The case for fair tax reform in Scotland

September 2023

A joint briefing note – created by IPPR Scotland[1], Oxfam Scotland, Poverty Alliance, CPAG in Scotland, Scottish Women's Budget Group, One Parent Families Scotland, and the Wellbeing Economy Alliance Scotland – on the need for fairer and better tax to fund action on poverty and inequality, while investing in care and tackling the climate crisis.

The recommendations outlined are endorsed by a diverse range of 52 organisations across Scotland. A full list of endorsers is included at the end of this briefing.

A Challenging Fiscal Context, But Rising Need

With inflation having reached a 40-year high, and the threat of a recession lingering, public funding squeezes are being felt across the UK. The Scottish Government faces a challenging fiscal context at a time when additional public finance is badly needed. While wealth inequality has risen in Scotland[1] in absolute terms since 2006, poverty remains unacceptably high: one in five people in Scotland face this injustice.[2] The cost-of-living crisis is making matters worse, particularly for those on the lowest-incomes. Due to pre-existing structural inequalities, women – particularly disabled women, those in ethnic minority households, single parents, survivors of abuse, women with no recourse to public funds, and those with caring responsibilities – have been disproportionally impacted.[3] As the cost-of-living crisis continues, Government must do more to help all those who are in or at risk of poverty. In parallel, the delivery of key national priorities – including Scotland's legal child poverty and emission reduction targets – as well as wider commitments, such as tacking gender inequality, demand additional investment which cannot be delayed.

Yet, worryingly, decisions at a UK-level will exacerbate public finance pressures in Scotland. The UK Government's spending plans, in last year's Autumn statement[4], imply some departments will see their budgets fall significantly below the spending review's trajectory in real-terms and deeper cuts have been scheduled for future years. Furthermore, ahead of a UK General Election, some parties have been keen to cement their 'fiscal credibility', with pledges of no new borrowing for day-to-day spending until debt as a proportion of GDP falls. These decisions will only increase the funding challenges faced by departments still reeling from austerity – and the Scottish Government is not immune from this.

Despite Barnett consequentials increasing the nominal value of the Scottish Government's block grant over the period 2023-24 to 2024-25, persistently high inflation is likely to erode its real-terms value over the next two years. Further spending squeezes by the UK Government would tighten public finances in Scotland even more. And this uncertain outlook already follows the Scottish Government's Emergency Budget Review in 2022-23 which saw £1.1 billion of spending cuts, savings and in-year reprioritisations, in part to support public sector pay deals.[5]

Beyond the state of public finances, the economic outlook makes grim reading for households across the UK – with disposable income in real-terms expected to fall by 7% over the period 2021-22 to 2023-24, taking the average household's incomes back to levels last seen in 2013.[6] The impacts are often severe. For example, survey data found that in Scotland 70% of women respondents did not put the heating on during the winter months to reduce costs, while 41% are using their savings to manage rising costs.[7]

---

[1] IPPR Scotland's policy and modelling work was undertaken through IPPR Scotland's 'Rethinking Social Security Programme', funded by Abrdn Financial Fairness Trust.

While the context is challenging, the Scottish Government has made significant, legal commitments to reduce the number of children living in relative poverty to fewer than 10% by 2030 and to cut Scotland's territorial emissions by 75% by 2030, enroute to net zero by 2045.[8] That sits alongside big public service reforms, including creating a new National Care Service and largescale expansion of funded childcare. The Government has also committed to the incorporation of international human rights treaties through the Human Rights Bill. These legal commitments and reforms will require transformative action, backed by transformational levels of investment. **We believe these critical national priorities cannot be sacrificed due to a lack of funds** and are therefore urging the Scottish Government to ambitiously use devolved tax powers to generate more revenue to help deliver them.

We believe a renewed approach to tax is urgently needed: one that uses Scotland's existing tax levers, such as the Scottish Rate of Income Tax, more progressively while also using devolved powers to implement new and improved forms of local taxation that target under-taxed wealth, as well as business and polluters. Reform is badly overdue. **We believe the scale of the challenge is such that it is now a necessity to build upon progressive, but insufficient, changes to taxation in Scotland to date**.

Positively, there is momentum towards further change, including the Scottish Government's decision creation of a new Tax Advisory Group to inform decision-making ahead of the next Scottish Budget, as well as to help shape the Government's tax strategy over the longer-term.[9] But this must not be an insular or timid exercise. By issuing this paper now, we together seek to stretch and accelerate this welcome momentum towards tax changes in Scotland.

Summary of Recommendations

- **We welcome the First Minister's pledge to look at introducing a new Income Tax band between the current Higher and Top rates. This should be set ambitiously, and in the 2024-25 Scottish Budget.**
- **The Scottish Government should commit to fundamentally reforming the devolved tax system, within this parliament, starting by launching a national consultation before the 2024-25 draft budget. This must go beyond tweaks and fundamentally rethink, from scratch, how Income Tax can be best designed alongside all other taxes, including reformed local taxation.**
- **The Scottish Government should launch a cross-party process to replace the current Council Tax before the end of this parliament in 2026, ending the long and damaging impasse. While the Government's recent proposal to change the rates within higher bands would, if implemented, provide a small but welcome short-term improvement, it will not address the inherent unfairness in the system. The process of replacement can no longer be delayed and legislation for a new system should be in place before the end of this Parliament.**
- **Property is the most valuable type of wealth held by households in Scotland[10], making property taxation a natural starting point for improving wealth taxation. Any reforms or replacement of the Council Tax must tax property wealth more fairly and seek to contribute towards gender equality. Rapid consideration is needed of options such as a new percentage of value property tax, alongside measures to tax other forms of wealth.**
- **The Scottish Government should explore opportunities to introduce new taxes that incentivise more businesses in Scotland towards pro-social behaviour change, for example, to offer fair and flexible working, including boosting the support they offer to those with caring responsibilities.**
- **The Scottish Government should urgently explore options to raise additional money for climate just action, while making polluters pay for their damage and incentivise emissions reductions in line with meeting the legal targets as a minimum.**

While some of the options examined in more detail later in this briefing would take time to implement – and behaviour change, and the counteracting effects of the fiscal framework may diminish the revenues – modelling by IPPR Scotland estimates that:

- Up to £260 million more could be raised in 2024-25 by introducing an additional 45 per cent rate on earnings above £58,285 – earnings that would put someone in the 90th percentile for full-time gross earnings in Scotland.
- £350 million more could be raised by replacing the existing Council Tax with a new percentage of value tax set at 0.75 per cent of a home's value.
- £300 million more could be raised through a local inheritance tax charged on estates worth between £36,000 and £325,000 that do not pay UK-wide inheritance tax.
- £600 million more could be raised by a new local payroll tax on low pay employers.

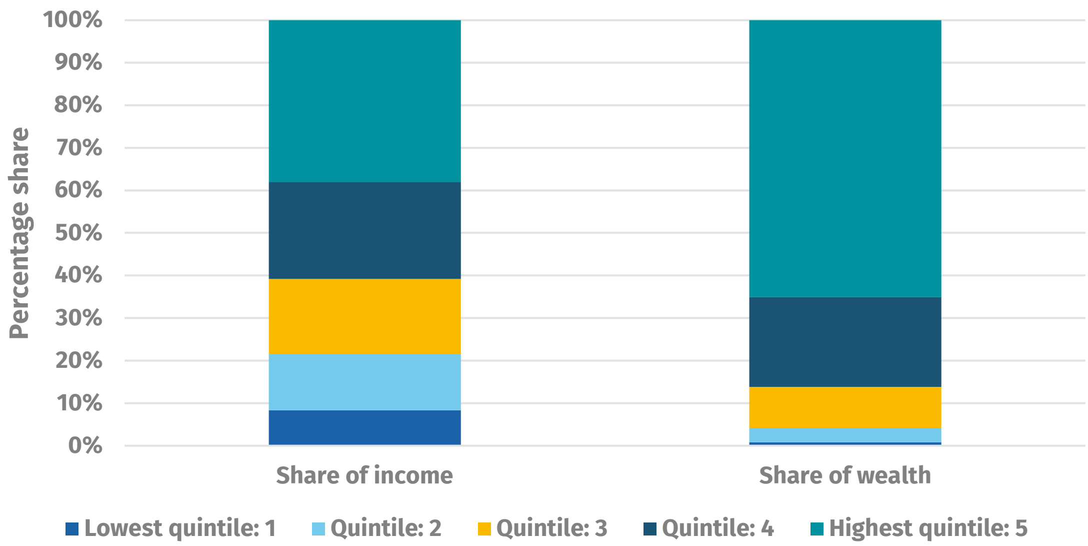
The Case for Ambitious Tax Reform

Scotland is, by any measure, a wealthy country – indeed, estimations from IPPR Scotland suggest that **in the decade since the financial crash, total aggregate wealth as a proportion of Scotland's nominal GDP has increased from 557% to 705%.**[11] However, we also know that wealth is not evenly distributed.

Despite the Scottish Government setting a National Outcome[12] to share wealth more evenly, there has been barely any progress to cut wealth inequality since 2006.[13] The absolute wealth gap between the least wealthy and the wealthiest has increased over this period[14] and is likely to continue to increase, as overall wealth grows.[15] At a national level, this scales up to a country which remains deeply unequal and where income and wealth are highly concentrated, with wealth inequality particularly deep (Figure 1) and gendered (Figure 2).

Figure 1: The poorest fifth of households in Scotland have one per cent of household wealth compared to 65 per cent for the richest fifth.

