

Scottish Budget 2024-25 - Attitudes to Tax: Public Engagement

December 2023

Summary – Pre-Budget Engagement

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Introduction

As part of a commitment to wider and inclusive engagement, the Scottish Government has established a new Tax Advisory Group (TAG) and the New Deal for Business Group, which includes a Non-Domestic Rates sub-group. These groups create the opportunity for stakeholders to provide expert advice and challenge to the Scottish Government on areas of tax policy.

The focus of TAG is on longer-term strategic tax policy and not the annual Budget process. The consultative sub-group on Non-Domestic Rates (NDR) was established under the New Deal for business Group to advise on further enhancements to the operation and administration of the Non-Domestic Rates. The sub-group, chaired by the Minister for Community Wealth and Public Finance, has a large and diverse membership, and its recommendations can be found in the [New Deal for Business Report on Progress and Recommendations](#). Meetings of the sub-group in October and November provided the opportunity for members to share their views specifically in respect of non-domestic rates in advance of Budget.

More widely, in advance of the Scottish Budget, the Scottish Government conducts annual research on public attitudes to tax. This research also includes information on where people find information on tax and their knowledge of the tax system.

The Scottish Government also undertakes a programme of engagement with stakeholders that explores their views about the operation of tax policy and taxation. The points raised in the course of these discussions are also described in this report. In addition, the Scottish Government ran focus groups in 2023 to begin to develop a more detailed picture of the public's attitude towards tax and inform our future engagement strategy.

Public Attitudes to Tax – 2023

The Scottish Social Attitudes Survey (SSAS) includes two questions on tax covering attitudes towards the level of tax and spending, and attitudes towards the redistribution of income. The latest dataset will be available in early 2024.

Since Autumn 2020, Scottish Government has included questions in a YouGov omnibus survey to gather data on public attitudes to paying tax and knowledge of the tax system.

In 2020 and 2021, figures 3 and 4 asked about Covid-19 spending. As such, these figures are not included below but you can find them [here](#).

The questions are focused on the following areas:

- Attitudes to levels of tax and spending.
- Views on personal tax levels.
- Knowledge of the Scottish and UK tax systems.

Key Findings from 2023 data¹

- 54% of respondents felt they understood the UK tax system and the UK taxes paid. This compares to 40% of respondents who felt they understood tax devolution in Scotland and the devolved taxes they paid. This is broadly in line with the last three years.
- Over half of the respondents (57%) agreed that government should redistribute income from the better off to those are less well off.
- 45% of respondents felt the amount of tax they paid was about right, with 36% feeling it was too high.
- 43% of respondents would be prepared to pay more taxes in order to fund public services. Of these respondents, 58% would be prepared to pay more in income tax and 37% would be prepared to pay more green/environmental taxes.
- Just 9% of people think the government should reduce taxes and spend less on health, education and social benefits.
- As with previous years, most people find information about tax from the UK Government website (27%), followed by the Scottish Government website (11%) and friends and family (10%).

Figure 1. To what extent do you agree or disagree with the following statement: 'Government should redistribute income from the better-off to those who are less well off.'

	YouGov 2020	YouGov 2021	YouGov 2022	YouGov 2023
Agree Strongly	26%	26%	34%	27%
Agree Strongly	32%	33%	33%	30%
TOTAL AGREE	58%	59%	67%	57%
Neither	26%	27%	22%	26%
Disagree	12%	11%	8%	12%
Disagree Strongly	5%	5%	2%	5%
TOTAL DISAGREE	17%	16%	10%	17%

¹ All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,075 adults. Fieldwork was undertaken between 7th - 13th November 2023. The survey was carried out online. The figures have been weighted and are representative of all adults in Scotland (aged 18+).

Figure 2. Suppose the government had to choose between the three options on this card. Which do you think it should choose?

