



GROUP 10 – EXPLANATORY NOTE AND JAMBOARDS

1. Explanatory note on Group 10's topic

EXPLANATORY NOTE FOR GROUP 10

What topic will we discuss?

This group is invited to consider recommendations on the following topic, which is part of vision element H:

How tax can be made more transparent and understandable.

Given the breadth of vision element H and the discussion in weekends 3 and 4, two other groups (groups 9 and 11) will consider other aspects of the element. These cover how tax can be simplified, made more proportionate and minimising tax avoidance, and also ensuring companies are incentivised to adopt green values.

What is the task and process we will go through?

Notes 1 and 2 explain how recommendations will be prepared and provide a worked example. You will review the summary of evidence in the explanatory note and the weekend 6 jam boards and identify the 2-3 areas you want to focus on to develop recommendations. You will then prepare the text of draft recommendations and accompanying information to be included in the final report.

Recommendations should be about either:

- Remit Q 2: how we overcome the challenges facing Scotland and the world
- Remit Q 3: what further information citizens need to take informed decisions

And they should also be supported by evidence: And they should also be supported by evidence:

- Given by or discussed with experts
- From the Assembly process and the experience of participation
- From 'lived experience' of members, shared and discussed over the course of the Assembly

Summary of the Assembly evidence on the issue

The following aspects of the Assembly journey may be relevant when considering recommendations in this area.

1. In Weekend 1, Nicola McEwen discussed Scotland's spending powers and how we can raise revenues through taxation, for example.
2. You met with a politicians panel in weekend 3 and heard about their priorities and how politics is conducted. These sessions stimulated wider discussion about how well informed citizens are about political issues and the need for better information



to be provided in order for them to make decisions. While this discussion was not focused on tax issues, the values of transparency are relevant to this group's discussion.

3. In weekend 4, you learned about government expenditure and revenue, public borrowing and debt, and the different powers of the Scottish and UK Governments to raise money. You heard ideas for change such as educating the public on matters on finances and taxation and reviewing the tax system.

In developing priority areas for action about finances and taxation, you developed ideas about making tax transparent and understandable which are listed below and summarised in the annex:

- An independent review and simplification of Scotland's tax system
- We need to build a simplified, proportionate, progressive tax system
- Education to reframe the mind set around tax: Increasing public participation in tax decisions, Telling people it's a new system and why
- It must be fair and transparent to all citizens and focussed on ensuring a sustainable environment
- There has been lots of important and useful information shared. Having enough to digest and analyse this as well as we could with more time. Because this is a big responsibility we propose a further assembly on tax and the economy

Groups 9 and 11 will be considering issues around tax fairness and sustainability respectively and the related actions on greener and fairer taxation.

4. Finally in weekend 5 you heard evidence on the responding to COVID, which noted ideas to review the tax system.

Constitutional implications

In weekend 4, you learned that tax powers on land, resources and property are devolved, and taxes on incomes, expenditure and profits, including National Insurance, VAT, corporation and inheritance tax are reserved. You learned that additional powers to adjust the rate of income tax and aspects of social security have recently been devolved. You learned that changes to the UK tax system would require UK wide action.

The Scottish Government and Parliament could take action in this area where any proposed arrangements applied to devolved matters. Should any recommendations cover reserved matters you may wish to consider whether the evidence supports any constitutional change. For further detail on reserved and devolved matters, please see Professor Nicola McEwen's factsheet [here](#)

Action in hand

- The Scottish Government and Revenue Scotland have agreed an approach to tax which is proportionate, efficient, convenient and simple to understand, and provides certainty. In principle both organisations should also be accountable, share information and skills, and maximise opportunities to work with others, to raise the



profile of taxation in Scotland and their respective roles with a wider audience, including educational establishments, with a view to improving collective understanding.

- As set out in the Programme for Government 2020-21, the Scottish Government is seeking the widest possible range of views on how Scotland's devolved taxes and the Fiscal Framework can be used to help our economic recovery from COVID-19. This will be used to inform the Budget for 2021-22.

Annex: Relevant priorities for action/findings from Weekend 4

The finding that we agree is important in considering Scotland's finances and tax choices is....	An independent review and simplification of Scotland's tax system
Reasons	1. The current tax system is antiquated 2. The current system is not equally balanced 3. The tax system needs to be simpler and more transparent

The finding that we agree is important in considering Scotland's finances and tax choices is....	We need to build a simplified, proportionate, progressive tax system
Reasons	That will put funds back into the health service, education and other deprived public services therefore helping to eradicate poverty and ultimately building a fairer society

The finding that we agree is important in considering Scotland's finances and tax choices is....	Education to reframe the mind set around tax: <ul style="list-style-type: none"> Increasing public participation in tax decisions Telling people it's a new system and why
Reasons	1. People need to know why it's so important and that it is about morals/values/part of being a citizen 2. We can't build a sustainable country without thinking seriously about tax

The finding that we agree is important in considering Scotland's finances and tax choices is....	It must be fair and transparent to all citizens and focussed on ensuring a sustainable environment
Reasons	1. The current system is very difficult to understand and is not easily accessible 2. Being "green" is a long term priority 3. People need to be involved in how their money is raised and spent

The finding that we agree is important in considering Scotland's finances and tax choices is....	There has been lots of important and useful information shared. Having enough to digest and analyse this as well as we
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	could with more time. Because this is a big responsibility we propose a further assembly on tax and the economy
Reasons	<ol style="list-style-type: none"> 1. Insufficient time and too much input in the time available 2. We would like more access to the experts for longer in the question and answers sessions 3. The decision is too complex and important to rush and this would provide a vehicle to discuss all the great ideas that have been put forward in more detail

2. Jamboards from Weekend 6 on the topic being considered by Group 10

(H) Scotland should be a country where all taxes are simplified and made more proportionate so that everyone is taxed accordingly; taxation is transparent and understandable; measures are introduced to minimise tax avoidance: and companies are incentivised to adopt green values (from area of consensus: A fairer tax system)



What is at the heart of it? What are you really trying to say to Scotland your vision for the country is?

Everyone should be contributing something

Help people to understand what tax is used for so they feel better about paying it

Review/update Council tax

Simplification: helps understanding

It should be progressive, e.g. for a pensioner with only one source of income relying on state pension the tax burden is big compared to others

Incentivise companies to be green

Tax burden should be changed to get more people at the lower end out of taxation altogether (maybe by raising threshold)

Proportionate

Central review of local authority spend: accountability

Transparency

Working class people just above threshold for benefit eligibility can be worse off and this needs to be addressed

There should not be any loopholes



Recommendations as to how tax can be made more transparent and understandable

Other

It should be standardised across all schools. People should be educated on how the country is ran, what do you pay council tax, sales tax for instead of having to do all the research yourself (2/3)

Put it within curriculum at ages 16-18 where it affects them. (receive national insurance number at 16) (3/3)

We need education to reframe people's mindset on tax. People need to be educated on tax at a young age. If people were taught at a younger age you might not mind paying a little extra (1/3)

When receiving national insurance number people should receive a booklet on how to pay their taxes

Happy to pay more tax on wage if knew tax was going solely to Scotland and had trust in government that they had done the right thing with the money (1/2)

Scottish government should publish a pie chart (simple way of showing of how things are split) of what tax goes where to stop misinformation. Needs to be simple and readable

Finland- Scandinavia have tax systems that work like that. People get better incentives, e.g. some don't pay energy bills and money goes towards citizens energy bills (2/2)