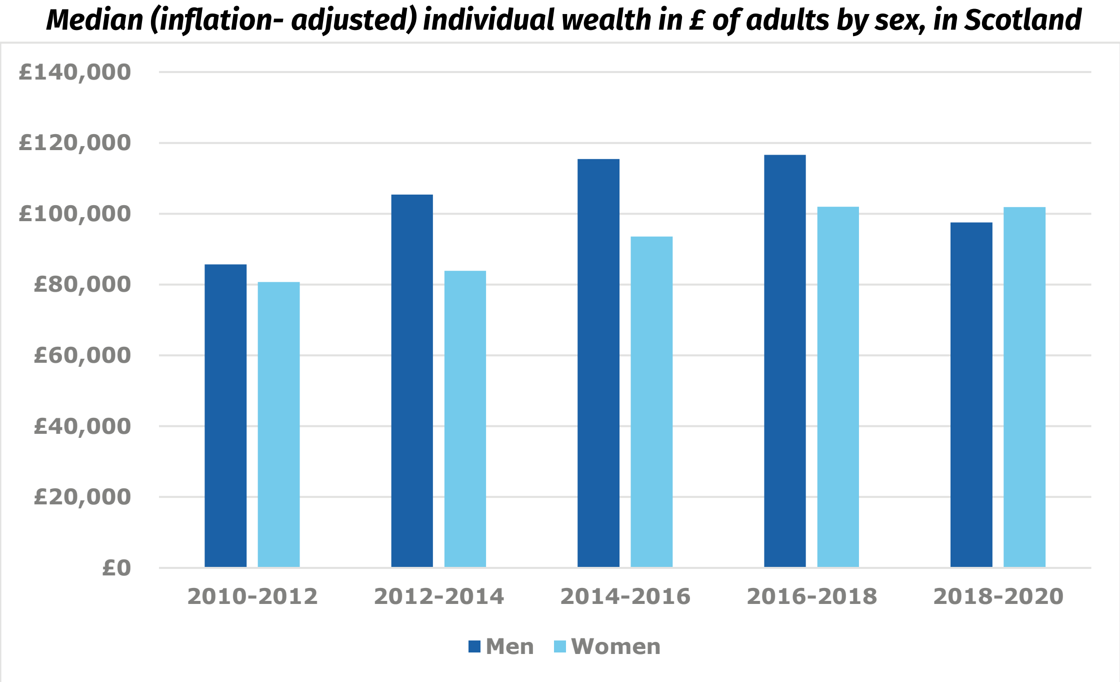
Share of total wealth and of total household income in each 20 per cent wealth and income band, 2018–2020.



Source: Authors' analysis of Wealth in Scotland 2006-2020

This figure splits the population of Scotland into five groups – known as quintiles – based on their share of income and wealth. It then demonstrates the share of income and wealth held in total by people in each quintile.

Figure 2: Individual wealth is most often significantly lower for women compared to men.



Source: Authors' analysis of Wealth in Scotland 2006-2020

In a country as rich as Scotland, this persistent wealth inequality is inexcusable given that it co-exists with an estimated 21% of people in Scotland (1,110,000 people each year) living in relative poverty after housing costs in 2019-22, with 17% (930,000 people each year) in absolute poverty.[16] Some people face a particularly high risk of living in poverty, for example: single mothers (36%); single childless men (36%); Black and minority ethnic people (over 48%), and people in households with a disabled person (24%),[17] with women more likely to experience poverty at all points in their life.[18] The overall wealth held by disabled people and by minority ethnic adults is also far below the national average, with the latter typically having less than half that of a typical white British adult.[19]

Poverty causes severe harm in people's daily lives: damaging their health and employment prospects, risking financial and personal wellbeing, and infringing basic rights to things like food and housing. That makes it more likely that a child born in poverty today will go on to face poverty in later life. And as much as that is an issue of social justice – it is also an issue of economic justice and prosperity.

New research by IPPR Scotland earlier this year[20], examining the social and economic harms of poverty, estimated that:

- people in work over the age of 30 who had experienced poverty during their childhood have around 25 per cent lower income than those who didn't.
- the unemployment rate among individuals over 25 who experienced child poverty is much higher (16 per cent) than the rate among those who had not (2 per cent).
- at a conservative estimate, the lost income due to historic child poverty in Scotland is between £1.6 and £2.4 billion per year – up to 1.5 per cent of Scottish GDP.
- the health consequences of income inequality account for around £2.3 billion of Scottish health board budget allocations – a fifth of the total.

It is particularly indefensible that almost one in four children in Scotland face the injustice of poverty.[21] Despite hopes that child poverty will fall in 2023-24 as a result of investment in the Scottish Child Payment, the Scottish Government's own modelling suggests its legally binding interim child poverty target – of fewer than 18% of children living in poverty – may be missed next year. To reach the final target of one in 10 children in poverty by 2030/31 will require more than double the reduction seen since devolution in 1998, in just nine years. Those figures should be a wake-up call. Indeed, Scotland's Poverty and Inequality Commission says that, as things stand, there is "a very high likelihood that the Scottish Government will miss the 2030 child poverty targets, unless it substantially increases the pace and scale of delivery".[22]

Amid the cost-of-living crisis, more investment is urgently needed to support people in poverty, to protect people on the brink of it, and to lift people out of poverty, and additional investment will also be needed to ensure our legal child poverty targets are met in full.[23] With child poverty inextricably linked to women's poverty, policies must be designed in ways that recognise the gender differences in poverty patterns, and the intersectional implications.

Other national priorities cannot wait either. Major new investment is needed to tackle the undervaluation of all forms of care, with too many people who look after someone – whether paid or unpaid, and whether for adults or children – facing poverty as a result. This disproportionately impacts women, who are more likely to be an unpaid carer and account for around 80% of the social care workforce.[24] The proposed Human Rights Bill[25] will also create duties on public bodies to uphold and realise human rights, but these duties must be backed with enough funding to truly deliver on them. Meanwhile, the UK Committee on Climate Change says progress in cutting emissions in Scotland has "largely stalled", with the legal targets "in danger of becoming meaningless".[26] The Scottish Government failed to meet the annual target for 2021, the fourth missed target in five years.[27]

These national priorities – each of which are essential to our collective wellbeing – cannot be sacrificed: instead, tax – alongside an inclusive and prosperous economy, built on fair work – must generate the necessary revenue to deliver on them.

Inadequate Speed and Depth of Change

The 2023-24 Scottish Budget included some welcome tax changes – including asking those on higher incomes to contribute a bit more through a one penny rise to the higher and top rates of Income Tax.[28] However, it did little to address wealth inequality, nor raise anywhere near enough money to boost spending on vital public services and key priorities.[29] If Scotland is to become the "fairer, greener"[30] and "stronger and more resilient"[31] country envisaged by the Scottish Government – it is time to confront the question of the country's challenging fiscal outlook.

The Scottish Government's Medium-Term Financial Strategy[32], published earlier this year, paints a worrying picture: even on its central scenarios, **there is estimated to be a shortfall between expected (resource) funding and spending of almost £1.9 billion by 2027-28**.

Given the Scottish Government's very limited resource borrowing powers, if those scenarios come to pass, **without more ambitious action on tax, significant spending cuts may be required**. Moreover, these scenarios only account for planned spend, and do not allow for increased spend in areas where it is desperately required; nor do they account for spending on commitments made for later in this parliament, most notably the National Care Service and childcare expansions.

Government is ultimately about choices – if you legislate for child poverty or climate targets, or – as planned – on human rights, then you need to deliver them, whatever it takes.

That means looking at spending, but it also means taking a more progressive approach to how, who and what we tax so that we have the revenues needed to implement transformative change.[33] In answering these questions, **it is common sense – and socially just – to ask those who can most afford it to pay more towards funding vital public services, while investing in critical national priorities**. And that must include using tax policy to support climate justice by making polluters pay for their damaging behaviours to incentivise and accelerate emission reduction.[34] **By fairly using tax to invest in the delivery of key national priorities, we will boost individual and collective wellbeing, and lay the foundations for a fairer, more successful, and more sustainable economy**.

This paper sets our various tax options, including – for some – illustrative modelling of how much additional revenue they could raise. These estimates do not take account of potential behavioural response[35] – for example, individuals reducing how much they earn or moving out of Scotland. The Scottish Fiscal Commission says such responses are "uncertain and challenging to quantify".[36] Alongside these inherent uncertainties, any behavioural response will depend on a range of factors, including opportunities to move income and wealth (across jurisdictions and between taxable categories), as well as by cultural attitudes to paying tax, neither of which should be regarded predetermined.

The Scottish Government, and local authorities, should make the positive case for paying tax in Scotland. This includes ensuring that the wider landscape of opportunity and incentive maximises the additional revenues generated. They must also ensure that people understand and feel the benefits of living within a fairer, healthier, and more sustainable Scotland.

Ultimately, it is in everyone's interests that we reimagine, reinvent, and repurpose our tax system to help to end poverty, reduce inequality – including gender inequality, fully value and invest in care, uphold human rights, and deliver climate justice – something which is heavily supported by people in Scotland. There can be no delay.

Public Support for Progressive Taxation

Polling[37] shows that a strong majority of people in Scotland agree that governments should redistribute income from the better-off to those who are less well off, with support for this growing from 58% in 2020, to 59% in 2021 and as high as 67% in 2022. Within this, more than third strongly back redistribution. Meanwhile, 64% of people favour increasing tax to fund more public spending on health, education, and social benefits.

Separate polling shows that over 60% of people support tax increases, even if it meant their own taxes became slightly higher, where the increased revenue is used to fund the social safety net.[38]

A fresh start for Income Tax

Income Tax is an area where the Scottish Government has taken a more progressive approach to date, compared to the UK Government. Modelling done by IPPR Scotland ahead of the draft Scottish Budget 2023-24 estimated that Scottish Government tax policy would raise around £920 million more in Scotland than if rest-of-UK rates prevailed.[39]

Further Income Tax increases in Scotland are the most immediate option for supporting public spending, asking those with the broadest shoulders to contribute the most. While all households experience the impacts of inflation, the wealthiest have the largest income buffers and are therefore best able to cope. In the current context, it is therefore reasonable that these households should be asked to contribute more to the public finances.

As such, our organisations welcome the First Minister's pledge to look at introducing a new and additional Income Tax band[40] between the current Higher and Top rates. This should be set ambitiously, and in the 2024-25 Scottish Budget.

