

Press Release

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Under SNP Plans, UK Would Dictate Scottish Fiscal Policy Even After Independence

APPG report examines Scotland's fiscal autonomy post-referendum

London, 25 November, 2013:

The Scottish National Party's (SNP) vision for independence would leave Scotland dependent on the UK even if the country votes 'Yes' in 2014, according to a report published today by the All-Party Parliamentary Group on Taxation.

By keeping the British Pound, Scotland would become dependent on the Bank of England as a central bank and lender of last resort, and on the UK Government's lead for its fiscal responsibility rules, the report argues. The country's fiscal options would be further limited by tax harmonisation due to its continued membership of the European Union, making Scotland "doubly dependent".

"Under the SNP plans, the level of fiscal autonomy which Scotland would attain as an independent country is comparable to what the UK would have to grant it as a devolved region. However, if Scotland were to adopt its own currency and limit itself to EEA membership, its scope to genuinely go it alone on fiscal policy would be significantly greater", said Marius Ostrowski, the author of the report.

The report, "Achieving Autonomy: What the independence referendum means for Scotland's fiscal future", is the first in a series on the future of Scotland's fiscal policy and is the result of months of extensive stakeholder research.

Examining four different post-referendum scenarios, the report finds that the level of fiscal autonomy granted to Scotland depends on three distinct factors:

- The vision of the constitutional relationship between regions of the UK;
- Public and market confidence in the Scottish Government's economic management; and
- Whether or not Scotland retains Pound Sterling as its currency.

The report goes on to recommend that the UK and Scottish Governments must hold formal negotiations in the lead-up to the referendum, commit to a National Conversation about regional and local devolution, and that the campaigns for and against Scottish independence must provide clearer views on what kind of society Scotland ought to become.

Ian Liddell-Grainger MP, Chairman of the APPG on Taxation, commented: "With less than a year to go until the referendum, there are many questions which both the UK and Scottish governments still need to answer. This research aims to guide discussion on all sides of the debate, and provide a framework for future transfers of fiscal responsibility from Westminster to Holyrood."

Notes to Editors:

- The All-Party Parliamentary Group on Taxation is aimed at examining and understanding tax policy at all levels, VAT and PAYE in the UK, liaising with tax professionals and Revenue officials, and monitoring European tax affairs and international taxation.

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- The APPG is composed of Members of Parliament and Peers interested in taxation issues.
- Please find attached to this Press Release a copy of the report on Scottish fiscal autonomy post-referendum.