

CIPFA DIRECTORS OF FINANCE
COMMISSION ON LOCAL TAX REFORM
ROUND TABLE DISCUSSION 15 JUNE 2015

Key Discussion Points

- alignment of local taxation, local democracy and fiscal and community empowerment;
- the balance of funding raised by local government;
- core principles of local taxation;
 - be fair, easy to understand and reflect ability to pay;
 - be administratively efficient and difficult to avoid;
 - have a stable and buoyant underlying tax base;
 - be determined locally to ensure local democratic accountability;
 - be flexible enough to allow rates and reliefs to be set either nationally or locally;
 - have local flexibility, empowering local authorities to raise local funding for local priorities.
- fit of Council tax with the core principles;
- modernising the current Council Tax system to improve its overall fairness and ease of understanding;
 - wholesale revaluation with future regular revaluation;
 - the number and widths of the Council Tax bands;
 - lift the council tax freeze;
 - review the Council Tax Reduction and Discount Schemes, including Single Persons Discount ;
 - interdependency between bands and revaluation;
 - transitional relief;
 - local or national fiscal neutrality.
- Local Income Tax (LIT)
 - loss of local accountability if the rate of LIT is set nationally;
 - potential inequity if the tax did not apply to all income sources; earned and unearned income;
 - a switch in the population liable to pay the local tax;
 - need to consider whether any “pooling” would be put in place and any impact on government grant distribution;
 - potential greater volatility of personal taxation;
 - capacity for tax avoidance;
 - cost of collection on HMRC and employers;
 - impact on collection of Scottish Water income;
 - impact on local employment within Councils.

- discretionary local taxation schemes to support community priorities;
- the ability to raise local taxation alongside less intervention from the Scottish Government on local service delivery;
- Modelling and sensitivity analysis.

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