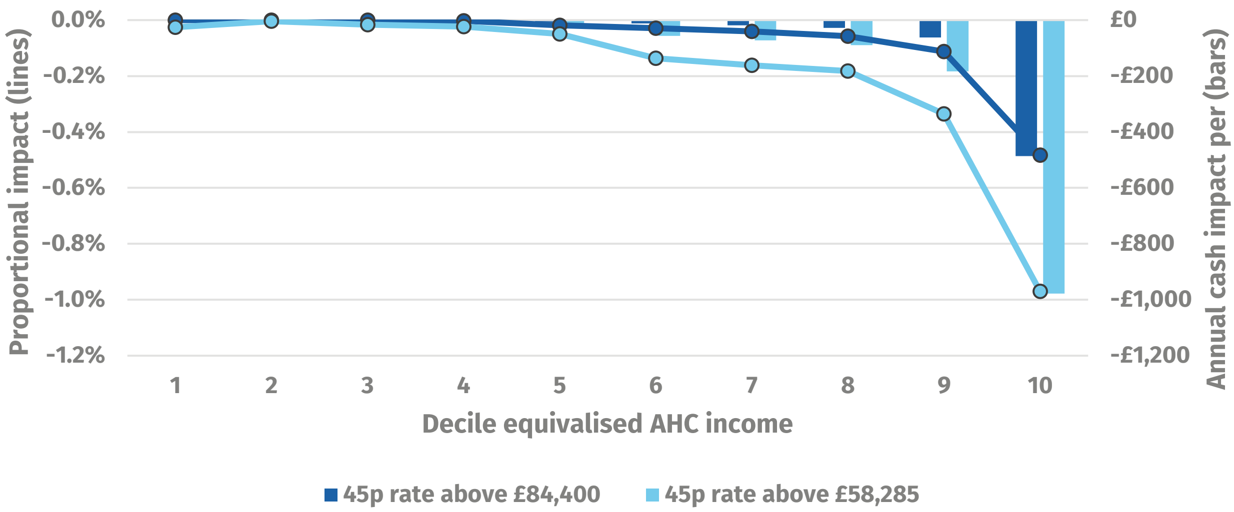
Modelling[41] undertaken by IPPR Scotland has shown a range of potential options to create a new band, depending on the level of ambition to be shown by the Scottish Government. This financial year in Scotland, income will be taxed at 42 per cent between £43,663 and £125,140 (Higher rate), and 47 per cent on income above £125,140 (Top rate), between those points, just two options are:

- a new rate of 45 per cent at the mid-point between the current rates – on income between £84,400 and £125,140 – would raise an additional £110 million.
- going further and introducing a 45 per cent rate on earnings above £58,285 – earnings that would put someone in the 90th percentile for full-time gross earnings in Scotland – could raise an additional £260 million.[42]

Given the urgent need to invest at scale and speed in key national priorities, ambition is critical, and, as shown in Figure 3, below, the effect of both options would be highly progressive.

Figure 3: A new tax band could be highly progressive and deliver significant new revenue.

Absolute and proportional impacts on household disposable income across two scenarios for a new 45p tax band.



Source: IPPR Scotland analysis using IPPR tax-benefit model for 2023-24. Figure shows the absolute change in annual disposable income across income deciles (bars), and the proportional change in income this represents (lines) for each of the two options.

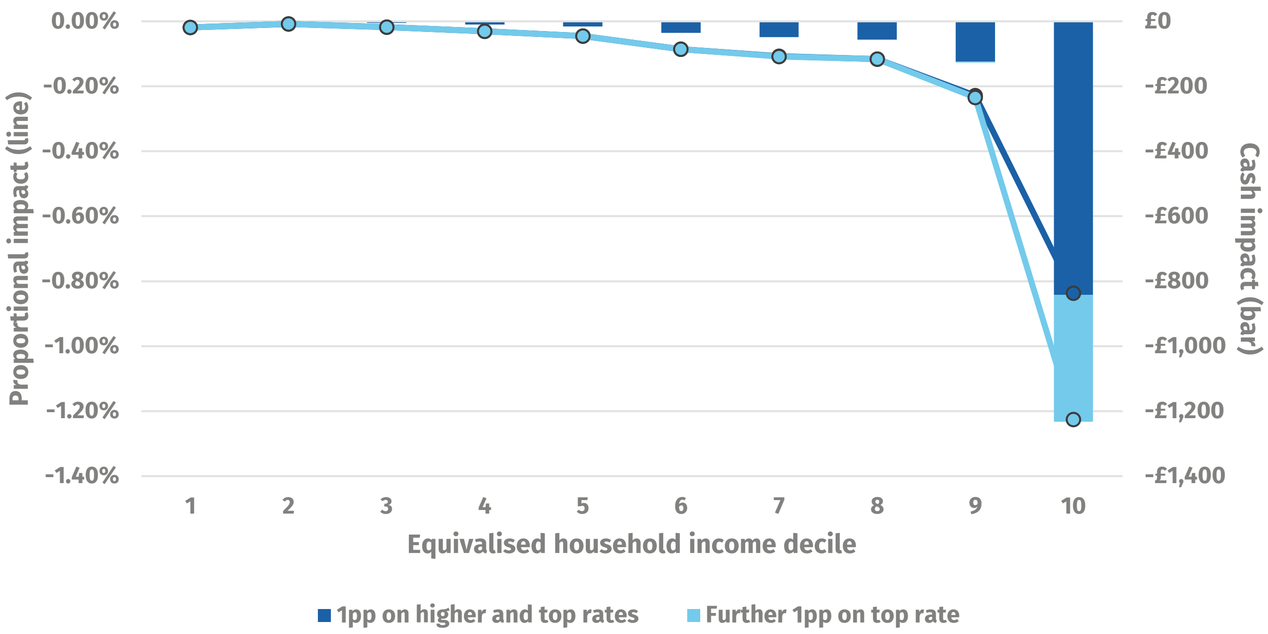
Over and above this, **IPPR Scotland modelling estimates that, for every additional £100 million the Scottish Government wished to raise, this could be delivered by increasing the Higher and Top rates by roughly a half percentage point**. Were the increase only to apply to the Top rate, every additional £100 million needed could be delivered by a two-percentage point increase.[43]

To illustrate the distributional impact, Figure 4, below, shows the effects of adding one percentage point on both the existing 42% higher rate and 47% top rate (raising £200 million in total), plus the effect of an additional one percentage point on the top rate to take it to 49% (raising a further £50 million). As the graph shows, the impact is highly concentrated at the top of the income distribution.

Figure 4: Increasing the higher and top rates of tax primarily affects households in the top 10 per cent.

Average impact on disposable income of illustrative increases to income tax rates: higher and top rates increase by one percentage point, and top rate by a further one percentage point

.



Source: IPPR Scotland analysis using IPPR tax-benefit model for 2023-24

There are therefore progressive options available to the Scottish Government which would deliver increased revenue in 2024-25 to help accelerate the delivery of its social and climate justice commitments. While these would provide some immediate fiscal space, they cannot be the end of Scotland's tax reforms. To fully deliver on the Scottish Government's ambitions, more fundamental reform is needed – and the current economic situation means now is the time to deliver that.

While we welcome the creation of the Scottish Government's new Advisory Group on Tax, this should be as open as possible and must not limit ambition. It should deliver options – sourced from a diverse range of stakeholders – which do not simply tweak the existing framework, with new bands and/or rates, but involve a fundamental rethink, from scratch, of how the Income Tax system can be best designed: including progressive reforms for the lowest and highest earners.

The Scottish Government should commit to fundamentally reforming the devolved tax system, within this parliament, starting with a national consultation before the 2024-25 draft budget is published.

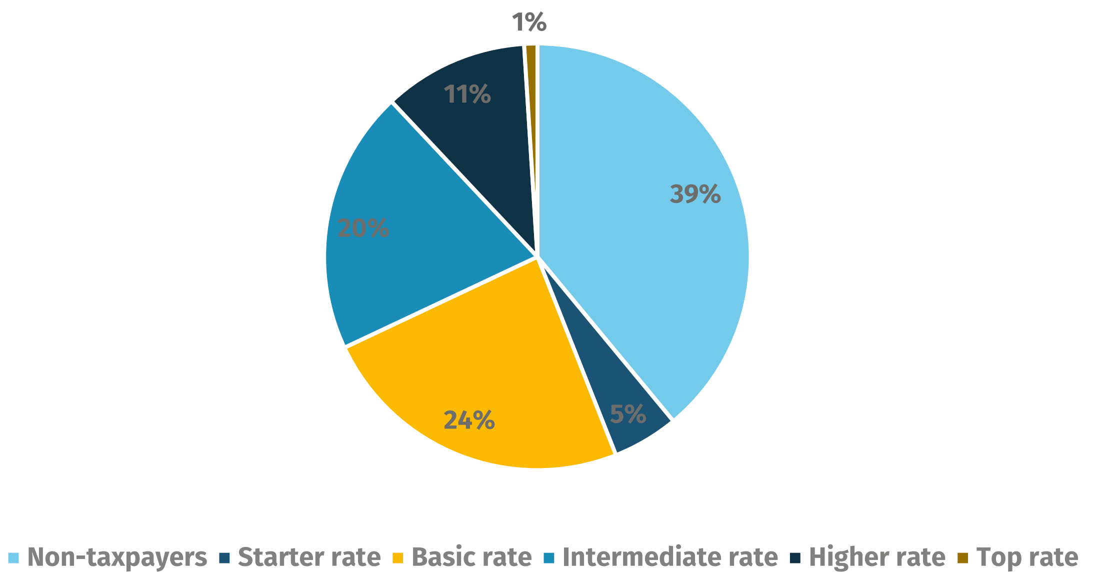
The Case for Looking Beyond Income Tax

While existing devolved taxes generate a significant proportion of the Scottish Government's total resource funding, under current policy, when Council Tax and Non-Domestic Rates are excluded, they still only account for around a third of the total. This total, together with the offsetting impacts of the block grant adjustment[44] are driven by a range of factors including the relative growth in earnings in Scotland compared to the rest of the UK and the profile of Scottish taxpayers.

