

Deputy Council Leader muses on the Spring 2017 budget



The recent Scottish Government budget, despite supporting local services and expanding the living wage coverage, was lambasted by the Conservative party in Scotland as creating a situation whereby citizens in Scotland would be taxed higher than those in the rest of the UK. Why? because the thresholds for top rate taxpayers had not been increased in line with other UK rates therefore denying them a tax reduction.

In doing so they failed to take account of the fact that on average Council Tax bills in England are some £400 higher than in Scotland and that Scottish citizens receive significantly greater benefits than their counterparts in England not least prescriptions, care for the elderly and education free at the point of delivery.

So when the UK Chancellor stood up on Wednesday to deliver his last Spring budget what did he do to reduce the tax burden for working citizens? Nothing.

He increased the National Insurance rate for lower paid self employed citizens from 9% to 11% and reduced the tax free dividend allowance for small private firms by 60% – this will have a significant impact on the citizens of Edinburgh due to the large number of SME's in our economy – In Edinburgh in 2016 there were 18,285 registered SMEs and these are the drivers for new job creation in the City.

This despite the fact that it was a very clear manifesto pledge of the Conservatives, in 2015, not to increase National Insurance.

Recent figures show that there are almost 3000 business start ups a year in Edinburgh and I have to question what impact the tax increase announced by the UK Chancellor will have on that number. He has created a real disincentive for citizens to take responsibility and create their own business by increasing their tax burden thereby suppressing the entrepreneurial spirit which flourishes here in the Capital.

I await with interest Ruth Davidson's response to the Chancellor's budget. She decried The Scottish Government for not giving a tax reduction to the highest earners. Will she now enthusiastically support a significant rise in tax for those self employed and SME's who are the backbone of the economy and who create much of our employment? Or will she challenge the Conservative Chancellor with the same enthusiasm she mustered in challenging the Scottish Government?

It appears that the Conservatives in Scotland are approaching the upcoming Council elections on the agenda of tax the lower paid and give to the top earners as demonstrated in Westminster by the UK Chancellor.

Given the recent publicity around allegations that large multi-national companies pay little or no corporation tax in the UK, this will be a real opportunity for those citizens who are self-employed, or part of a small private business, to show their anger at being taxed so cynically by the Conservatives.