

# Council tax hikes will more than cancel out the starter rate of tax

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18 Dec 2017



Savings for lower earners from the SNP's new starter rate of tax would be cancelled out by a local council tax rise of as little as 2%, the Scottish Conservatives have said.

The most that can be saved from Derek Mackay's proposed changes to income tax rates and bands is £20, just 38p.

The Finance Secretary's draft budget has allowed local authorities to increase council tax by 3% next year. Last year, 21 of 32 councils raised levels by the full 3%, with two more increasing the rate by 2.5% and one by 2%.

The average council tax paid by the owner of a Band A property will increase by £31.85 with a 3% rise.

Even in the local authority area with the lowest level of tax, Comhairle nan Eilean Siar, bills would go up by £29.70 at 3% and £21.23 at 2%.

**Murdo Fraser, Scottish Conservative finance spokesman, said:**

"The SNP has said that their income tax plans will mean savings for those on lower incomes, but any benefit would be wiped out by a council tax rise of 2%.

"As usual, Derek Mackay is giving with one hand while taking away with the other.

"Research by the Scottish Conservatives have shown that any increase in tax revenues could be achieved by cutting down on wastage in government spending.

"And as world-renowned economist Arther Laffer has said yesterday – increased taxation does nothing to grow the economy.

"The Finance Secretary, and the SNP, should think again before hammering Scots with tax rises at a time when our economy is struggling."

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The starter rate of tax will apply for the first £2,000 after the personal

allowance and has been set at 19p (Scottish Government, *Draft Budget 2018-19*, p22, [link](#)).

Last year 21 of 32 councils increased council tax by the full 3 per cent, with a further two increasing it by 2.5 per cent and one increasing it by 2 per cent (Scottish Government, *Draft Budget 2018-19*, p13, [link](#); *BBC*, 2 March 2017, [link](#)).

The average council tax paid by a band A property will increase by £31.85 with a 3 per cent increase. Even in the council with the lowest tax, Comhairle nan Eilean Siar council tax will increase by £29.70. A two per cent increase would still see bills increase by £21.23.

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Scottish council tax average	1061.57	1238.50	1416.26	1593.29	2053.94	2511.35	2994.61	3709.80
Tax after 3 per cent increase	1093.42	1275.655	1458.75	1641.09	2115.56	2586.69	3084.45	3821.09
Increase in bills	31.85	37.16	42.49	47.80	61.62	75.34	89.84	111.29

These calculations include water and sewage charges and were compiled by manually averaging all the bands, direct from council websites.

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## [SNP must review spending, say Scottish Conservatives](#)

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18 Dec 2017



The Scottish Conservatives have identified £210m efficiency savings that the Scottish Government could use to invest in public services, rather than the increases in income tax announced in the draft Budget.

The Scottish Government has now confirmed that everyone being paid more than £26,000 – including nurses, primary teachers and police officers – would pay more income tax under the new Scottish Budget than if they lived in the rest of the UK.

The SNP has introduced a new rate of 21p for those earning between £24,000 and £44,000. That means, once a worker hits £26,000, they will be worse off than their equivalents in England, Wales and Northern Ireland under these SNP

plans.

It is estimated around 1.16 million workers will be hit by these changes, a total of 45 per cent.

The Federation of Small Businesses, Scottish Chambers of Commerce, the Scottish Retail Consortium and Business in Scotland have all warned the Scottish Government against raising taxes due to the negative effects on the economy.

**Murdo Fraser, Shadow Cabinet Secretary for Finance said:**

“Our spending analysis clearly shows where the Scottish Government can make substantial savings that could be ploughed back into public services; almost as much as can be raised by raising taxes on hardworking taxpayers.

“The Scottish Conservatives believe that hitting hardworking families with higher taxes will only damage the Scottish economy in the long run, leading to less money to fund public services.

“The Scottish Government should instead seek to tackle areas of inefficient spending or else these inefficiencies will continue to spiral and take up a larger amount of spending in future.

“There is now a serious consensus within Scotland’s business community that the SNP should not increase income tax.

“The SNP must stick to the manifesto; there is no need to raise taxes when there are clear savings to be made.”

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## [‘Sturgeon slowdown’ will create £2 billion black hole in Scotland’s finances](#)

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- ‘Sturgeon slowdown’ will create £2 billion black hole in Scotland’s finances

15 Dec 2017



Scotland’s public services are on course to lose £2 billion in vital revenue thanks to a “Sturgeon slowdown” in the economy, the Scottish Conservatives

are warning today.

Forecasts published by the Scottish Fiscal Commission yesterday showed lower than expected growth until 2022.

As a result, compared to official projections made earlier this year, Scotland is now expected to raise £2.1 billion less than projected in tax revenue.

Next year alone, the lost revenue due to lower growth is expected to be £205 million compared to projections earlier this year – more than the £164 million that Ministers are to take from the pockets of low, middle and high earners.

The Scottish Conservatives today are repeating their call for the SNP to dump their 'Nat Tax' , saying the figures prove that it is economic growth – not tax rises – which must be the priority.

The Scottish Fiscal Commission yesterday warned that economic growth will only reach 0.7% next year and will only rise to 1.1% by 2022.

This is lower than growth in the rest of the UK – meaning Scotland's tax take will be lower over the coming period.