Importantly, the distribution of those who pay Income Tax in Scotland is heavily skewed towards the lower end of the income distribution: **over half of taxpayers sit in the starter and basic rate compared to less than 1 per cent in the additional/top rate.**

Figure 5: Scottish Income Tax bands are skewed towards the bottom of the income distribution.

Expected number and proportion of Scottish taxpayers by marginal tax rate, 2023-24



Source: Scottish Government, 2022.

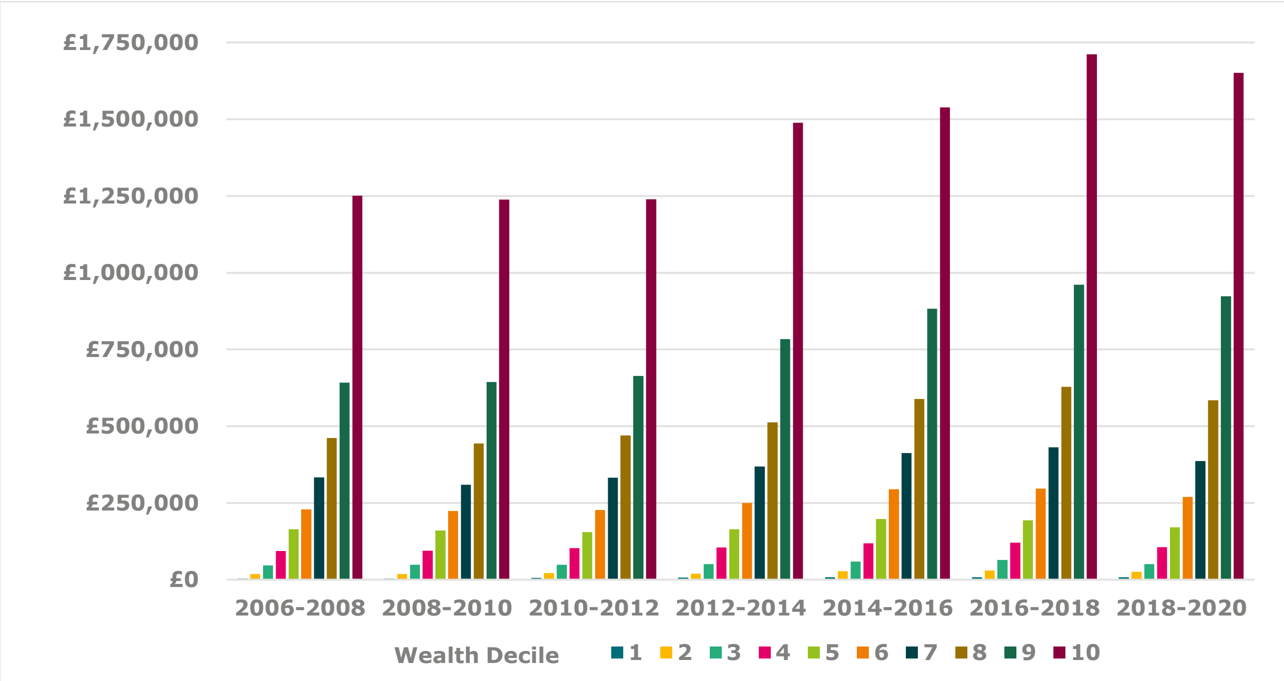
While improving Income Tax in Scotland is necessary, broadening the tax base to a more balanced reliance on sources of tax revenue beyond Income Tax would improve the resilience of Scottish tax revenues overall, and reduce the existing over-reliance of taxation on income from employment. That, as we consider next, requires new ways of targeting wealth.

Better taxing of wealth locally

ONS wealth statistics show that Scotland simultaneously has the lowest median wealth of any UK region but has the third highest most unequal distribution of wealth of any UK nation or region.[45] Scotland's vastly unequal distribution of wealth – as well as income – show the tax system has, to date, underperformed in promoting a more equal society. The unequal taxation of income from wealth and income from work also entrenches gender inequality, and essentially represents a tax break for wealthy men. Encouragingly, the Scottish Government's Framework for Tax recognises that tax can be used to help promote "a more equal society through redistribution".[46] Better taxation of wealth must play a key part in achieving this, whilst simultaneously delivering the additional revenues needed to deliver on our shared, and critical, national priorities.

Figure 6: Across 2018-20, the wealthiest households in Scotland had, on average, 217 times more wealth of the least wealthy households.

Median household wealth, Scotland, by wealth decile, 2006-08 to 2018-20



Source: Wealth in Scotland 2006-2020

Important levers to tax wealth remain reserved to Westminster, including Capital Gains Tax and Inheritance Tax, but options exist under devolved powers to better tax wealth in Scotland. We therefore welcomed the First Minister's comments, during the SNP leadership election and subsequently, about the need to redistribute wealth more evenly in Scotland – with at times an explicit focus on exploring new wealth taxes. Now is the time to deliver upon this.

"Various poverty organisations say the government has to be bold around, not just taxation, but potentially wealth taxes, and that's something I am committed to looking at... I want to start that leadership with a really open mind about how we can use our devolved powers to maximum effect."

- First Minister Humza Yousaf, March 2023

"Scotland is a wealthy country, but that wealth is not distributed evenly. To tackle poverty, we need to be even bolder on taxation, and the redistribution of wealth."

- First Minister Humza Yousaf, April 2023

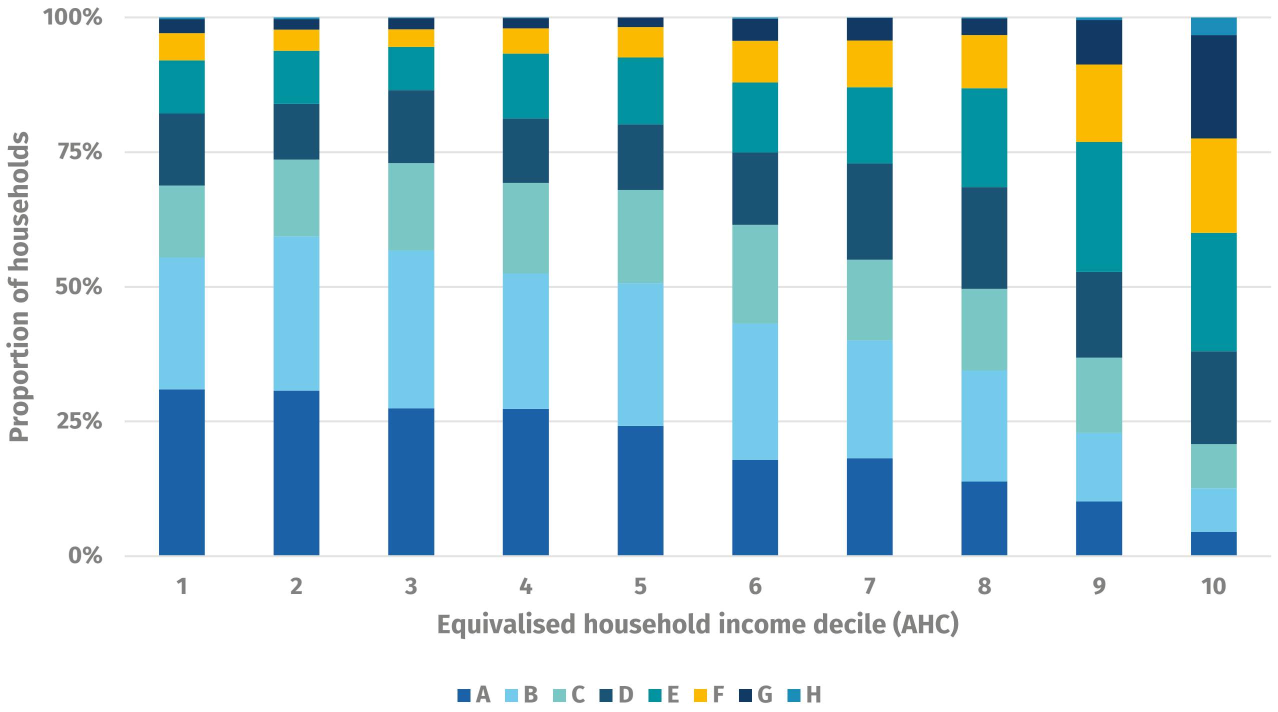
Council Tax – a form of wealth tax in need of reform

Property is the single most valuable type of wealth held by households in Scotland[47], making property taxation a natural starting point for improving wealth taxation. The current Council Tax system is, however, badly outdated and in dire need of reform. The powers to fix this are entirely devolved to the Scottish Parliament. However, despite many years of consensus around the need to replace Council Tax with a new, and fairer, system – together with countless commissions, reviews, and manifesto commitments[48] – broadly the same regressive system persists.

Council Tax is not only outdated, it also makes a minority contribution to local government's complex financial arrangements: just over £2.7 billion is generated through Council Tax, as compared with £11.9 billion of local councils' revenue funding in 2022-23.[49] In addition, the rates at which it is paid are based on property valuations undertaken in 1991 – a system that relies on three decade-old property valuations can no longer be accepted; whatever relationship may have existed between bands and households' resources has long since moved on.

As Figure 7, below, demonstrates, around three quarters of all homes are now in bands A-D (the lowest value bands), including more than a third of the homes occupied by the richest 10 per cent of people. **This means that people with some of the highest incomes in Scotland pay the least in Council Tax**. In contrast, while higher income households are more likely to live in bands E-H, a sizeable share of lower income households also live in these homes (Figure 6). This means that a number of lower income people are paying some of the highest Council Tax bills.

