

# Consultation Response

## Managing Scotland's Public Finances: A Strategic Approach

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## Introduction

The Law Society of Scotland is the professional body for over 13,000 Scottish solicitors.

We are a regulator that sets and enforces standards for the solicitor profession which helps people in need and supports business in Scotland, the UK and overseas. We support solicitors and drive change to ensure Scotland has a strong, successful and diverse legal profession. We represent our members and wider society when speaking out on human rights and the rule of law. We also seek to influence changes to legislation and the operation of our justice system as part of our work towards a fairer and more just society.

Our Tax Law Sub-committee welcomes the opportunity to consider and respond to the Finance and Public Administration Committee's call for views: *Managing Scotland's Public Finances: A Strategic Approach*.<sup>1</sup>

It has the following comments to put forward for consideration. Please note that our comments are limited to points relating to legal policy and prospective legislative changes, in line with the remit and expertise of our membership. We do not look to comment on political or wider policy considerations.

## Questions

### Questions 1-6 and 8-11

We have no specific comments to make.

### 7. What elements should a new draft tax strategy include to achieve such a tax system?

We would welcome the new Tax Strategy to provide for an effective process for the development and maintenance of the devolved taxes legislation in Scotland. We consider that two components of this could include the establishment of an annual process for the maintenance of the devolved taxes and ensuring that there is appropriate stakeholder engagement ahead of any substantive legislative changes to the devolved taxes.

### **Annual Finance Bill**

We would welcome a new process that allows for regular maintenance of, and amendment to, the devolved taxes. This could form part of the budget process, including formalising a regular timetable and mechanism for stakeholders to give input on any operational and policy concerns with the tax legislation. This includes

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<sup>1</sup> [Managing Scotland's Public Finances: A Strategic Approach](#)



so-called “care and maintenance” matters as well as substantive changes to tax policy and to rates and bands. We believe that an annual process, perhaps including an annual “fiscal event”, would allow for greater transparency and increased opportunity for proposed draft legislation to be considered by stakeholders.

We highlight the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill as an example of why this process would be welcomed. Part 2 of the Bill contains a number of changes to the administration of devolved taxes by Revenue Scotland under the Revenue Scotland and Tax Powers Act 2014. As these changes require to be made by way of primary legislation, they have been included in a Bill which primarily concerns the introduction of the Scottish Aggregates Levy. The introduction of such a process would provide a suitable and timely opportunity for these kinds of legislative changes to be made. There are a number of other amendments to the devolved taxes that we would welcome being made; and we understand that the absence of a regular legislative process means that there has not been an appropriate opportunity to introduce primary legislation covering such changes.

### **Consultation on Legislative Proposals**

We would also welcome a Scottish Government commitment in the Tax Strategy to undertaking an appropriate consultation exercise/pre-legislative engagement on legislative proposals or draft legislation (primary and secondary) relating to the devolved taxes. Early consultation with stakeholders is key to ensuring that any new tax legislation is fit for purpose and workable in practice, and it is essential that sufficient time and opportunity is given to stakeholders to input into the process.

For example, we note that the provisions included at Part 2 of the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill were not subject to public consultation prior to the introduction of the Bill. We consider that having a lead-in period to allow for discussion of these provisions would have been preferable and aided the legislative process.

More generally, we highlight the importance of public consultation where appropriate to provide an opportunity for scrutiny and comment from stakeholders. We consider there would have been merit in the Scottish Government consulting publicly on the detail of the proposed draft Tax Strategy ahead of the publication of the final version alongside the 2025-26 Draft Scottish budget. Whilst we welcome the upcoming stakeholder engagement events, we note that there does not currently appear to be any detailed proposed approach or working draft published (so far as we are aware) to help inform this process. The finalised Tax Strategy and approach may therefore come as a surprise to interested parties (especially those who are not able to participate in the stakeholder engagement events).

For further information, please contact:

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