
Cheers,
[REDACTED]

From: [REDACTED]>
Sent: 18 May 2023 15:06
To: [REDACTED]>

Cc: [REDACTED]>
Subject: RE: Briefing lines to be checked - Taxation - 2pm 18 May 2023

Hi [REDACTED],

Many thanks for these lines. Just to flag the meeting with Liz Smith has been moved to the 29th June so I will come back nearer that time to check the lines are still accurate.

Thanks,
[REDACTED]

[REDACTED]| **Economic Strategy Directorate**
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From: [REDACTED]>
Sent: 18 May 2023 13:21
To: [REDACTED]>
Cc[REDACTED]>
Subject: RE: Briefing lines to be checked - Taxation - 2pm 18 May 2023

[REDACTED], I've copied some lines below from the fmq today on tax policy and migration which can be added to the pack – hopefully this covers what you need but let me know if anything else required.
Cheers,
[REDACTED]

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- Our decisions at Budget 2023-24 honour the social contract which we are proud to have between the Government and people of Scotland. We are asking those who are able to contribute more, to do so.
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- This investment helps make Scotland a great place to live, work, study and do business in for all who live here.
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- HMRC is now developing a dataset which will enable us to track taxpayers liable to Income Tax - and how their location and income changes - over time.
- This will allow us to analyse trends in intra-UK migration and whether they are impacted by changes to devolved Income Tax policy.

- We are also exploring other research projects and modelling techniques to assess the impact of devolved tax policies on people's choices to participate in the labour market or migrate to other parts of the UK.
- We will consider opportunities to update Parliament in the future, when appropriate.

From: [REDACTED]>
Sent: 18 May 2023 13:05
To: [REDACTED]>
Cc: [REDACTED]>
Subject: Briefing lines to be checked - Taxation - 2pm 18 May 2023

Hi [REDACTED],

I hope you are well. I'm currently pulling together a briefing which is due with the PO at 3pm today for Mr Gray who is meeting with Liz Smith, Scottish Conservatives Spokesperson. She has just raised an question at FMQs on taxation and I wondered if you could check the attached document which was included in the recent Wellbeing Economy debate to make sure it is up to date. I will look to include this within the briefing pack so grateful if you could come back to me by 2pm today.

Please let me know if you have any concerns with the deadline.

Many thanks,
[REDACTED]

[REDACTED]| **Economic Strategy Directorate**
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