	YouGov 2020	YouGov 2021	YouGov 2022	YouGov 2023
Reduce taxes and spend less on health, education and social benefits	6%	7%	8%	9%
Keep taxes and spending on these services at the same level as now	46%	48%	40%	42%
Increase taxes and spend more on health, education and social benefits	48%	46%	53%	49%

Figure 3. Which of these statements do you agree with the most in relation to future levels of tax and public spending?

	YouGov 2022	YouGov 2023
I am prepared to pay more taxes myself in order to fund public services	47%	43%
I am prepared for some cuts to public services rather than pay more taxes myself	18%	19%
Neither	21%	23%
Don't know	14%	15%

Figure 4. In which of the following areas would you be prepared to pay more tax in? Please tick all that apply. (Only shown to those who said they would be prepared to pay more taxes to fund public services)

	YouGov 2022 (n=509)	YouGov 2023 (n=502)
Income taxes	68%	58%
Green/environmental taxes	36%	37%
Local taxes (e.g. Council Tax)	33%	33%
Consumption taxes (e.g. VAT)	29%	27%
Other taxes [see Tab2]	4%	4%
Don't know	11%	9%

Figure 5. On balance, would you say that the amount of tax that you and your family have to pay is too high, too low or about right?

	YouGov 2021	YouGov 2022	YouGov 2023
Too high	28%	30%	36%
About right	52%	47%	45%
Too low	3%	5%	3%
Don't know	17%	9%	16%

Figure 6. How well, if at all, do you feel you understand the UK tax system and the UK taxes you pay? And how well, if at all, do you feel you understand tax devolution in Scotland and the devolved taxes you pay?

	Scotland (YouGov)				UK (YouGov)			
	2020	2021	2022	2023	2020	2021	2022	2023
Understand them very well	7%	7%	9%	7%	9%	10%	11%	8%
Understand them fairly well	37%	32%	36%	33%	50%	42%	48%	46%
TOTAL UNDERSTAND	44%	39%	45%	40%	59%	52%	59%	54%
Do not understand them that well	33%	35%	29%	34%	26%	31%	27%	30%
Do not understand them at all	17%	18%	19%	20%	10%	10%	10%	11%
TOTAL DO NOT UNDERSTAND	50%	53%	48%	54%	36%	41%	37%	41%
Don't know	6%	8%	7%	7%	5%	7%	5%	4%

Figure 7. Which one, if any, of the following is how you find most of your information on tax?

	YouGov 2021	YouGov 2022	YouGov 2023
UK Government website	22%	25%	27%
Scottish Government website	11%	13%	11%
Friends and family	7%	7%	10%
My employer	5%	5%	7%
Independent websites	6%	6%	6%
Mainstream media (newspapers, TV and radio)	10%	11%	6%
Independent tax professional organisations	3%	2%	3%
Social media	2%	2%	1%
Other	2%	3%	2%
Don't know	6%	7%	5%
Not applicable - I don't find information on tax	26%	18%	22%

Stakeholder Roundtable Summary

Introduction

Ahead of each Scottish Budget, Scottish Ministers chair a series of pre-Budget roundtables with a range of stakeholders to understand their views on taxation.

For the 2024-25 Scottish Budget, there were two formal roundtables, chaired by Tom Arthur MSP, Minister for Public Finance, Planning and Community Wealth. One session focussed on tax policy generally and one focussed specifically on property taxes. The organisations which attended these roundtables are:

- Chartered Institute of Taxation (CIOT)
- Child Poverty Action Group (CPAG)
- COSLA
- Federation of Small Business (FSB)
- Prosper (former Council for Development and Industry)
- Scottish Property Federation
- Scottish Retail Consortium (SRC)
- UK Hospitality

Key Themes

Cost of Living

- Stakeholders highlighted ongoing challenges for individuals and businesses due to the cost of living crisis. It was noted that the Scottish Child Payment is helping to support low income families and this momentum should be sustained. Stakeholders noted that driving economic growth should be a priority.

