

Scottish Women's Budget Group

Comments on revenue and taxation for consideration at 3 July EBAG meeting

The Scottish Women's Budget Group (SWBG) offer a brief set of comments regarding opportunities for improving the structures for collecting revenue, including taxation, in Scotland. We are happy to expand on any of the points made and are hoping these comments serve to start a larger discussion.

It will come as no surprise that we suggest the requirement that any policy proposal or structural adjustment be assessed for gender impact. In addition, we recommend that considerations of revenue raising be considered in the context of potential redistribution to mitigate women's relative disadvantaged position, especially in regard to the consequences of austerity measures and other recession effects. In this context, stamp duty and landfill seem a long way away from women's financial autonomy only until we think about how the revenue raised from these measures can be used to support women's access to housing, refuge, childcare and other forms of care, skills training and employment. Any consideration of stamp duty and landfill (and other taxes) must include their context—gendered data on transactions, collection processes, and contribution of these taxes to cumulative impact of taxation on women's overall position.

Revenue Scotland We note that the setup of Revenue Scotland is an opportunity to embed critical gender and other equality competence in tax raising structures. A proactive approach is required to avoid replication of conventional gender-blind processes and assumptions. SWBG would be happy to work with officials on what an appropriately robust structure might look like.

Revenue SWBG can evidence across a range of revenue sources the need for gender analysis and the consequences of the lack of gender/impact analysis.

Measures to increase revenue to augment public spending comprise one set of actions to boost employment, tackle poverty, and support economic growth. Such measures are central to the advancement of women's equality. A broader view, however, is necessary. The contribution of the household to the Scottish economy, and in particular women's contribution as producers and carers must be recognised and rewarded, *and reflected in taxation* and welfare systems. This means eliminating discrimination on the grounds of sex, and on the basis of women's caring and reproductive roles.¹ Progressive measures by this and future Scottish Governments in relation to taxation should include transformational childcare – investing in infrastructure and workforce as

¹ The work of the UK Women's Budget Group (UKWBG) has very effectively highlighted the impact on women's income and financial autonomy of regressive UK taxation and welfare changes <http://www.wbg.org.uk/wp-content/uploads/2014/03/FINAL-WBG-2014-budget-response.pdf>

part of Scotland's economic infrastructure—and generating tax revenue to fund ongoing investment in childcare and wider care provision.

Generating revenue to support these investments can be done by reinstating a 50% tax rate on highest income groups, increasing taxes on property and, particularly relevant, introducing a land tax. Arguably the emphasis for tax regimes in a future Scotland should be on wealth and not income and ensure effective revenue generation from land tax measures, in addition to the Crown Estates measures already in train. Other obvious measures involve closing tax loopholes for corporations, raising corporation tax rates, and cooperating with other governments to changes laws that facilitate corporate tax evasion. Government should NOT raise VAT or introduce tax giveaways that benefit men much more than women (e.g., reductions in duties on fuel and alcohol and the transferable income tax allowance).²

Other issues worth mentioning include the following:

- **Transferable Tax Allowance** should be reversed. According to analysis by the UKWBG, men will be the principal beneficiaries.
- **Universal Credit** should be regarded as household income with couples free to choose rather than only one nominated payee. Payments should be flexible and not solely monthly.
- The SWBG, in arguing for the simplification of taxation, an extension of the tax base and a less divided society, supports the call of the Educational Institute of Scotland (EIS) for **removal of charitable status from independent schools**. This follows an investigation by the Office of the Scottish Charities Regulator (OSCR) into how far the sector opens its doors to poorer pupils. These schools get 80% relief from business rates, their investment income is tax free, and they do not have to pay corporation tax.
- Although a **financial transactions tax** would not be possible so long as Calman's claim that the cost of collecting the data for Scotland would be prohibitive (which is contestable), our direction of travel should be to have all tax payments by individuals and companies in the public realm.

Council Tax

The austerity programme of the Westminster Coalition Government, in particular the changes to welfare benefits, have disproportionately affected women, children and the disabled. The hardship caused has generated demands on local authorities which they are unable to meet; this will be increasingly the case with the current trajectory of cuts in public spend. We therefore regard the need for extra council revenue to meet these demands, to mitigate these effects, as a matter for EBAG.

SWBG has for some years opposed the freeze on council tax. As it stands this is a regressive tax. But it can be made progressive, whether or not Scotland becomes independent. Wales has already taken a step in this direction, revaluing properties in 2003. There are two ways of making the council tax more progressive: changing the multipliers and adding to the bands.

² Thanks to Prof Diane Elson for feeding in to these comments.