Figure 7: Distribution of Council Tax bands across households by forecast 2023/24 income decile



Source: IPPR Scotland analysis using IPPR tax and benefit model

As thing stand, Council Tax bills are lowest as a proportion of home value for those in the highest value properties and as a proportion of income for the highest income households, albeit the Council Tax reduction scheme corrects for this, at least to an extent, for the very lowest income households.[50]

The regressive aspects of Council Tax, coupled with the gendered nature of wealth and income inequality, also means that men are more likely to benefit from the current system. **We cannot continue to apply inadequate sticking plasters to the broken Council Tax, it is long past time to fundamentally reform or replace this unjust system.**

The Council Tax freeze, implemented by the Scottish Government between 2007 and 2021 in a bid to reduce pressure on household budgets, not only perpetuated this regressive model of revenue generation but did so in a way which generated between £600m and £900m a year less than would have been the case if rates were set at the same level as in Wales and England respectively.[51] It ultimately reduced the revenue available to fund public services locally, while failing to make the system fairer.

However, despite the inherent shortcomings within the current system, its potential as a revenue raising tool in the short-term cannot be overlooked. The key is to ensure whatever limited progressive elements within the system exist are utilised as much as possible to make it as fair as possible, in advance of its replacement.

The recent launch of a joint Scottish Government and COSLA consultation[52] on progressively higher increases to Council Tax multipliers for bands E to H is therefore welcome – recognising, as it does, the inherent unfairness built into the existing system, and particularly so, the standard approach of applying flat increases across all bands, regardless of their value. However, the proposed changes contained within the consultation – which focus on progressively larger rate increases for properties in the higher bands – can only offer a short-term improvement and won't address the inherent unfairness.

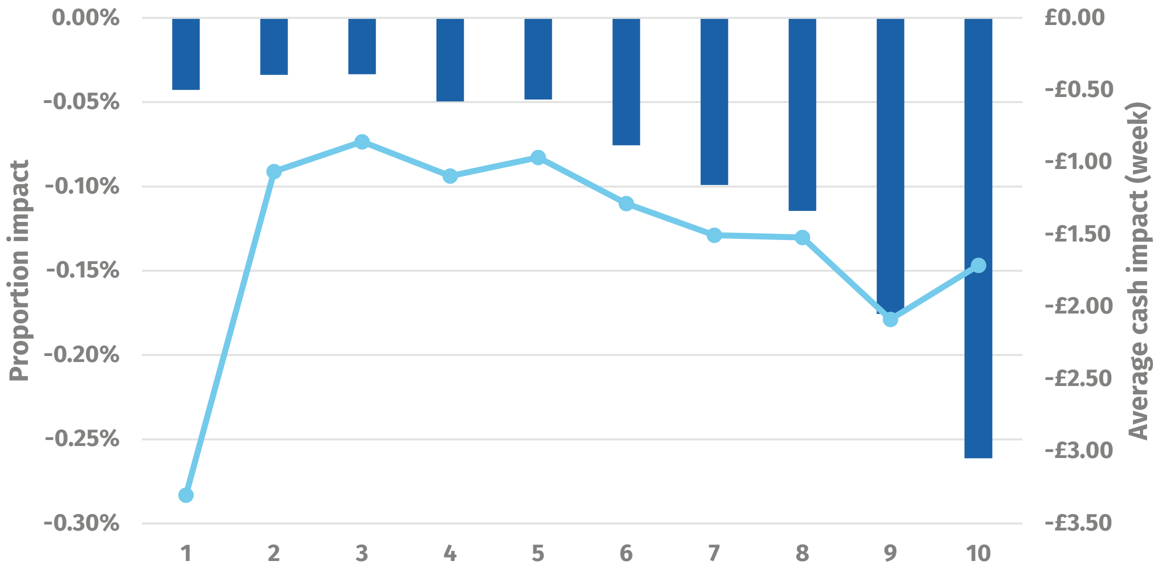
Modelling from IPPR Scotland shows how, given the skewed make-up within and across bands, Council Tax increases are generally regressive, and the distribution of bands across income groups mean the system resists attempts to make it more progressive.

Figure 8, below, shows the estimated changes in income across household income deciles flowing from the Scottish Government's proposals in its joint consultation with COSLA – with increases of 7.5%, 12.5%, 17.5% and 22.5% for Bands E, F, G and H respectively. Even after Council Tax reduction kicks in to smooth the effects for households who are eligible (i.e. those on the lowest incomes), the distributional impact of even a 'progressive' increase, with rate rises larger for higher properties in higher bands, would still have regressive elements.

As the bar graph below shows, while the lowest income deciles would lose the least in cash terms, those in the lowest decile would see the highest proportional impact on their disposable income, as shown by the line graph. In contrast, the proportional impact is lower for those in higher income deciles. The proposed reforms, would however, show some progressivity from decile 3 onwards.

Figure 8: Increasing council tax for the higher bands only does not translate into a progressive tax increase.

Average impact on annual disposable income of increasing council tax in bands E to H by progressively higher proportions.



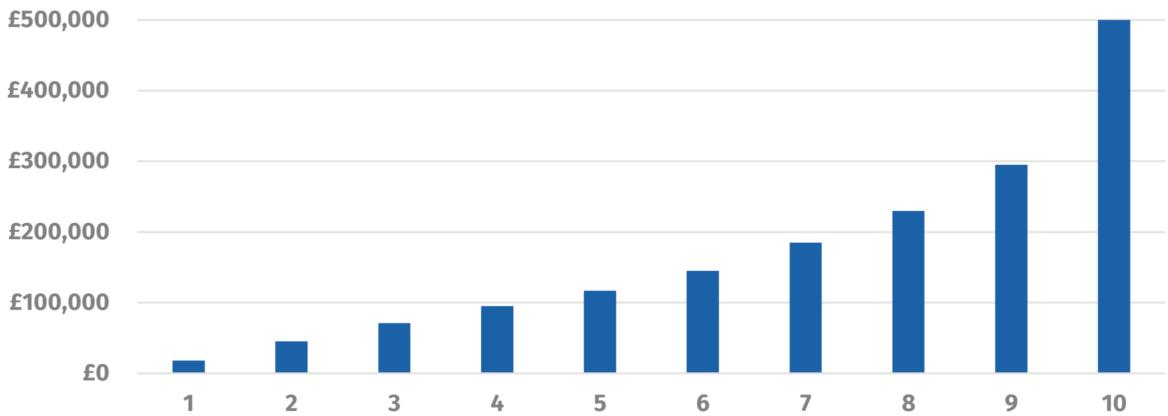
Source: Authors' analysis using IPPR tax-benefit model

While the Scottish Government's recent proposal will provide a small but welcome short-term improvement in the current Council Tax, it won't address the system's inherent unfairness. If we are to maximise the potential for local taxes to play their part in funding local and national priorities, while also taking greater action to protect those on the lowest incomes, now is the time to do so.

Ensuring a fairer and more progressive approach to property wealth taxation would also tackle one of the key drivers of wealth inequality within Scotland: vastly unequal property holdings. In Scotland, median household property wealth is £67,000 – 10 times median financial wealth.[53] Excluding households with no property, that increases to £125,000 – and, as Figure 9 below shows, the distribution of property wealth is significantly skewed towards the wealthiest home-owning households.

Figure 9: The wealthiest home-owning households had on average £500,000 in property wealth, whereas the least wealthy had £18,000.

Median net property wealth by property wealth decile, 2018-2020.



Source: Wealth and Assets in Scotland 2006-2020. Figures include property owners only.

Given the vast levels of wealth locked up in property in Scotland, the Scottish Government must work on a cross-party basis to replace the current Council Tax before the end of this parliament. While the Scottish Government has previously committed to undertake an "effective deliberative engagement on sources of local government funding, including Council Tax, that will culminate in a Citizens' Assembly"[54], it is almost two years on from that commitment and there are no signs of progress. If any fundamental change is to be legislated for, let alone begun, in this Parliament – as it should – time is running out.

One option would be to introduce a new percentage of property value tax. This was looked at as part of the Local Tax Commission's work, and at that time (2013/14) they found a tax set at around 0.7 per cent of a property's value would be cost-neutral in comparison with the then-current Council Tax system.

A flat percentage of value property tax would see lower value properties pay less than the current system and higher value properties pay more. This system could see local variability by council area. However, implementing it would require a full-scale revaluation of house values, which may delay its introduction. Equally, to raise more revenue than the existing Council Tax system to better fund local services, a higher percentage tax rate would be needed.

A hybrid option would be to **introduce a new percentage of value tax alongside the ongoing Council Tax system, set at 0.75 per cent of value, for new property purchases only**. This would see the percentage of value tax act as a floor on Council Tax bills, with people paying the higher of the ongoing Council Tax system or 0.75 per cent of their property's value. Local councils could have the power to vary this percentage above or beneath the nationally set level to meet local funding needs.

Full roll-out could take place when it was judged that sufficient properties were operating on the new system to make phasing out the old Council Tax system smoother. Once fully rolled out, this could see lower value properties, on average, pay the same as under the existing Council Tax system, with higher value properties on average paying more. As an illustration, if it were fully rolled out now, IPPR Scotland modelling suggests **it could raise around an additional £350m per year compared to the current system**.[55]

Introducing a new hybrid property value tax for new property sales only could have several crucial advantages. It would avoid the risk of seeing lower income families pushed out of higher value homes through tax increases. Tax liability would only change if you moved home, and so you could budget accordingly. With the devolution of Land and Buildings Transactions Tax (formerly stamp duty), the Scottish Government also has access to values of homes at point of purchase, which could be used to calculate the new hybrid tax bill without need for further physical valuations in the short-term at least.

Some have also proposed a new tax on the value of land, rather than the infrastructure on it.[56] The Scottish Land Commission note that land is the most valuable asset in the UK.[57] Taxing it could help to address rising inequalities[58] while reducing the role of land assets in the accumulation of wealth.[59]

Considering other local tax options to target non-property wealth

While replacing Council Tax may represent one of the primary vehicles to develop new or reformed taxes which can better target wealth inequalities in Scotland, it should not be the only one. The Scotland Act 1998 devolved wide powers around local taxation to fund local authority expenditure. In the absence of other limiting statute, this means that the Scottish Parliament could, in theory, introduce a broad range of new forms of taxation at the local level, if the revenue generated is then used to fund local authority spending.[60] In turn, this could free up Scottish Government resource funding.

