

Business groups unite to voice alarm over Scottish tax policy

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Sixteen leading business representative groups have jointly written to the Scottish Government's Deputy First Minister & Finance Secretary, Shona Robison MSP, to voice alarm at the Scottish Government's consideration of a new business rate surtax and what it means for wider tax policy towards commerce.

The sixteen organisations represent a broad cross section of Scottish industry and commerce.

The collective call comes ahead of the expected Stage 1 debate and vote on the Scottish Budget at Holyrood later this week.

The joint letter was submitted to the Finance Secretary earlier this week. The text of the letter was:

Dear Deputy First Minister,

Stimulating greater levels of private sector investment is crucial to lifting Scotland's rate of economic growth and in turn generating the jobs, wealth, and tax revenues to support public services that we all want to see. It is why we have backed the Scottish Government's ambition for a dynamic, successful economy and attempts to deliver a step change in relations with commerce through the New Deal for Business.

That is why we were dismayed to read in the Scottish Budget that Ministers are considering the introduction of a new business rate surtax on retailers.

It is profoundly concerning that new taxes on business are being countenanced in such an arbitrary way and with apparently little regard to trading or economic conditions. We understand it is being considered

to plug a gap in government finances.

The way the announcement was made falls well short of the thrust of the New Deal for Business, which talks of no surprises and involving business at the very inception of policy development. It contradicts New Deal commitments on a more competitive and less complex business rates system. It also reinforces the perception that Ministers view rates more as a revenue generator and less as a means to stimulate much needed commercial investment and growth.

We fully recognise that government over recent years has taken several positive steps on rates, including introducing three-yearly revaluations and retaining the uniform business rate. Yet the business rate for medium-sized and larger commercial premises in Scotland – 22,100 premises across all sectors – is set to soar to a 25-year high from April.

Businesses make investment decisions based on the opportunities ahead but also the costs of operating and predictability of tax and regulatory decisions. A more ad hoc and less predictable approach to business taxes in Scotland sends out a poor message. We fear this move opens the door to other sectors being similarly targeted, particularly if the projected fiscal gap widens.

We therefore urge you to reject introducing fresh complexity, cost, and unpredictability into the rates system with a new surtax, or with similar taxes aimed at other sectors in the future. We want Scotland to be a great place to do business and a clear signal from you that economic growth is the priority would be a positive step.

Yours sincerely,

- *David Lonsdale, Director, Scottish Retail Consortium*
- *Alan Anthony, Scotland Chair, Revo Community*
- *Grahame Barn, Chief Executive, Civil Engineering Contractors Association*
- *James Barnes, Chairman, The Horticultural Trades Association*
- *Sandy Begbie CBE, Chief Executive, Scottish Financial Enterprise*
- *Dr Liz Cameron CBE, Chief Executive, Scottish Chambers of Commerce*
- *Marc Crothall MBE, Chief Executive, Scottish Tourism Alliance*
- *Karen Dee, Chief Executive, Airport Operators Association*
- *James Filus, Director, National Association of Shopfitters*
- *Meryl Halls, Managing Director, Booksellers Association of the United Kingdom*
- *Mark Kent, Chief Executive, Scotch Whisky Association*
- *Catherine McWilliam, Nations Director, IoD Scotland*
- *David Melhuish, Director, Scottish Property Federation*
- *Tavish Scott, Chief Executive, Salmon Scotland*
- *Colin Smith, Chief Executive, Scottish Wholesale Association*
- *Jane Wood, Chief Executive, Homes for Scotland*