**Scottish Conservative shadow secretary for finance Murdo Fraser MSP said:**

“Thanks to the coming Sturgeon slowdown, the Scottish Government is projected to raise £2 billion less than expected over the remainder of this Parliament.

“That's £2 billion less going to schools and hospitals because of the failure to match levels of growth we are seeing elsewhere in the UK.

“The SNP's answer is to introduce a new Nat Tax – but these figures show if we had higher growth, there would be no need to do so.

“The SNP's Nat tax isn't just a broken promise, it's bad economics. Hanging a sign at the border saying higher taxes will drive away jobs and leave Scotland further behind other parts of the UK.

“Nicola Sturgeon broke her promise on tax this week. She said she wouldn't increase taxes on basic rate taxpayers, but that's exactly what she's done.

“It is time she apologised, and instead focussed her government on delivering the growth we need to support our vital public services.”

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See below the official forecasts produced by the Scottish Fiscal Commission this week compared to Scottish Government forecasts in February. The figures have been revised down due to the lower growth forecasts.

<b>Forecast (£million)</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
SG February 2017	12,320	12,943	13,681	14,595

2018/19 Draft Budget	12,115	12,582	13,084	13,662
Lost revenue	205	361	597	933

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## [Scottish Conservatives slam cuts to local government](#)

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15 Dec 2017



The Scottish Conservatives have slammed the SNP for slashing funding to local authorities in the budget.

SNP finance secretary Derek Mackay tried to claim yesterday that he had increased council funding, but figures in the budget document, Local Government Finance (Scotland) Settlement 2018-19, revealed a dramatic fall in their day to day spending in cash and real terms.

There will be a £157 million real terms cut to local authorities in 2018-19, which comes at a time when many local authorities are already struggling with their finances.

The decision to cut their funding came despite the amount of money available to the Scottish Government increasing, with the block grant set to increase in real terms by 1% over the next three years.

**Scottish Conservative local government spokesman Alexander Stewart MSP said:**

“The SNP’s cuts to local government are totally inexcusable.

“The Scottish Government’s budget has been rising, and yet they’ve chosen to slash the money given to local councils.

“With councils across the country already struggling financially, it’s no wonder so many of them are furious with Derek Mackay.

“These cuts will mean that front line services that millions of Scots depend on will suffer, at the same time that the SNP are hiking taxes of hardworking Scots.

“It just goes to show that under the SNP we pay more, but get less in return.”

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# [Nat Tax to hit nearly half of Scottish workers](#)

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14 Dec 2017



The Scottish Government's Nat Tax means nearly half of Scottish workers will pay more than if they lived in the rest of the UK.

Finance secretary Derek Mackay confirmed that everyone being paid more than £26,000 – including nurses, primary teachers and police officers – would pay more under his plans.

He introduced a new rate of 21p for those earning between £24,000 and £44,000.

That means, once a worker hits £26,000, they will be worse off than their equivalents in England, Wales and Northern Ireland under these SNP plans.

It is estimated around 1.16 million workers will be hit by these changes, a total of 45 per cent.

Earlier, First Minister Nicola Sturgeon claimed the tipping point would be at £33,000, hitting 70 per cent of workers.

But that sum takes into account the Personal Allowance introduced by the UK Government to help lower earners.

And even those taxpayers who the SNP says will save money will only gain by £20 a year – the equivalent of 38p a week.

Mr Mackay also increased rates at the higher and top tax bands, even though he admitted doing so may spark behavioural changes which could lead to less being raised.

The move is a direct contradiction of the SNP 2016 manifesto, which said taxpayers currently on the basic rate would be “protected” and would not have to pay more.

Following today's announcement, that promise has been unequivocally broken.

Growth projections were also released by the Scottish Fiscal Commission, which show “dismal” growth of less than one per cent for the next five years.

They revealed, for the next five years, GDP will increase by merely 0.7 per cent, 0.9 per cent, 0.6 per cent, 0.9 per cent and 1.1 per cent.

Today's budget also saw council funding fall in real terms, and failed to make changes to Land and Buildings Transaction Tax (LBTT) recommended by experts to stop the market jamming up.

He did extend help for first-time buyers, but the Scottish Conservatives said that wouldn't matter if homes on the market continued to be in short supply.

**Scottish Conservative shadow finance secretary Murdo Fraser said:**

"This Nat Tax will hit nearly half of Scottish workers in the pocket.

"That is a tax on aspiration, a punishment for daring to work hard, and a direct breach of the promise made by the SNP in its election manifesto.

"Today, every single SNP member of the Scottish Government has broken that promise to the Scottish people.

"That will not escape the notice of voters, who will never believe a word the nationalists say again.

"The message from this budget is clear: don't be ambitious, don't be hard working, and don't be successful in the SNP's Scotland.

"If you are, the SNP will penalise you for its own failure to grow the economy."

**On the SFC's growth projections, Scottish Conservative shadow economy secretary Dean Lockhart said:**

"These growth projections from the Scottish Fiscal Commission are absolutely dismal and much worse than expected.

"It will mean that Scotland's economy will have trailed behind the rest of the UK for 14 years.

"Instead of prioritising economic growth, the SNP has decided to impose higher Nat Taxes on the hard working people of Scotland.

"Large and small businesses across Scotland have warned the SNP that this will cause long term damage to the economy.

"It's the SNP's responsibility to grow the economy, but it is abjectly failing to do so."