Importantly, the introduction of new wealth taxes could start to address the vast disparities in wealth we see in Scotland and create further opportunities to raise the necessary revenue to fully deliver on the Scottish Government's policy priorities. While the current devolution settlement means such wealth taxes are unlikely to be deliverable at a national level, using the broad powers available at the local level mean they could be feasible. Other options are outlined below[61], not to provide definitive answers to how local tax powers should be used to strengthen Scotland's tax system but to outline what might be possible and pose questions for discussion and illustrative ideas for debate as part of the national consultation we believe the Scottish Government should launch.

- **A local inheritance tax (IHT):** If designed as a flat 10 per cent rate above a threshold of £36,000, such a tax could have provided up to £200 million of additional revenue per year. If designed to work around the UK-wide IHT, set at a 20 per cent marginal tax rate for estates worth more than £36,000 that do not currently pay UK IHT, previous IPPR Scotland modelling suggests it could raise around £300 million per year. Contemporary impacts would likely be larger due to asset appreciation. Such a tax could be set at a single rate – as with business rates – or devolved to local authorities.

- **Local payroll tax:** A local payroll tax, aimed at the wealth generated and held by employers that implement low-pay business models, could be designed to work around the current UK National Insurance system. Employers pay no National Insurance for each of their employee's earnings below the "secondary threshold" (currently £9,100 per year). A 'low pay levy', could be applied within this zero-rate band. Analysis from IPPR Scotland a rate of 3.8 per cent could raise up to £600 million per year. While this is primarily focused on raising revenue, this may reduce over time if it encourages low pay employers to increase pay; overall, this shift would be welcome.

Using tax to support social and environmental commitments

While a critical role of taxation is to raise revenue, this is not the only purpose it serves. As the Scottish Government's Framework for Tax[62] recognises, it can also be used to "encourage taxpayers (businesses and/or individuals) to change their behaviour", as per existing duties on alcohol and cigarettes. While recognition of this function is positive, it is time to consider how devolved tax powers could be used to drive behaviour change in support of key national priorities – particularly the delivery of fairer and more flexible work as a key step in reducing child poverty in Scotland and better supporting those with caring responsibilities, as well as a rapid reduction in the country's emissions.

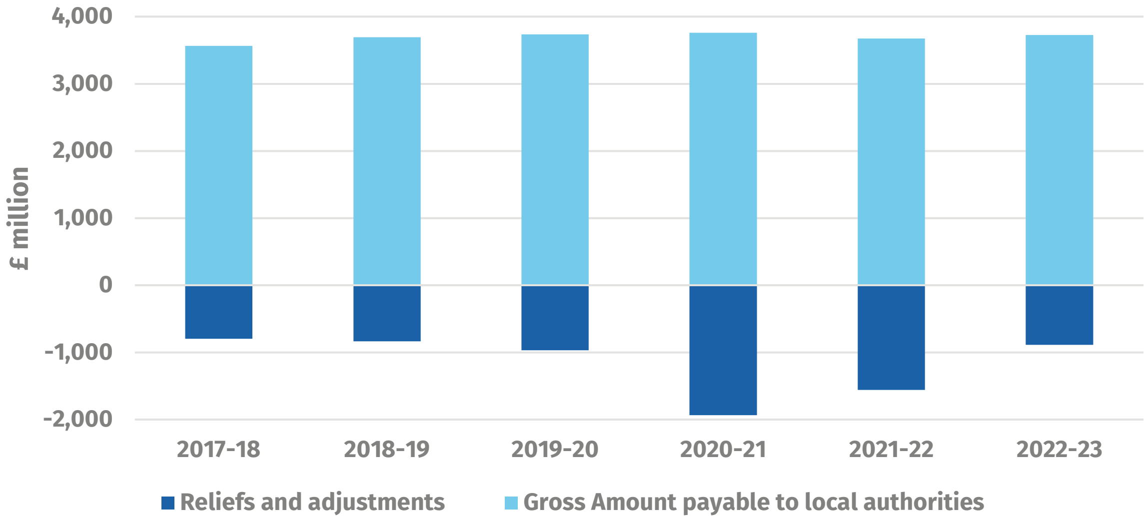
Previous research from IPPR Scotland[63] set out some potential uses of local tax powers to contribute to achieving Scotland's national outcomes, particularly those focused on the environment, poverty and fair work. In addition, there is increased focus on ensuring that the necessary investments in climate action in Scotland are funded in a way that reflects different actors' responsibility for causing the climate crisis – by making polluters pay for their damage.

Incentivising better business practice

In 2023-24, non-domestic rates reliefs are expected to save businesses (and forgo income to local government) £693 million, with Scottish Fiscal Commission forecasts estimating that this will rise over the remainder of the Parliament.[64] In most years, these reliefs (together with adjustments to previous year's reliefs) account for just over a fifth of the gross amount payable through non-domestic rates to local authorities (Figure 10).

Figure 10: Just over a fifth of non-domestic rate liabilities are discounted through reliefs and adjustments.

Non-domestic rates income 2017-18 – 2018-19.



Source: Authors analysis of Scottish Government 2023 (Non-domestic rates income statistics). 2017-18 to 2020-21 figures are the audited outturn figures; 2021-22 is the provisional outturn; and 2022-23 is the mid-year estimate. The figures for 2020-21 and 2021-22 were higher due to more generous COVID reliefs through the pandemic.

While this £693 million of reliefs means businesses pay less, it represents a significant loss of income for local councils – yet it comes with **little to no requirements around businesses' environmental or social responsibilities** in return. While many businesses – particularly small and local businesses – are still dealing with the damaging impacts of the pandemic and a declining high street, we must still demand better, fairer business, if we're to deliver upon the Scottish Government's stated commitments to a 'wellbeing economy'.[65]

The Scottish Government should explore new taxes that incentivise more businesses in Scotland towards pro-social behaviour change – for example, to offer fair and flexible working, including boosting the support they offer to those with caring responsibilities.

Ultimately, the current system, including exemptions, represents a significant amount of forgone income while not necessarily delivering better business outcomes.[66] We believe it should instead be replaced with a system that is fairer for local communities, delivers better social, environmental and economic outcomes, and can contribute to increased public revenue.

Under current devolved powers, voluntary schemes are one of the few levers – other than applying conditions to those accessing public procurement contracts – which are available to the Scottish Government to drive fairer working practices. The Government implements a number of voluntary schemes, such as the Scottish Business Pledge[67], Carer Positive[68], and Living Wage Scotland.[69] While welcome, these schemes are inherently 'all carrot, no stick'. Reforms through the tax system would instead provide greater accountability and incentivisation for businesses to do more to help to deliver national priorities and outcomes, most notably on poverty and fair work, as well as climate justice.

One option in this category could be the introduction of a fair work supplement on business rates. This would see employers who do not meet fair work criteria set by the Scottish Government – such as the existence of a collective bargaining arrangement, adherence to the real-living wage and other criteria taken from existing voluntary initiatives – pay a supplement on their bills. The level of fair work supplement could be calculated as a proportion of an employer's profit, turnover or total payroll, and collected through the existing business rates system, bringing greater numbers of businesses into the business rates system, and providing new revenues for local government. That said, this option could also be designed to be revenue neutral, if it were to be accompanied by a rebate for those employers who do offer fair work, further reinforcing the incentive to change business practice.

The fair work supplement could provide an important new incentive for employers to move to fair work business models, benefiting employees across Scotland and giving much-needed new impetus to the Scottish Government's fair work and inclusive growth agendas. It would also be in keeping with the Scottish Government's existing 'fair work first' approach to businesses receiving government support more broadly. The supplement could be set locally with any revenue generated retained by individual local authorities or pooled to increase local government funding.

Making polluters pay for their damage

We are hurtling towards climate catastrophe: current policies put the planet on track for around 2.7°C of warming above pre-industrial levels.[70] Limiting climate change by staying within a 1.5°C threshold is still possible, but in the words of the UN Secretary General, 'it will take a quantum leap in climate action'.[71] Global temperatures are already around 1.2°C higher than pre-industrial levels creating severe impacts for people in low-income countries.

Rich, high-polluting nations, including Scotland, must use every tool, including tax, to drive down emissions more quickly while delivering climate justice for those impacted, who did little – if anything – to contribute to the climate crisis.

The case for using the tax system for this purpose is strong. Not only should those with the greatest capacity to pay contribute disproportionately towards the costs of climate action, but there is also growing evidence of the overlaps between emissions, and an individual's level of income and wealth. For example, Oxfam's global analysis shows that the super-rich are super-charging climate breakdown. They estimate that, each year, the emissions generated by the investments of just 125 billionaires are nearly 10 times those generated annually in Scotland.[72]

In the UK, on average, the wealthiest 1% of people each produce 11 times the emissions of someone in the poorest half of the population. Those in the wealthiest 10% (with income after tax of at least £41,000), have a carbon footprint more than double the national average and four times that of someone in the poorest 50%.[73]

Positively, the Scottish Parliament has set relatively strong emissions reduction targets – net zero by 2045, with a 75% cut by 2030. However, while emissions in 2021 were 49.2% lower than in 1990, they rose 2.4% from 2020 and the annual target was missed[74] – the fourth missed target in five years.[75] Worryingly, the UK Committee on Climate Change says Scotland's legal targets are "in danger of becoming meaningless".[76] Emissions from goods and services used in Scotland but produced overseas have also fallen much more slowly.[77] There is therefore a clear and urgent need to accelerate climate action in Scotland and – while the UK Government has control over some important tax levers, including Corporation Tax – devolved taxes should be used to their maximum to incentivise this.