Longer term changes to tax system

- Stakeholders agreed that a holistic view should be taken when considering tax policy, to ensure the wider impacts on individuals, families and business is understood.
- Stakeholders offered several suggestions including: further adjustments to income tax bands; and consideration of wealth taxes, including a mobile wealth tax.
- The role of TAG in the Budget process, if any, was queried. It was confirmed they did not.

Devolved taxes and further tax powers

- The upcoming visitor levy legislation was discussed by stakeholders. It was stressed that continued close engagement with business was important to ensure the levy is sustainable. The introduction of the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill was welcomed.

Tax engagement

- It was noted that public understanding of the differences between the Scottish and UK system was mixed. It was also suggested that the link between taxes and public services needs to be highlighted, to facilitate an informed discussion.

Council Tax

- There was agreement that reform of council tax should be a priority, particularly due to its regressivity. There was acknowledgement that reform will be challenging and required close collaboration between national and local government. Some stakeholders disagreed with the council tax freeze, though noted the broad political agreement for it.

Non-Domestic Rates (NDR)

- The New Deal for Business and improved transparency and engagement with business stakeholders was highlighted as a positive step, as were the more regular evaluations for NDR.
- Some concern was noted about the current poundage rates. Reference was made to a letter from 35 business organisations calling for a poundage freeze in 2024-25.
- Calls were also made for consequential funding from any Retail, Hospitality and Leisure relief in England for 2024-25 to be passed on to businesses in Scotland this time.
- SG's commitment to lowering the Higher Property Rate was welcomed.
- There was a query on whether Freeports' timescales would be expanded in England and if so, there were calls for a similar timeframe in Scotland.
- Concern was raised over SG's commitment to explore whether relief eligibility could be linked to Fair Work First targets.
- The challenges facing the hospitality sector were raised.

Focus Groups

In September 2023, the Scottish Government commissioned Insights work by way of focus groups from Jump Research to understand the public's knowledge, understanding and attitude towards Scottish income tax. To better inform future engagement and communications on the issue.

A diverse sample of 43 respondents was gathered, representative of Scottish society, and asked for their views on:

- Engagement with the tax system
- Knowledge of the tax system and devolved Scottish taxes
- Fairness of the tax system
- Attitude to paying more or less tax
- The Social Contract in Scotland

A summary of the findings is below:

Engagement with the tax system

- Generally people's engagement with the tax system was low and mostly through a personal lens
- Respondents were not always clear of the benefit of having wider tax system knowledge and questioned their ability to influence the system
- Respondents were interested in understanding how tax raised was spent by Government and the value it generated, both for them and their community

Knowledge of the tax system and devolved Scottish taxes

- In general, respondent's knowledge of the system was fairly low
- It was not widely understood that Scotland had devolved tax powers and particularly different income tax bands to the rest of the UK

Fairness of the tax system

- Whilst acknowledging a lack of knowledge made it difficult to judge, respondents were generally happy with the principle that the better off paid more tax
- There was a general perception from respondents that they were getting less from the system despite paying more in
- Respondents felt the tax and budget processes could be more transparent

Attitude to paying more or less tax to support public services

- The principle of raising tax to improve society was broadly agreed by respondents, but came with some caveats
- Respondents wanted to understand how Scotland's tax divergence from the rest of the UK was benefiting the country
- Some respondents felt they paid too much tax already and some noted raising tax further may drive higher earners out of Scotland

- Respondents valued specific goals for tax and spending, particularly if they were of benefit to wider society and targeted those most in need

The Social Contract in Scotland

- Prior to hearing about it at the focus groups, most respondents were unaware of the social contract
- Once it was set out, many respondents responded positively to it
- There were mixed views on the benefits of the social contract. Some highlighted positives like tuition fees, bus passes and free prescriptions
- Others thought some areas of health, education and social care were not delivering for everyone

Next Steps

The Scottish Government will use the insights gathered to improve information and communications on tax in the future. It will also support our commitment to wide and inclusive engagement with stakeholders and Scottish citizens.



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