

Commission on Land Tax Reform issues its recommendations



The Commission on Land Tax Reform has concluded that the present Council Tax system must end, with any replacement designed to be fairer, more progressive and locally empowering.

The cross-party commission established jointly by the Scottish Government and Convention of Scottish Local Authorities (COSLA) today published its final [report, *Just Change: A New Approach to Local Taxation*](#).

The Commission highlights that its very membership – encompassing four political parties, local and central government, and experts in public finance, law, housing, welfare and equalities is a unique and bold statement of intent, creating “an opportunity not to be missed”.

The Commission does not advocate any single alternative to the present system, highlighting that “There is no one ideal local tax”. In making the case for change, the Commission’s report shows that local taxation can be fairer and more progressive.

They examined three alternative types of tax system that could be applied at the local level to replace the present Council Tax – taxes on property, taxes on land and taxes on income. Their analysis extends to the potential impact of each on different households and how the tax might be administered.

They also considered the impacts each would have on the financial accountability of Local Government, concluding that “A well-designed local tax system drawing revenue from multiple sources would provide more options for local democracy, delivering greater financial accountability and

autonomy to Local Government.”

They expect their report to inform the development of alternative local taxation policies which will be put to the electorate in the Scottish Parliamentary election in May 2016, recognising that political parties will attach different weights to the considerations for each alternative local tax.

The report does not set out tax rates or recommend levels of taxation.

Welcoming the report, Marco Biagi MSP, Minister for Local Government and Community Empowerment and Co-Chair of the Commission said: “In publishing our report today, we put to the Scottish people the most comprehensive quantitative analysis ever undertaken to understand the links between different forms of local taxation, backed by an extensive programme of public engagement.

“From the outset – having agreed that the present system is unfair and in need of reform – we have worked together in a spirit of consensus to understand the alternatives available to us and to put to the people of Scotland a report that clearly sets out the steps that can be taken to deliver change.

“It is now up to politicians from across the political spectrum, to take today’s report and to use it to put to the Scottish people alternatives that are fair, workable and empowering for local communities.”

Andy Wightman, local government spokesperson for the Scottish Greens, and a member of the commission today welcomed the recommendations.

Reform of local tax and democracy has been a consistent priority for the Scottish Greens, with Andy Wightman, renowned for his expertise in these issues, writing a substantial report for the Green MSPs in 2014.

Council tax has been frozen by the Scottish Government since 2008, removing local flexibility and forcing councils to downgrade or cut services. Participation in local government elections in Scotland is amongst the worst in Europe.

Today's report by the Commission says council tax is "discredited", local government should have a greater choice of taxes, and that Land Value Tax – a longstanding policy of the Scottish Greens – is "promising" and "further work should be done". It recommends transitional relief to enable taxpayers to adjust to any new systems brought in.

Andy Wightman, Scottish Green MSP candidate for Lothian in 2016 and a member of the Commission on Local Tax Reform, said:

"It is vital that the next Parliament puts in place an enduring, stable and flexible fiscal framework for local government that provides fiscal autonomy and enhanced democracy.

"All political parties seek representation on local councils and all should have an interest in ensuring that they are able to offer genuine, costed choices to the electorate in 2017. The Scottish Green Party will consider the findings of the Commission carefully and bring forward proposals in our manifesto for the 2016 Holyrood election.

"For too long, local government has been neglected and marginalised in debate about the democratic future of Scotland. The council tax freeze has cost over £2.5 billion that could, instead, have been invested in public services.

"The freeze has, in addition, undermined local democracy by forcing councils between a rock and a hard place. This interference in local fiscal autonomy would be unconstitutional in countries such as Germany and must end.

"The recommendations of the Commission are welcome. The onus is now on all political parties to work together to agree a

programme of reform that puts local government taxation, funding and democratic freedoms on a new footing and allows local communities to have a far greater say in how local services are delivered and paid for.”