



How will devolved taxation be implemented?

The new Scottish parliament will have greater tax-raising powers than before. It will have control over income tax rates and thresholds (featured in a separate briefing), Air Passenger Duty (APD) and the first 10% of Scotland's VAT receipts by 2019/20.

Several parties want to reform the council tax, which is seen as outdated, and to review the Land and Buildings Transaction Tax (LBTT). LBTT replaced Stamp Duty in Scotland in April 2015. Chamber members have pointed out that the introduction of LBTT has had a negative effect on the top end of the North-east property market.



The Conservatives want to end the council tax freeze, allowing rates to change within 3% annual limits.

They would abolish residential LBTT in the long term and devolve commercial LBTT to local authorities.

They do not support a reduction in APD.

Labour would introduce a fiscal rule saying there can be no tax cuts when public spending is being reduced.

They propose to replace council tax with a property-based tax. They would carry out a new valuation of properties.

They do not support a reduction in APD or a reform of LBTT.

The Lib Dems want to look at reforming council tax to a land or property-based system.

They are opposed to reducing APD and do not want to reform LBTT.

They will keep the council tax freeze until 2017, and then set a cap of 3% annual increases for councils.

The SNP would keep LBTT at current levels.

The SNP have committed to reduce APD by 50% as of 2018.

The **Greens** want to replace council tax with a new Residential Property Tax with yearly revaluations. A tax-free housing allowance of £10,000 and a rate of 1% would then be charged over the property's value. They would roll LBTT into local tax and keep APD.

UKIP's manifesto proposes to cut LBTT to zero for registered brown field developments.

Further information

The Scottish Government announced in the March 2016 Budget that they will raise council tax for bands E to H (exempting people with incomes under £25,000). The Conservatives oppose the increase for bands E and F but support it for bands G to H.

Labour's manifesto states they will use funds raised from APD to help first-time buyers who are saving monthly to buy a deposit.

Important Updates

What does North-east business want from the next Scottish government?

Read it here <http://bit.ly/1Qy7WiG>

These papers have been drafted by the AGCC policy team using the information publicly available on 5 April 2016. More information will be added as and when it becomes available.