By using devolved tax powers in this way, the Scottish Government can show important global leadership, building on its status as the first government in the world to commit dedicated finance to address climate-induced losses and damages in low-income countries.[78] [79] By using devolved taxes to make polluters pay, it can not only invest in the actions needed to accelerate emission reduction in Scotland, but also fund this vital international contribution.

Research for Stop Climate Chaos Scotland[80] found that investment in climate related activities is falling short of that needed to deliver a fair and just transition at the speed required. The report examines how existing public spending could be used better, but also how additional revenue could be raised. Climate action should primarily be funded from general taxation, just like the NHS, with the revenues invested to reduce emissions in ways that also mitigate the cost-of-living crisis, such as insulating homes.

However, crucially, the report also says **the Scottish Government, working with local authorities, could introduce environmental taxes aimed at changing behaviours of emitters**, such as: Workplace Parking Levies (with the revenue generated invested in public transport and active travel); linking business rates to a business' carbon footprint; pay-as-you-throw taxes on household waste; a Carbon Emissions Land Tax which would be imposed on landholdings of over 1,000 hectares according to their land uses and estimated negative or positive emissions[81]; and a nitrogen levy in farming.

There is also a pressing need to reduce emissions from air travel. Airport Departure Tax (ADT) was devolved to the Scottish Government in 2016 but is not yet operational. The Climate Assembly recommended the introduction of a Frequent Flyer Levy to "address the unfairness of frequent flyers causing disproportionate emissions".[82] The Scottish Government says it will review rates and bands of the existing Air Passenger Duty before introducing the devolved ADT. This should be undertaken swiftly, with any replacement tax fully supporting the delivery of climate justice.

We welcome the Scottish Government commissioning research to examine international evidence on the potential role of fiscal levers to deliver reductions in greenhouse reductions.[83] **While making polluters pay for their damage to incentivise emissions reductions is essential, the Scottish Government should also urgently explore options to raise additional money for climate just action, in line with fully and consistently delivering – at a minimum – Scotland's legal emission reduction targets.**

This briefing is endorsed by:

Endnotes

[1] Scottish Government's Wealth in Scotland 2006-2020 (published Feb 2022): https://data.gov.scot/wealth/
[2] Poverty and Income Inequality in Scotland 2019-22, Scottish Government (23 March 2023): https://data.gov.scot/poverty/#working-age-adults
[3] The gendered impact of the cost-of-living crisis, Women's Budget Group (March 2022): https://wbg.org.uk/wp-content/uploads/2022/03/The-gendered-impact-of-the-cost-of-living-crisis.pdf
[4] Autumn Statement, UK Government (17 Nov 20220): https://www.gov.uk/government/topical-events/autumn-statement-2022
[5] Emergency Budget Review, Scottish Government (2 Nov 20222): https://www.gov.scot/news/emergency-budget-review-published/#:~:text=The%20EBR%20consisted%20of%20a,with%20the%20cost%20of%20living
[6] The outlook for household income and consumption, Office for Budget Responsibility (November 2022): https://obr.uk/box/the-outlook-for-household-income-and-consumption/
[7] Women's Survey 2023, the Scottish Women's Budget Group (accessed 5 Sept 2023): https://www.swbg.org.uk/content/publications/SWBG-Cost-of-Living-report-proof-06.pdf
[8] Climate Change, Scottish Government (accessed 26 July 2023): https://www.gov.scot/policies/climate-change/reducing-emissions/
[9] Advisory Group on Tax, Scottish Government (29 June 2023): https://www.gov.scot/news/advisory-group-on-tax-strategy/
[10] Wealth in Scotland 2006-2020, Types of Wealth (18 Feb 20200): https://data.gov.scot/wealth/#Types_of_wealth
[11] IPPR Scotland analysis of Scottish Government Gross Domestic Product – quarterly national accounts (2023), and ONS Wealth in Great Britain (2022).
[12] National Performance Framework, Poverty, Scottish Government (accessed 9 Jan 2023): https://nationalperformance.gov.scot/national-outcomes/poverty
[13] The Scottish Government's Wealth in Scotland 2006-2020 (published Feb 2022) – https://data.gov.scot/wealth/ – suggests that in 2018-20:

- The Gini coefficient was 64%, down from 65% in 2006-08, but up from 60% in 2014-16.
- Similarly, the Palma ratio, which divides the combined wealth of the 10% wealthiest households by that of the 40% least wealthy households, was 10.8 in 2018-20, down from 11.6 in 2006-08, but up from 8.5 in 2014-16.

[14] Wealth in Scotland 2006-2020, Scottish Government (18 Feb 2022): https://data.gov.scot/wealth/#Wealth_inequality
[15] Reform Scotland, Taxing Times: (28 June 2022): https://reformscotland.com/2022/06/taxing-times-why-scotland-needs-new-more-and-better-taxes/
[16] Poverty and Income Inequality in Scotland 2019-22, Scot Gov (23 March 2023): https://data.gov.scot/poverty/
[17] Poverty and Income Inequality in Scotland 2019-22, Equality Analysis (23 March 2023): https://data.gov.scot/poverty/#Equality_analysis
[18] The gendered impact of the cost-of-living crisis, Women's Budget Group (March 2022): https://wbg.org.uk/wp-content/uploads/2022/03/The-gendered-impact-of-the-cost-of-living-crisis.pdf
[19] Scottish Government, Wealth in Scotland 2006-2020 (18 February 2022): https://data.gov.scot/wealth/#Wealth_inequality
[20] IPPR Scotland, Tipping the Scales (May 2023): https://www.ippr.org/research/publications/tipping-the-scales
[21] Scot Gov, Poverty and Income Inequality in Scotland 2019-22 (23 March 2023): https://data.gov.scot/poverty/#:~:text=21%25%20of%20working%2Dage%20adults,poverty%20has%20been%20broadly%20stable.&text=15%25%20of%20pensioners%20were%20living,largely%20stable%20in%20recent%20years.

[22] Blog: The Scottish Government must go further to meet legal child poverty targets, Poverty Alliance (June 2023): https://www.povertyalliance.org/blog-the-scottish-government-must-go-further-to-meet-legal-child-poverty-targets/
[23] Scot Gov, Tackling Child Poverty Delivery Plan 2022-26 (24 March 2022): : https://www.gov.scot/news/tackling-child-poverty-delivery-plan-2022-26/#:~:text=The%20Child%20Poverty%20(Scotland)%20Act,fewer%20than%2010%25%20by%202030
[24] A Scotland that Cares (November 2022): https://oxfam.app.box.com/file/1097511024675?s=ux4nz8vymq29rbzfmt69xn0l7i02v79p
[25] A Human Rights Bill for Scotland (15 June 2023): https://www.gov.scot/publications/human-rights-bill-scotland-consultation/#:~:text=Published%2015%20June%202023&text=The%20Scottish%20Government%20is%20gathering,the%20limits%20of%20devolved%20competence.
[26] Scotland's climate targets are in danger of becoming meaningless, Climate Change Committee (Dec 2022): https://www.theccc.org.uk/2022/12/07/scotlands-climate-targets-are-in-danger-of-becoming-meaningless/
[27] Scottish Greenhouse Gas Statistics 2021, Scottish Government (20 June 2023): https://www.gov.scot/publications/scottish-greenhouse-gas-statistics-2021/
[28] Scottish Budget: 2023-24, Scottish Government, 15 December 2023: https://www.gov.scot/publications/scottish-budget-2023-24/
[29] Oxfam Scotland, Reaction to Scottish Budget (15 Dec 2022): https://oxfamapps.org/scotland/2022/12/15/reaction-to-scottish-budget-23-24/
[30] A Fairer, Greener Scotland: Programme for Government 2021-22, Scottish Government, (7 Sept 2021): https://www.gov.scot/publications/fairer-greener-scotland-programme-government-2021-22/pages/3/#:~:text=Our%20commitment%20to%20national%20wellbeing,in%20the%20National%20Performance%20Framework.
[31] A stronger and more resilient Scotland: the Programme for Government 2022 to 2023, Scottish Government (6 Sept 2022): https://www.gov.scot/publications/stronger-more-resilient-scotland-programme-government-2022-23/
[32] The Scottish Government's Medium-Term Financial Strategy, Scottish Government (25 May, 2023): https://www.gov.scot/publications/scottish-governments-medium-term-financial-strategy-2/
[33] It also requires a culture of financial transparency and openness, supported by gathering the right data and publishing it in accessible formats, to enable policymakers, the third sector, and members of the public to see and understand the impacts of decisions on taxation and public spending.
[34] Fiscal measures for climate justice, Stop Climate Chaos Scotland (accessed 26 July 2023): https://www.stopclimatechaos.scot/campaign/fiscal-measures-for-climate-justice/#:~:text=Stop%20Climate%20Chaos%20Scotland%20(SCCS,to%20fund%20priorities%20%E2%80%93%20to%20help
[35] Behavioural responses to changes in Income tax, SPICe Spotlight (25 July, 2023): https://spice-spotlight.scot/2023/07/25/behavioural-responses-to-changes-in-income-tax/#:~:text=How%20are%20behavioural%20responses%20measured,one%20minus%20the%20tax%20rate).
[36] How we forecast behavioural responses to income tax policy, The Scottish Fiscal Commission (2018): https://www.fiscalcommission.scot/publications/how-we-forecast-behavioural-responses-to-income-tax-policy-march-2018/
[37] Scot Gov, Scottish Budget 2023-24: public attitudes to tax and stakeholder roundtable summary (15 Dec, 2022): https://www.gov.scot/publications/scottish-budget-2023-24-public-attitudes-tax-stakeholder-roundtable-summary/#:~:text=The%20majority%20of%20respondents%20to,%25%20and%20YouGov%20%2D%208%25).
[38] IPPR Scotland, Funding a social renewal: Scottish budget briefing (1 Dec 2022): https://www.ippr.org/research/publications/funding-a-social-renewal-scottish-budget-briefing-paper

[39] Source: authors' analysis using IPPR tax-benefit model. Comparison of UK post-Autumn statement 2023/24 income tax rates and thresholds with a baseline scenario which assumed the top rate threshold is reduced to £125,140, the higher rate threshold is frozen at £43,662, the remaining thresholds increase by inflation, and tax rates in each band remain at their 2022/23 levels.

