A help or a hindrance?

• **What’s the worst that can happen?** If it make us all feel better, I don’t think it can do much harm

• There two conditions to successful fiscal decentralisation:
  
  • **Capacity** - the quality of government matters. Local government often hollowed out, focused increasingly in statutory duties, and with less strategic capacity.
  
  • **Strong public support** - to hold politicians to account, and to engage with tax changes (see Regional Assemblies…)
  
  • But it isn’t a **panacea**: austerity, industrial strategy, etc all important
The view from Scotland

Joanne Walker
Chartered Institute of Taxation/Low Incomes Tax Reform Group
22 October 2018

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A changing tax landscape

Source: The Role of Income Tax in Scotland's Budget (Scottish Government, 2017)
Who pays what?

Source: The Role of Income Tax in Scotland’s Budget (Scottish Government, 2017)
Scottish income tax distribution

Source: The Role of Income Tax in Scotland’s Budget (Scottish Government, 2017)
What do the public think?

The Herald
Most Scots in the dark over devolved taxes

Tom Gordon
Scottish Political Editor

Public 'struggling' to make sense of Holyrood's tax powers

People find the relationship between Scottish and UK-wide taxes difficult to understand.
What do the public think?

• 84% need better information about how taxes are decided in Scotland
• 60% think the relationship between UK and Scottish taxes is difficult to understand
• 52% have little or no understanding of the definition of a Scottish taxpayer
• 66% unaware income tax is responsibility of Westminster and Holyrood
• 57% unaware that Land and Buildings Transaction Tax (LBTT) is devolved to the Scottish Parliament

Source: Mark Diffley Consulting and Research for the CIOT (October 2018)
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