

COMMISSION ON LOCAL TAX REFORM – CALL FOR EVIDENCE

East Dunbartonshire Council SNP Response

1. SCOTLAND'S CURRENT SYSTEM OF COUNCIL TAX

To what extent does the current system of council tax deliver a fair and effective system of local taxation in Scotland?

- As a property-based system, the current system of council tax may be seen as an effective method of collecting tax from a council's point of view.
- However, fundamentally it is not based on ability to pay, and there are very limited provisions within the system to embrace the idea that it is fair and affordable for everyone from a tax-payer's point of view.
- In addition it makes no impact in alleviating poverty and inequality in our society.
- Such abatements and exemptions as do exist, contain their own anomalies and inequalities, while adding to the administrative complexity.
- A system based on valuations that are over 20 years old inevitably contains iniquitous elements, and anomalies and errors in the original valuations unfairly disadvantage the affected taxpayers while exposing the council to significant liability where these come to light at a later date.

Are there any features of the current system that you wish to see retained or changed?

- If we are to retain a property based local taxation system then a revision of the banding categories along with a regular revaluation of all properties is required.
- There should also be a reassessment of the exemption criteria for those on low incomes.
- And critically there should be a more robust discount system that assists families and individuals to climb out of poverty.

2. REFORM ON LOCAL TAXATION

Are there alternatives to the current system of council tax that you think would help to reform local taxation in Scotland?

- Fundamentally, for any system of local taxation to be progressive, it must be based on ability to pay.

- A non-property form of taxation based on income would be much more equitable than the current system and would promote an anti poverty and anti austerity agenda and help close the financial gap between rich and poor
- The question of whether the tax levels are set at a local authority level or at a national level will be the biggest consideration.
- Alternatively a combined system of property and income could be considered

What are the main features of these and why do you think they would deliver improvements?

- With an income based local tax it will be possible to better address the ability to pay and inequalities issues.
- Clearly the ability to set the tax at a local level would provide additional flexibility to meet local priorities, provided the mechanics of collection are addressed.
- At the outset there would be little change in collection arrangements of a combined system although there will be an impact on how benefit claimants are dealt with by DWP.
- Over time a local authority with a combined system could adjust the proportion of income based and property based tax to suit local needs.

3. LOCAL PRIORITIES

How well do you think that communities' local priorities are accounted for in the way that local taxation operates at the moment?

- The current council tax system does not help those in most need in our communities because the poorest contribute a larger share of their income to local taxation.
- Since the abolition of ring fencing of government grant by the Scottish Government, local authorities have had the power to establish local community priorities and any change in local taxation will have no effect on that.
- The council tax freeze has been largely beneficial to council tax payers, but was always intended as a temporary measure. Obviously local autonomy would be strengthened if councils raised a greater proportion of their resources

If there is room for improvement, how should things change?

- The inequalities agenda must be at the heart of all council decisions and local community priorities must be objectively established with the communities themselves.

- The new Communities Empowerment Bill can be the major driver in convincing councils of the merits of meaningful community involvement in establishing community priorities and the devolution of local decision making to local communities.

4. FURTHER INFORMATION

We would like to keep the conversation going. Please tell us about any events, networks or other ways in which we could help achieve this?

- Transparency of the options and their implications is fundamental to arriving at the best solution for local taxation, so all communities should be consulted by the Scottish Government.
- As part of this transparency the government's priorities of eliminating poverty and inequality should preface every publication to continually reinforce the message and not allow the privileged few to undermine our aspirations.
- Options appraisals in an easy to digest form should be readily available to all and should demonstrate how people will be affected financially.