[40] Humza Yousaf to back wealth tax if he wins content to become SNP leader and First Minister, Daily Record (27 March 2023): https://www.dailyrecord.co.uk/news/politics/humza-yousaf-back-wealth-tax-29553552

[41] Poverty doesn't have to be inevitable, IPPR Scotland (5 April 2023): https://www.ippr.org/blog/poverty-doesn-t-have-to-be-inevitable-it-needs-political-will-and-investment-to-eradicate

[42] Note, IPPR's estimates are based on static analysis which do not attempt to model behavioural responses to changes in tax rates. The evidence on behavioural response applicable in a Scottish context is limited, and, of course, behavioural responses depend both on opportunities to move income and choices made within society neither of which are predetermined. Our figures show the increase in tax receipts that would be possible, and government would have a role in ensuring the wider landscape of opportunity and incentive means they are realised. For details on the Scottish Fiscal Commission's approach to modelling behavioural responses, see Scottish Fiscal Commission, (2018) How we forecast behavioural responses to income tax policy https://www.fiscalcommission.scot/publications/how-we-forecast-behavioural-responses-to-income-tax-policy-march-2018/.

[43] As per footnote 42, IPPR's estimates are based on static analysis which do not attempt to model behavioural responses to changes in tax rates on the basis these are not pre-determined.

[44] The block grant adjustment (BGA) reduces the block grant to account for devolved taxes (i.e. the revenue foregone by the UK government), and increases the block grant to account for devolved social security (i.e. expenditure avoided by UK government).

[45] Household total wealth in Great Britain: April 2018 to March 2020, Office for National Statistics (7 January 2022): https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2018tomarch2020#:~:text=Main%20points,2008%2C%20after%20adjusting%20for%20inflation.

[46] Scottish Gov's Framework for Tax (2021): https://www.gov.scot/publications/framework-tax-2021/pages/3/

[47] Wealth in Scotland 2006-2020, Types of Wealth (18 Feb 20200): https://data.gov.scot/wealth/#Types_of_wealth

[48] The SNP's 2007 manifesto committed to replacing council tax with a local income tax, but the proposal failed to secure enough support in the Scottish Parliament: http://news.bbc.co.uk/1/hi/scotland/7882302.stm. In 2015, the Commission on Local Tax Reform, published proposals across property, land value and local income taxes in Just change: a new approach to local taxation: https://web.archive.org/web/20160119001400/http://localtaxcommission.scot/download-our-final-report/. In response the Scottish Government made minor changes to Council Tax bands, see: https://archive2021.parliament.scot/ResearchBriefingsAndFactsheets/S4/SB_16-28_Scottish_Government_proposals_for_Council_Tax_reform.pdf. Most recently the Scottish government is consulting on further minor changes to council tax bands https://www.gov.scot/news/council-tax-consultation/

[49] Council Tax Collection statistics 2022-23: https://www.gov.scot/news/council-tax-collection-statistics-2022-23/

[50] Gunson, R., Parkes, H. and Statham, R., (2021) Better than before: How local tax reform can help pay for recovery: https://www.ippr.org/research/publications/better-than-before-how-local-tax-reform-can-help-pay-for-recovery

[51] Fraser of Allander Institute, What is the case for increasing council tax rates in Scotland? (2019): https://fraserofallander.org/what-is-the-case-for-increasing-council-tax-rates-in-scotland/

[52] Fairer Council Tax: consultation, Scottish Government (12 July 2023): https://www.gov.scot/publications/consultation-fairer-council-tax/
[53] Wealth and Assets in Scotland 2006-2020: https://data.gov.scot/wealth/#Key_points
[54] A Fairer, Greener Scotland, Programme for Government 2021-22 (7 Sept, 2021): https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2021/09/fairer-greener-scotland-programme-government-2021-22/documents/fairer-greener-scotland-programme-government-2021-22/fairer-greener-scotland-programme-government-2021-22/govscot%3Adocument/fairer-greener-scotland-programme-government-2021-22.pdf
[55] Gunson, R., Parkes, H. and Statham, R., (2021) Better than before: How local tax reform can help pay for recovery: https://www.ippr.org/research/publications/better-than-before-how-local-tax-reform-can-help-pay-for-recovery
[56] A Route Map to A Fair Independent Scotland, The Social Justice and Fairness Commission (March 2021): https://www.socialjustice.scot/wp-content/uploads/2021/07/Social-Justice-Fairness-Commission-Final-Report-.pdf
[57] Land Value Tax, Scottish land Commission (accessed 29 August 2023): https://www.landcommission.gov.scot/downloads/5dd69d3b1fba6_LAND-FOCUS_Land-Value-Tax-October-2018.pdf
[58] Land Reform and Taxation, Advice to Scottish Ministers (Jan 2022): https://www.landcommission.gov.scot/downloads/61efa506191e2_Land%20Reform%20and%20Taxation%20-%20Advice%20to%20Scottish%20Ministers.pdf
[59] A Common Weal approach to local taxation in Scotland, Common Weal: http://localtaxcommission.scot/wp-content/uploads/Local-Taxation-paper-from-Common-Weal.pdf
[60] Fawcett, J. and Gunson, R., Thinking bigger on tax in Scotland: Using Scotland's local tax powers to their full potential (2019): https://www.ippr.org/research/publications/thinking-bigger-on-tax-in-scotland
[61] Fawcett, J. and Gunson, R., Thinking bigger on tax in Scotland: Using Scotland's local tax powers to their full potential (2019): https://www.ippr.org/research/publications/thinking-bigger-on-tax-in-scotland
[62] Scot Gov's Framework for Tax (2021): https://www.gov.scot/publications/framework-tax-2021/pages/3/
[63] Fawcett, J. and Gunson, R., Thinking bigger on tax in Scotland: Using Scotland's local tax powers to their full potential (2019): https://www.ippr.org/research/publications/thinking-bigger-on-tax-in-scotland
[64] Scottish Fiscal Commission, Scotland's Economic and Fiscal Forecasts May 2023: https://www.fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-may-2023/
[65] Wellbeing economy monitor, Scot Gov (2022): https://www.gov.scot/publications/wellbeing-economy-monitor/
[66] Fraser of Allander Institute, An Evaluation of the Small Business Bonus Scheme (March 2022): https://fraserofallander.org/an-evaluation-of-the-small-business-bonus-scheme/
[67] The Scottish Business Pledge (accessed 26 July 2023): https://scottishbusinesspledge.scot/
[68] Carer Positive (accessed 26 July 2023): https://www.carerpositive.org/
[69] Living Wage Scotland (accessed 26 July 2023): https://scottishlivingwage.org/
[70] Climate Action Tracker, *Addressing global warming*. https://climateactiontracker.org/global/temperatures/
[71] Meredith, S. (2023). World's top climate scientists issue 'survival guide for humanity'. CNBC. https://www.cnbc.com/2023/03/20/ipcc-report-on-climate-un-scientists-call-for-course-correction.html
[72] Oxfam began with a list of the 220 richest people in the world according to the Bloomberg Billionaires Index and worked with data provider Exerica to identify a) the percentage ownership these billionaires held in corporations b) the scope 1&2 emissions of these corporations. To calculate the investment portfolios of individual billionaires, we used the analysis by Bloomberg, who provide detailed breakdowns of the sources of billionaire wealth. See Oxfam's report "Carbon Billionaires" (Nov 2022):

https://policy-practice.oxfam.org/resources/carbon-billionaires-the-investment-emissions-of-the-worlds-richest-people-621446/
[73] Wealthiest Brits Have a Carbon Footprint 11 Times That of Someone in the Poorest Half of Society (8 Dec 2020): https://www.oxfam.org.uk/media/press-releases/wealthiest-brits-have-a-carbon-footprint-11-times-that-of-someone-in-the-poorest-half-of-society/
[74] Scottish Greenhouse Gas Statistics 2021, Scottish Government (20 June 2023): https://www.gov.scot/publications/scottish-greenhouse-gas-statistics-2021/
[75] Failure to meet climate targets a 'reckless misstep', Oxfam Scotland (20 June 2023): https://oxfamapps.org/scotland/2023/06/20/failure-to-meet-climate-targets-a-reckless-misstep-oxfam-scotland/
[76] Scotland's climate targets are in danger of becoming meaningless, Climate Change Committee (Dec 2022): https://www.theccc.org.uk/2022/12/07/scotlands-climate-targets-are-in-danger-of-becoming-meaningless/
[77] Scot Gov, Scotland's Carbon Footprint: 1998-2018 (15 March 2022): https://www.gov.scot/news/scotlands-carbon-footprint-1998-2018/
[78] Scot Gov, Scotland to boost climate funding (11 Nov 2022): https://www.gov.scot/news/scotland-to-boost-climate-funding/
[79] Scot Gov, Funding pledge for loss and damage (8 Nov 2022): https://www.gov.scot/news/funding-pledge-for-loss-and-damage/
[80] Stop Climate Chaos Scotland, Financing Climate Justice (Oct 2022): https://www.stopclimatechaos.scot/wp-content/uploads/2022/09/FinancingClimateJustice_Report_ONLINE.pdf
[81] It's time for a Carbon Emissions Land Tax, The John Muir Trust (accessed 9.8.23): https://www.johnmuirtrust.org/support-us/take-action/982-carbon-emissions-land-tax#:~:text=A%20carbon%20emissions%20land%20tax%20would%20band%20landholdings%20over%201%2C000,carbon%20soil%20science%20and%20data.
[82] Scotland's Climate Assembly - recommendations for action: SG response, Scottish Government (Dec 2021): https://www.gov.scot/publications/scottish-government-response-scotlands-climate-assembly-recommendations-action/pages/3/