

Press Release

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Federal UK could give Scotland same fiscal powers as independence, MPs say

APPG responds to Better Together plans for devolution deal

London, 11 September, 2014:

The Better Together campaign's last-ditch offer of radical devolution could bring Scotland the same fiscal freedom as the SNP's plans for independence, according to a briefing published today by the All-Party Parliamentary Taxation Group.

The joint plan by Conservatives, Labour and Liberal Democrats to transfer more powers over tax rates, spending and welfare within a federal UK would give Scotland significant potential to manage its own affairs, the group argues. An independent Scotland's fiscal options would be doubly limited by fiscal responsibility imposed by the UK Government, and tax harmonisation due to its membership of the European Union.

"A 'devo max' solution is what Scottish voters have been in favour of all along, even though it will not be on the ballot paper on 18th September. An independent Scotland would find its options severely restricted through its currency union with sterling, and would have effectively the same room for manoeuvre on tax and spending as within the Union", said Marius Ostrowski, the APPTG's Head of Research.

The group's report, "Achieving Autonomy: What the independence referendum means for Scotland's fiscal future", was published last November as the first in a series on the future of Scotland's fiscal policy.

The APPTG argues that some taxes, such as income and corporation tax, could be devolved, and the revenue from others assigned to Scotland, supplemented by a needs-based block grant. Meanwhile, it suggests that up to three quarters of welfare spending could be transferred to Scottish control to give Holyrood much greater responsibility for its social policy decisions.

The group also recommends that the Scottish Convention set up to decide which powers are devolved should bring in representatives from across the spectrum of views on Scottish autonomy, including all the Scottish parties as well as contributions from Wales, Northern Ireland and local authorities.

Ian Liddell-Grainger MP, Chairman of the APPTG, welcomed the proposal: "With less than a fortnight to go until the referendum, Better Together have shown great courage in making such a bold offer to Scottish voters. Now it is up to the Scottish people to decide whether to accept it."

Notes to Editors:

- The All-Party Parliamentary Taxation Group 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.
- The APPTG is composed of Members of Parliament and Peers interested in taxation issues.
- Please find attached to this Press Release a copy of the briefing on Scottish fiscal autonomy.